

***Mid-Term Evaluation of the Neighbourhood  
Investment Facility under the European  
Neighbourhood and Partnership Instrument (ENPI)  
2007-2013***

Final Report

**Volume 1**

May 2013

*Evaluation for the European Commission*







Development  
Researchers'  
Network

**FRAMEWORK CONTRACT FOR MULTI-  
COUNTRY THEMATIC AND SECTOR  
EVALUATION STUDIES,  
REGIONAL/COUNTRY LEVEL EVALUATION  
STUDIES, SYNTHESIS AND ANALYSIS IN  
THE AREA OF EC EXTERNAL  
COOPERATION – EVA 2011**

Italy



The Netherlands

**LOT 4: EVALUATION OF EC GEOGRAPHIC  
COOPERATION STRATEGIES FOR ASIA, LATIN  
AMERICA AND THE NEIGHBOURING  
COUNTRIES EUROPEAID/129907/C/SER/MULTI**



The Netherlands

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Investment Facility under the European  
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The authors accept sole responsibility for this report, drawn up on behalf of the Commission of the European Communities. The report does not necessarily reflect the views of the Commission

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## LIST OF ACRONYMS

AA	Association Agreement
AAA	Accra Agenda for Action
AECID	Agencia Española de Cooperación Internacional Para el Desarrollo
AFD	Agence Française de Développement (French Development Agency)
AM	Armenia
AMP	Airport Master Plan
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung (German Federal Ministry for Economic Cooperation and Development)
BSS	Baltic Sea Strategy
CBA	Cost Benefit Analysis
CCW	Climate Change Windows
CEB	Council of Europe Development Bank
CDM	Cleaning Development Mechanism
COM	Commission Communication
COREPER	European Union Committee of Permanent Representatives
CSO	Civil Society Organization
CSP	Country Strategy paper
CCW	Climatic Change Window
DAC	Development Assistance Committee (of the OECD)
DG	Directorate-General
DG DEVCO	Directorate-General Development and Cooperation – EuropeAid
DG Clima	Directorate-General for Climate Action
€	Euro
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EEAS	European External Action Service
EFSE	European Fund for Southeast Europe
EG	Egypt
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
EMP	Euro-Mediterranean Partnership
EQ	Evaluation Question
ENBF	European Neighbourhood Fund
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Policy Instrument
ESAP	Environmental and Social Action Plan
EUBEC	EU Platform for Blending in External Cooperation
EU DEL	Delegation of the European Union
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FI	European Public Eligible Finance Institution
FIG	Finance Institution Group
FPs	Financial Partners
GHG	Green House Gas
IWSP	Improved water and waste water service programme
JC	Judgement Criterion
JICA	Japan International Corporation Agency
KfW	Kreditanstalt für Wiederaufbau (German Reconstruction Credit Institute)
LAIF	Latin America Investment Facility
MENA	Middle East / North Africa

MS	Member State
MSME	Micro Small and Medium-size Enterprise
MTE	Mid-Term Evaluation
MW	Megawatt
NIB	Nordic Investment Bank
NIF	Neighbourhood Investment Facility
NIP	National Indicative Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OeEB	Osterreichische Entwicklungsbank AG (Development Bank of Austria)
PCA	Partnership and Cooperation Agreement
PIU	Project Implementation Unit
PPPs	Public Private Partnerships
PROPARCO	subsidiary of the French Development Agency dedicated to financing the private sector
REG	Regional
SANAD MENA	MENA Fund for Micro-, Small and Medium Enterprises
SEI	Sustainable Energy Initiative
SEMED	Southern and Eastern Mediterranean
SIA	Social Impact Assessment
SIMEST	Società Italiana per le imprese all'estero
SMEs	Small and Medium-sized Enterprises
SO	Strategic Objective
SOFID	Sociedad para o Financiamento do Desenvolvimento
TA	Technical Assistance
TAM/BAS	TurnAround Management and Business Advisory Service
TEN-T	Trans-European Transport Network
TRACECA	Transport Corridor Europe, Caucasus, Asia
UfM	Union for the Mediterranean
W&S	Water and Sanitation



## Executive Summary

The mid-term evaluation of NIF focuses on the analysis of the instrument and its processes, since its inception up to end 2011. The MTE analysis frames the facility in its broader context, taking into account the ongoing debate on blending, the establishment of the Platform for Blending in External Cooperation (EUBEC) and the definition of new ENP strategies. The evaluation intends to draw lessons and recommendations through a dynamic perspective of the facility, appreciating past and ongoing trends.

**NIF is an effective instrument**, with relevance to the European Neighbourhood Policy. NIF achieved its goal to leverage significant financial resources through grants. Up to December 2011 the Board approved 51 projects, 29 in the East Region and 22 in the South, for a total contribution of € 417,63 millions. Trends show a positive evolution, with a steady increase in number of projects and volumes of allocations. Mechanisms and procedures have been as well evolving positively, also through an effective coordination amongst Finance Institutions. The facility is prone to learning through action.

**Projects are consistently relevant to NIF strategic objectives.** Aspects of relevance that need to be strengthened are: i) interconnectivity of transport infrastructure (SO1), ii) inclusive growth and poverty reduction, iii) contributions to policy reforms and iv) complementarities with other ENP instruments.

**Targeting mechanisms** support eligible projects with a qualitative screening during analysis of the pipeline by FIG. Mechanisms are not established to quantitatively appreciate quality of projects and finance best proposals. Resources are earmarked for regions (East and South) but not for a country or sector. A relatively balanced geographical and sectoral distribution reflects EC and FIG informal steering of the pipelines.

**Project design is carried out with sound processes and good standards** by Finance Institutions. Social, environmental and climate change concerns are adequately addressed by Finance Institutions approaches. In some cases were evidenced design shortcomings in approved projects, justifying a strengthened verification and screening of proposals.

The **consultation process** on project proposals is broad but shallow. Project development has limited interactions with Delegations and geographical coordination services, limiting contributions to EC objectives. Coordination with EU Delegations has been steadily improving over the past two years. Civil society and beneficiaries are consulted during project preparation and appraisal; in some instances this consultation deserves to be strengthened.

The effectiveness of the consultation of EC services and project verification is hampered by i) the limited quantity and quality of information provided by the Project Fiches and ii) limited availability of human resources. The evaluation recommends to significantly strengthening the verification of project proposals; adequate resources should be allocated to this effect.

**The effectiveness of the instrument would appreciably improve with higher selectivity and prioritization of best projects.**

**Governance**; the three tiered governance system is managing effectively the facility, although some functions need to be strengthened; a significant increase in number and volume of proposals would require a different design of operational (project-level decision making) structures.

Strategy definition has been effective and strategies have been evolving positively, although some aspect of strategy making deserves to be reinforced: sharpened focus on objectives, adapting priorities to regional contexts (i.e. interconnectivity), increased attention on sectoral and policy

reform (including definition of priorities), harmonization of strategies with other cooperation instruments.

For the operational body the decision-making should orient resources allocation to best projects to optimize aid effectiveness of NIF resources; FIG and operational board should be supported by improved verification of proposals and strengthened consultation with EC services. The steering role of the EU in the FIG needs to be clarified. Consultation mechanisms with the Civil Society should be established within the Governance system. Governance should increase its transparency with publication of FIG and Operational Boards decisions; The Governance would benefit of a feed-back system from projects to inform decision making and strategies.

**Procedures have been evolving positively.** Some aspects could be strengthened, including the development of a procedure manual for the operation of the facility, the definition of more specific eligibility and project selection criteria and the improvement of the project fiche description of the intervention.

**NIF operation is cost-effective**, with limited administrative costs and overhead. Remuneration to Finance Institutions seems adequate, although opportunities for fine-tuning are identified, particularly for Technical Assistance contributions.

**NIF Procedures are relatively swift** and the time of processing and approval covers in general about 9 months. The two-step approval mechanism appears important to support screening, verification and improvement of proposals. Time for project assessment and decision making could not be substantially reduced without compromising project quality.

**Consultation and partnerships;** NIF has significantly contributed to the development of partnerships and increased coordination amongst Finance Institutions and collaboration of Finance Institutions with the EC. Some aspects of coordination and consultation need to be strengthened, including: i) strengthening National and Regional coordination mechanisms, with participation of Finance Institutions, Delegations, National Institutions, Civil Society and other local stakeholders (whenever possible with the utilization of existing mechanisms), ii) continued support to the development of EUBEC, the coordinating platform across facilities.

**The opening of the Climate Change window** supported increased attention on climate impact. NIF has an overall positive impact on Climate and environment. Mechanisms supporting Climate Change action need to be reinforced and aligned to international trends, defining procedures and criteria for CC action in NIF, supporting measurability of impacts, and improving instruments for accounting finance for CC.

**NIF is effectively contributing to its objectives**, specifically to the three Strategic Objectives, to the additionality goal and, to a lesser extent, to other cross cutting objectives. The effectiveness of the instrument should be sharpened vis à vis regional interconnectivity, inclusive growth and poverty reduction. Contributions to policy dialogue and reform at beneficiary Country level have been limited and deserve to be strengthened. The three intervention types appear to be quite effective. Some instruments as interest rate subsidies, loan guarantees and insurance have not been used.

**Impacts and sustainability;** It is early to seize NIF impacts although impact opportunities as appraised are good, relying on the relevance of financed projects, the effectiveness and sustainability of design. Impact opportunities are diluted by numerous objectives and the broad geographical distribution of the instrument. Improvement of impact opportunities may rely on improving the focus of strategic and cross cutting objectives. Sustainability is addressed by NIF projects although sustainability aspects deserve a strengthened presentation in the Project Fiche, verification and follow up.

**A result-based monitoring system applied to all NIF projects needs to be developed** to support follow up and measurement of changes at project, Country, regional and portfolio levels.

Result-Oriented Monitoring is an effective tool for project and portfolio follow up although its use only on a sample of projects is limiting the scope of lesson learning. Evaluation arrangements during project implementation should be strengthened to reinforce information flow and lessons during the project life.

**Visibility actions** have been implemented and visibility clauses are included in NIF contracts. However communication has been fragmented and overall visibility deserves to be reinforced. The evaluation recommends the development of a communication and visibility strategy and action plan, in close coordination with key stakeholders. Effective web-based tools should be established, to provide adequate visibility on the web, with publication of key documents and decisions about projects and pipelines.

### Summary of key recommendations NIF the mid-term evaluation

Area	N	Recommendations	• <b>Specific actions</b> (underlined: high level of priority)
THE INSTRUMENT	1	RELEVANCE AND STRATEGY	<ul style="list-style-type: none"> <li>• Maintain the high relevance of the instrument to its objectives and beneficiaries' needs</li> <li>• Increased definition and focus of objectives;</li> <li>• <u>Increased relevance to regional interconnectivity (EQ 1)</u></li> <li>• Strategies to take into account new ENP policies (EQ1);</li> <li>• <u>Prioritize projects according to their relevance and apply selection criteria</u> (details in EQ2);</li> <li>• <u>Strengthen relevance of the facility to cross cutting objectives, including policy dialogue</u> (see R3)</li> </ul>
	2	GOVERNANCE	<ul style="list-style-type: none"> <li>• In case of significant increase of the scale of the NIF operation, governance mechanisms will need to be adjusted to take into account the number and volume of interventions</li> <li>• <b>Strategy Board:</b> i) Improve definition and focus of objectives (see R.1), ii) <u>Improve and specify eligibility criteria, including criteria for prioritization</u>; iii) Mechanisms to open to views of Civil Society; iv) Develop feedback mechanisms from project monitoring and evaluation;</li> <li>• <b>Operational Board and FIG i)</b> FIG strengthened role to assess and prioritize projects according to design quality and selection and preference criteria set by NIF general framework. ii) Improve specification of EU steering role in FIG; iii) Increase transparency of governance, publication of operational boards minutes and decisions.</li> <li>• <b>EUBEC:</b> <u>Issues to be discussed by EUBEC in view of harmonization across blending facilities</u> include: i) Improved quality of the Project Fiche format ii) Improved verification of project proposals; iii) Criteria for increasing selectivity; iv) Representation of Civil Society in EU blending governance mechanisms; v) Development of result-based framework; vi) Monitoring of all projects supported by blending; vii) Visibility and communication; viii) Reporting ix) harmonization of climate change action;</li> </ul>
	3	BLENDING OBJECTIVES	<p>Maintain <u>effectiveness toward additionality (with improved measurability and monitoring)</u></p> <p>Improve NIF contributions to:</p> <ul style="list-style-type: none"> <li>• <u>Policy dialogue and reform</u>; (Including: Action plans focused on reform key priorities, with clear benchmarks; project selection criteria according to policy responsiveness; indicators in Project Fiche; monitoring focused on policy reform; contributions to climate changes national policies;)</li> <li>• <u>Increased focus on issues of inclusive growth poverty reduction.</u></li> <li>• <u>Complementarities (including to AP, NIP, RIP, other EC and MS cooperation instruments, complementarities to National</u></li> </ul>

			<u>Climate policies)</u>
DELIVERY	4	PROJECT QUALITY	<ul style="list-style-type: none"> <li>• <u>Result-based framework applied to all NIF projects</u></li> <li>• <u>Improved Project Fiche</u> (see detailed recommendations EQ 4.1);</li> <li>• <u>Improved definition of eligibility and project selection criteria;</u></li> <li>• <u>Strengthened verification of project proposals;</u></li> <li>• <u>Internal review by EC services before submission to FIG;</u></li> <li>• <u>Selection and prioritization of best projects.</u></li> <li>• <u>Reinforced consultation process, including Civil Society</u></li> <li>• <u>Justification of grant component;</u></li> </ul>
	5	INTERVENTIONS' EFFECTIVENESS	<ul style="list-style-type: none"> <li>• Maintain effectiveness toward transport, energy, water and sanitation;</li> <li>• Maintain effectiveness toward economic growth and job creation;</li> <li>• <u>Improved effectiveness toward inclusive growth, poverty reduction and policy dialogue;</u> tools to be developed for gender mainstreaming and attention to human right issues</li> <li>• <b>Additionality:</b> Maintain effectiveness toward additionality; Mechanisms should be established to follow up level of additionality after disbursements (particularly for NIF support to pipeline development and feasibility studies).</li> <li>• <b>TA:</b> Increased TA effectiveness with specification of TA outputs and adherence to backbone strategy; improved specification of TA services, with Tor and quantified definition of outputs;</li> <li>• <b>Feasibility studies:</b> Requests for feasibility studies should be based on specific Terms of Reference and budget; Monitoring the outcomes of feasibility studies. Their results should be shared with other FIs and with EU Delegations. NIF governance should be reasonably convinced that a project will materialize before financing a feasibility study.</li> </ul>
	6	IMPACT AND SUSTAINABILITY	<p><b>Impact:</b></p> <ul style="list-style-type: none"> <li>• Improved focus on key objectives;</li> <li>• Prioritize projects according to impact opportunities;</li> </ul> <p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>• <u>Strengthen verification of critical sustainability factors;</u></li> <li>• Monitor systematically sustainability issues;</li> <li>• Specify operation and maintenance arrangements for public infrastructures;</li> <li>• Improved support to national management capacities;</li> <li>• TA should reinforce national ownership and fully adhere to the backbone strategy.</li> <li>• Improve involvement of Civil Society in assessment of social and environmental impacts;</li> </ul>
NIF OPERATION	7	EFFICIENCY	<ul style="list-style-type: none"> <li>• NIF procedures manual to be developed;</li> <li>• Strengthening verification and consultation processes;</li> <li>• <u>Measurability of NIF efficiency should be accrued through better-defined outputs, particularly products and services delivered by TA.</u></li> <li>• FI to allocate resources for closer coordination with Delegations</li> <li>• TA support for pipeline development: co-participation of FI</li> <li>• Strengthened transparency of the Instrument</li> </ul>
	8	DECONCENTRATION	<ul style="list-style-type: none"> <li>• <u>Early involvement of Delegations in pipeline and project cycle;</u></li> <li>• <u>Strengthened Delegation role in leveraging policy dialogue;</u></li> <li>• Access of Delegations and EC services to preparatory documents;</li> <li>• Strengthen Delegations capacities to support NIF;</li> </ul>

			<ul style="list-style-type: none"> <li>• <u>Promote dialogue FIs – Delegations – National Authorities on strategies and medium term planning</u> ;</li> <li>• Increase subsidiarity of NIF project management;</li> <li>• Derogations for agreement to “Finance and Contracts” services and the Secretariat, to ensure coherence across geographical zones;</li> </ul>
	9	STAKEHOLDERS' COORDINATION AND CONSULTATION	<ul style="list-style-type: none"> <li>• <u>Significantly strengthen existing National and Regional coordination mechanisms in support of NIF projects</u>;</li> <li>• Sharing NIF pipeline with EU Delegations and EC services</li> <li>• Pipelines should be harmonized with NIP and RIPs through coordination of EU Delegations and Finance Institutions.</li> <li>• <u>Inclusion of Civil Society in NIF consultation mechanisms</u>;</li> </ul>
SPECIFIC TOPICS	10	CLIMATE CHANGE	<ul style="list-style-type: none"> <li>• Improvement of NIF quantitative accounting and reporting tools</li> <li>• Development of specific set of procedures for climate change action</li> <li>• Support verification of NIF projects for Climate Change ;</li> <li>• Involve partner countries and Delegations in the CC mainstreaming;</li> <li>• Action Plans focused on clear benchmarks for CC actions;</li> <li>• Include specific CC criteria to the approach of monitoring</li> <li>• strengthening EC staff and Partner Countries stakeholders;</li> <li>• Complementarities with national plans and strategies on Climate</li> </ul>
	11	REPORTING	<ul style="list-style-type: none"> <li>• <u>Harmonize and detail reporting format (result-based)</u>;</li> <li>• <u>Reporting should inform about contributions to EC objectives</u>;</li> <li>• Frequency adapted to projects requirements;</li> <li>• Project reports should be made accessible to stakeholders;</li> </ul>
	12	MONITORING AND EVALUATION	<ul style="list-style-type: none"> <li>• <u>Develop a result based framework for all NIF projects</u>;</li> <li>• <u>Monitor and measure NIF induced changes</u></li> <li>• <u>Monitoring to be adapted to NIF and blending</u>;</li> <li>• <u>Strengthen evaluation arrangements at project level</u>;</li> <li>• Evaluations of NIF projects should be made available to the EC</li> </ul>
	13	VISIBILITY	<ul style="list-style-type: none"> <li>• <u>Communication and visibility strategy and action plan for NIF</u>;</li> <li>• Broader range of communication tools;</li> <li>• Contractual agreements should specify communication tools and outputs</li> <li>• <u>Development of NIF website and strengthen web-based tools</u>;</li> <li>• Specify results and indicators for visibility in projects;</li> <li>• Strengthen Delegations role in visibility;</li> <li>• Delegations and FIs to work in partnership to support EC visibility;</li> </ul>



# 1 INTRODUCTION

## 1.1 ABOUT THE EVALUATION

The “Mid-Term Evaluation of the Neighbourhood Investment Facility (NIF) under the European Neighbourhood and Partnership Instrument (ENPI) 2007-2013” has been commissioned within the framework contract for the Multi-Country Thematic and Sector Evaluation Studies, Synthesis and Analysis in the Area of EC External Cooperation. The related contract was signed on the 27/06/2012 between the EC and a Consortium composed by: DRN - Development Researchers Network (Italy), ECDPM - European Centre for Development Policy Management (Belgium), ECORYS (the Netherlands) and Particip (Germany). DRN was in charge of the evaluation.

The evaluation was managed by a task manager from the European Commission, Directorate-General Development and Cooperation – EuropeAid, Unit C3 (Financial Instruments) with the assistance of a Reference Group (RG). Members of the RG are representatives of the relevant EC Department and of European Finance Institutions (FI) and the Member States.

## 1.2 OBJECTIVES AND SCOPE OF THE EVALUATION

The purpose of the evaluation was to carry out an independent mid-term evaluation of the Neighbourhood Investment Facility (NIF) over the period 2008-2011 with a view of drawing lessons for improved follow-up implementation for the future of the Neighbourhood Investment Facility.

The evaluation has applied the standard OECD / DAC criteria, i.e.: relevance, quality of design, effectiveness, efficiency, impact and sustainability. It has also assessed coherence to the aid effectiveness principles<sup>1</sup>, the Community’s added value and the visibility of EU action through the NIF.

The MTE analysis frames the facility in its broader context, taking into account the ongoing debate on blending, the establishment of the platform for blending external cooperation (EUBEC) and the definition of new ENP strategies. The evaluation intends to draw lessons and recommendations through a dynamic perspective of the facility, appreciating past and ongoing trends.

From a thematic point of view, the evaluation has taken into account all sectors supported by the NIF, most notably infrastructure (in transport, energy, environment and the social sectors) as well as the private sector, particularly Small and Medium-sized Enterprises (SMEs).

In terms of funding, the evaluation has considered the financial contributions that fed the NIF (both grants from the EU budget as well as Member States’ direct contribution to a Trust Fund) and that are made available through various means (investment grants, technical assistance, loan guarantees and risk capital operations). In this context the analysis covered 51 projects that have been co-financed by the NIF and approved in the period of relevance for the evaluation: 2008-2011.

The leverage effect and additionality of NIF funding, as an overarching objective of the instrument, has been closely assessed.

<sup>1</sup> National ownership, alignment, harmonization, mutual accountability and management for results

The cross cutting issues' analysis has particularly covered the NIF's focus on environment (aspect covered by the Strategic Objective 2), the Climatic Change Window (CCW), social impacts and non-financial benefits related to NIF implementation.

Geographically the evaluation has covered the countries of the ENP region that are signatories of an ENP Action Plan<sup>2</sup>, with a focus on Regional coherence.

The evaluation has not limited the analysis to the grant operations portfolio, but also considered the NIF strategic rules, procedures and mechanisms so as to offer proposals about future strategic directions.

## 1.3 STRUCTURE OF THE REPORT

The Final Report that has the following structure:

1. Executive summary and summary table of recommendations;
2. Introduction and abstract of context <sup>3</sup>
3. Methodology, which summarizes the approach followed by the evaluation team <sup>4</sup>;
4. Evaluation results, with a focus on the answers to the evaluation questions grouped under standard EU and OECD / DAC criteria, of Relevance, Quality of Design, Effectiveness, Efficiency, Impact, Sustainability, Coherence to Aid Effectiveness principles, Community Added Value;
5. Conclusions and recommendations based on the findings of the evaluation.

## 2 METHODOLOGICAL APPROACH

### 2.1 INTRODUCTION

The purpose of the Mid-Term Evaluation of the NIF is to assess the progress of the programme against its original objectives, taking into account possible changes in its external conditions, with the general objective to propose measures that would improve its effectiveness whenever possible.

The objectives and scope of this evaluation are recalled in par. 1.2, while this chapter presents some brief information on the methodological approach, while a more detailed presentation is included in Annex 4 of Volume 2.

### 2.2 THE EVALUATION PROCESS AND THE MAIN SOURCES OF INFORMATION

The evaluation process has been structured in three steps: the desk, the field and the synthesis phases. The following figure summarizes the main steps for each phase.

<sup>2</sup>Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Republic of Moldova, Occupied Palestinian Territory, Morocco, Tunisia, Ukraine. Israel is not included since, in view of its level of economic development, there is no need for donors' grants promotion lending.

<sup>3</sup> Annex 10 provides detailed description of ENP policy

<sup>4</sup> Additional information on MTE methodology is provided in Annex 4;



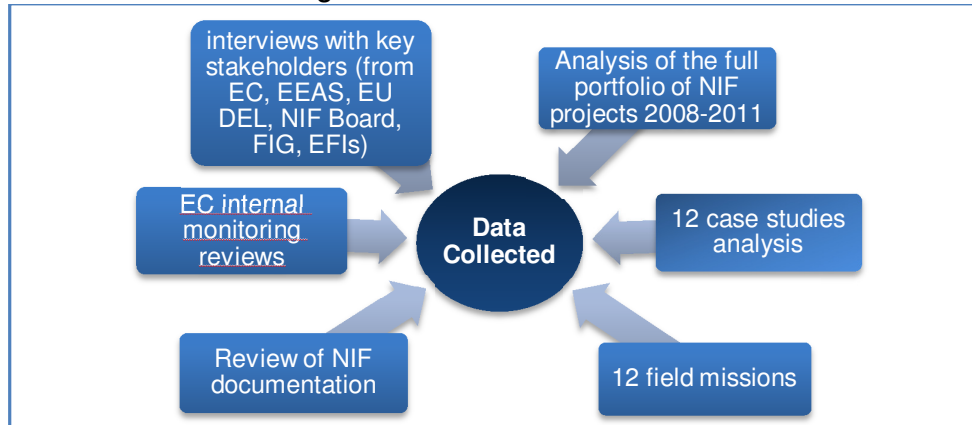
**Figure 1 – Key steps of the evaluation**

Meetings	SB	RG	RG	CDs	RG	NIF SB	RG	NIF SB
<b>Tasks</b>	<ul style="list-style-type: none"> <li>Data collection, primary &amp; secondary data</li> <li>Review of NIF documentation</li> <li>Analysis of the portfolio of NIF projects</li> <li>Design of methodological approach</li> <li>Reconstruction of Intervention Logic</li> <li>Drafting of evaluation matrix (evaluation questions plus judgement criteria and indicators)</li> <li>Proposal for the selection of case studies &amp; field missions</li> <li>Interviews &amp; meetings with stakeholders</li> <li>Report writing (&amp; quality control)</li> </ul>			<ul style="list-style-type: none"> <li>Organisation of meetings and logistics</li> <li>12 In-country missions for investigating the 12 selected case studies, encompassing:                             <ul style="list-style-type: none"> <li>briefing with EUD;</li> <li>data collection and analysis (interviews, focus groups, ...) at country level</li> <li>debriefing with EUD</li> </ul> </li> <li>Drafting of brief reports</li> </ul>		<ul style="list-style-type: none"> <li>Case studies and evaluation questions analysis</li> <li>Drafting of findings, conclusions &amp; recommendations</li> <li>Report Writing (&amp; quality control)</li> <li>Revision of draft final report to include comments from the RG</li> </ul>		
<b>Deliverables</b>	<b>Kick Off Note</b> <b>Draft Inception Report</b> <b>Inception Report</b>					<b>Presentation of Draft Findings, Conclusions &amp; Recommendations</b> <b>Draft Final Report</b> <b>Final Report</b>		

*SB: Start-up Briefing; RG: Reference Group; CDs: in-country briefings & de-briefings; NIF SB: Strategy Board*

As shown by figure 2, the evaluation builds up considerable evidence from a variety of sources:

**Figure 1 – Data collection sources**



Source: Evaluation Team Analysis

Annex 4 of Volume 2 presents more detailed information on the various sources and the key tools that guided the evaluation framework, in particular the evaluation criteria and the evaluation questions.

## 2.3 EQ 1 – RELEVANCE

### Evaluation Summary - EQ1

1. NIF intervention logic is well constructed, with well-established cause-effect relationships in its chain of results.
2. The analysis evidenced aspects of relevance which deserve to be strengthened as: a) an increased pertinence to regional interconnectivity and b) improved specification of NIF inputs to projects and specification / quantification of NIF outputs.

3. The evaluation recommends to significantly strengthening current project screening (assessment check-list);
4. Selection mechanisms should be developed to increase interconnectivity.
5. NIF procedures should promote a result-based management framework, applied as well to NIF contributions to the projects.
6. NIF is fully relevant to the ENP context. The instrument effectively adapted to changes at global and regional level.
7. Adaptation mechanisms are not sufficiently supported by NIF monitoring and lessons learning mechanism. Portfolio monitoring and project monitoring should be developed; Increased involvement of EU Delegations through the project cycle will support responsiveness and adaptation at national level;
8. NIF portfolio is relevant to ENP goals and to NIF three Strategic Objectives.
9. For SO1 the interconnectivity dimension needs to be strengthened;
10. Interventions are aligned to national and regional indicative programmes; complementarities are established, although mechanisms for development of complementarities need to be strengthened;
11. Targeting; Grants are attributed to proposals that respond to eligibility criteria. No prioritization mechanisms are applied. Resources are earmarked for regions (East and South) but not for Country or sector. A relatively balanced geographical and sectoral distribution reflects EC and FIG informal steering of the pipelines. Targeting is not designed to maximize impact of resources; a more effective targeting could involve a) reduced number of objectives and b) select projects according to quality and impact opportunities (EQ2)
12. NIF contributions to policy dialogue and reform has been weak and should be strengthened. Finance Institutions do support sector policy dialogue at Country level;
13. NIF should adapt its strategies to adhere to the new ENP strategic approach to “promote deep and sustainable democracy” through partnerships based on mutual accountability and conditionality.
14. The opening of the Climate Change Window is highly relevant to the new commitment of the Commission to global challenges. Finance Institutions process of project design and procedures do take into account domestic climate change policies and sectoral analysis of beneficiaries.

### 2.3.1 EQ 1.1 - NIF INTERVENTION LOGIC

*Does NIF have a sound intervention logic and a hierarchy of results based on coherent causes – effects relationship?*

#### Answer to EQ 1.1

- 1) One of the key features of the facility is its consistent relevance to its objectives.
- 2) The NIF intervention logic is well constructed, with clearly established cause-effect relationship in its chain of results;
- 3) The analysis evidenced aspects of relevance which deserve to be strengthened as: a) an increased pertinence to regional interconnectivity and b) improved specification of NIF inputs to projects and improved specification / quantification of NIF outputs.

NIF intervention logic was reviewed for the 51 interventions to assess the coherence of 3 different levels of the ends to means chain:

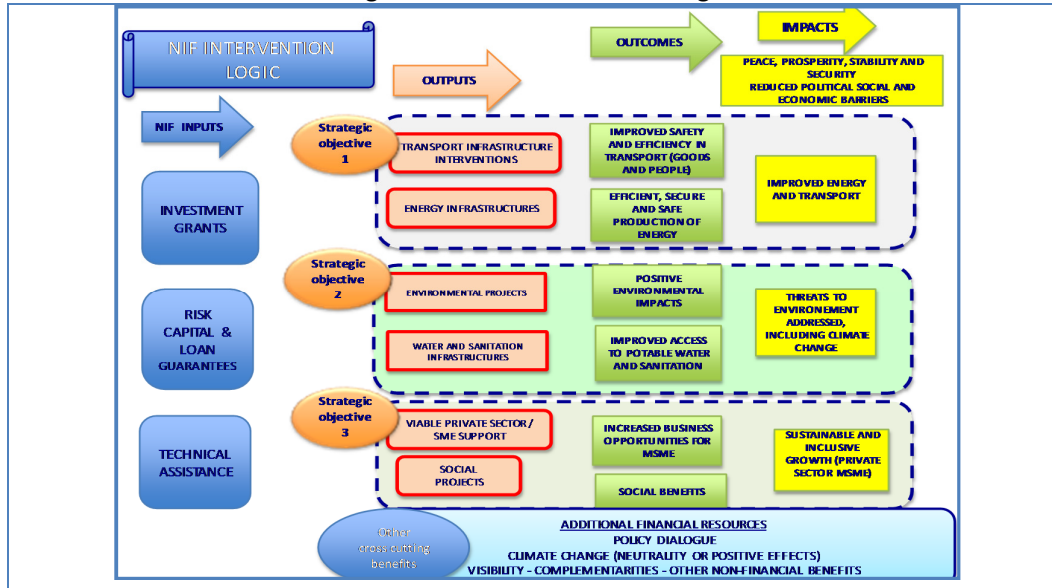
1. Relevance of project's goals to NIF and ENP long-term objectives;
2. Relevance of projects results to project goals;
3. Relevance of NIF inputs to the effective delivery of project results.

NIF intervention logic is summarized in the diagram below:

**Relevance** refers to the extent to which the aid activity is suited to the priorities and policies of the target group, recipient and donor.

Source: OECD/DAC

Figure 2 – NIF: Intervention logic



Source: NIF data and Evaluation Team analysis

An objective matrix has been developed (see Annex 5) to support the evaluation of NIF intervention logic. Summary results are shown in the table below.

Table 1 – Analysis of relevance: NIF projects' result chain

Relevance level	Yes		No		Not available		Unclear	
	N.	%	N.	%	N.	%	N.	%
Relevance of project results to project goal	49	96,08	/	/	2	3,92	/	/
Relevance of NIF grant to project results	35	68,63	/	/	10	19,61	6	11,76

Source: NIF data and Evaluation Team analysis

The analysis evidences an overall consistency of the logic across the three levels for NIF projects portfolio. A gap on relevance was identified in SO1 with the issue of interconnectivity. The analysis showed as well that the relation causes – effects between TA inputs and projects results is not always clearly established by the project fiches.

- Relevance of project goals to long-term objectives; NIF projects are consistently relevant to their Strategic Objectives; This is a remarkably positive trait of the facility portfolio, contributing to support effectiveness and impacts. However there is a relatively feeble contribution of NIF projects to the goal of interconnectivity. Analysis of relevance to the three Strategic Objectives is developed under EQ 1.3.
- Relevance of projects results to project goals; Products and services delivered through NIF are consistently relevant to the project goals and to NIF strategic objectives.
- Relevance of NIF grants to project results. NIF contributions to projects (investment grants, TA, risk capital) is pertinent to the achievement of project results. This holds true across the different sectors of intervention. The general relevance of EC grant contributions can be clearly established through the project fiches; however the request of NIF support is often described in generic terms, not specifying and quantifying inputs to be purchased or the results to be achieved with these inputs (lack of a clear result framework for NIF TA inputs)<sup>5</sup>. For many projects the rationale justifying the amounts being requested is not apparent. The issue of the definition of the size of the grant is further discussed in EQ 2 (quality of design).

## Recommendations:

<sup>5</sup> This lack of clarity and specification of the causes – effects relationship of TA could be explained in cases when the grant request supports pipeline development interventions. However even in these cases a clearer definition of quantities and products expected is recommended.

- Screening and scoring projects during the assessment phase for adherence to interconnectivity goals (differentiated approach between Eastern and Southern Regions)
- NIF procedures should promote a result-based management framework, applied as well to NIF contributions to the projects, providing clear justifications for the amount requested and specifying inputs and outputs expected out of NIF contribution (see EQ2 and EQ4).

### 2.3.2 EQ 1.2 - RELEVANCE TO CONTEXT

*Does NIF maintain its strategic relevance, and was it able to adapt through the social, economic, and political changes that occurred at global, regional and local level? Are in-built mechanisms to support NIF flexibility and its capacity to adapt to a changing environment?*

#### Answer to EQ 1.2

NIF is fully relevant to the ENP context. The instrument effectively adapted to changes at global and regional level. No evidence was gathered of adaptation to changes at local level. Key adaptation mechanisms include: opening the Climate Change Window and increased focus on CC action; raised emphasis on Strategic Objective 3; privileged types of support other than the interest rate subsidies; reinforcing involvement in the South.

The three-tiered governance system and an effective consultation amongst Finance Institution provide flexibility.

Adaptation mechanisms are not sufficiently supported by a systematic feedback on interventions and lessons learning mechanism.

#### Adaptation to ENP context and strategic changes

Being part of the European Neighbourhood and Partnership Instrument (ENPI), NIF had to adapt to the evolution and context of the ENP. Since the NIF was conceived the policy framework guiding relations between the EU and its neighbours has evolved, particularly following the introduction of three co-operation initiatives:

- In the South the UfM, launched in July 2008
- In the East, the EaP, launched in May 2009 in Prague
- The Black Sea Synergy, initiated in 2008.

A description of the above initiatives and their objectives is shown in Annex 10. The NIF Operational Board rightly took into account the key co-operation initiatives identified in the context of the UfM, the EaP and the BSS.

The NIF has also positively and swiftly adapted to changes introduced in the ENP following the 2011 review outlined in the Joint communications:

- COM (2011)2006 titled "A partnership for democracy and shared prosperity with the Southern Mediterranean", and
- COM (2011)303<sup>7</sup>, 'A new response to a changing Neighbourhood'.

As a response to the socio-political changes in the Mediterranean area in particular, the revised ENP policy stressed the need for enhanced support to inclusive growth. Of particular significance for the NIF were the ENP commitments to:

- Strengthening business and industrial cooperation, investment promotion (including examination of financial mechanisms: guarantees, micro-credits);
- Launching pilot regional development and rural development programmes.

At its 5<sup>th</sup> meeting (26 October 2011), the NIF Strategy Board confirmed the validity of its strategic orientations and their ability to cater for the new needs and challenges outlined in the above mentioned ENP strategic orientation papers. The Strategy Board also recommended that Finance Institutions identify and develop projects:

<sup>6</sup> Joint communication to the European Council, the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions: "A partnership for democracy and shared prosperity with the Southern Mediterranean" (COM(2011) 200), dated 8-3-2011.

<sup>7</sup> « A new response to a changing Neighbourhood » High Representative of the European Union for Foreign Affairs and Security Policy Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

1. Having an impact on job creation,
2. Providing support to SMEs as key actors of inclusive growth and development in partner countries, and
3. Responding to relevant priorities in the social sector.

The NIF has successfully managed to adapt its strategy to the changes introduced in the ENP. The most significant changes that occurred at NIF strategic level since 2008 dealt with the following subjects:

- Raising additional resources to cater growing demand, primarily through an increased contribution of the EC budget;
- Reinforcing involvement in the South, rapidly adapting the NIF instrument to the emergencies created by the socio-political events in the ENPI South area;
  - Raising emphasis on Strategic Objective 3, as the issue of job creation became more and more pressing, particularly in the South;
  - Adapting instruments. Although interest rate subsidies remain an option, NIF has not used it; in order to improve the market transparency of operations NIF privileged other types of support
  - Adjusting to global challenges and climate change.

A analysis of the above listed adaptation measures is shown in Annex 11

Adaptation is supported by the three-tiered governance system (see analysis in EQ4). Adjustment mechanisms encompass as well the informal consultation amongst FI and the consultation process following the submission of the Project Fiche to Commission stakeholders.

#### **Recommendations:**

- Strengthening of monitoring mechanisms to provide feedback and increase adaptation capacity at strategic and operational level;
- Increased involvement of EU Delegations throughout the project cycle will support responsiveness and adaptation at national level.

### **2.3.3 EQ 1.3 - RELEVANCE OF PROJECTS**

*What is the level of relevance of project portfolio to NIF and ENP objectives, (including the sectoral policy objectives), NIP (and complementarities with NIP), to national priorities and to beneficiaries needs? Is the response commensurate to the need of the countries? Is NIF selecting projects according to the level of relevance or other priority criteria? Are projects consistent with regional and national indicative programming?*

#### **Answers to EQ 1.3**

- The NIF portfolio relevance to NIF and ENP objectives is well established.
- Transport and energy infrastructures are relevant to Strategic Objective 1, although only few transport projects (14%) do contribute to the goal of interconnectivity.
- The NIF portfolio maintains a sound relevance to Strategic Objective 2 through the group of water and wastewater projects. These projects tend to have a national or regional dimension, contributing addressing threats to the common environment.
- NIF portfolio maintains its relevance to Strategic Objective 3, through a group of private sector interventions with a regional scope.
- Only two interventions approved by the Board are directly related to “social” goals;
- NIF is pursuing social goals mostly through interventions pertaining to SO 1 and 2.
- Relevance to social goals, inclusive growth and poverty reduction needs to be strengthened;
- Several NIF projects develop complementarities with other interventions and with National Indicative Programmes; however the facility has not inbuilt mechanisms to promote the development of complementarities; case study analysis evidenced that 4 projects out of 12

did not establish clear complementarities<sup>8</sup>.

- Projects selected do match needs and priorities of beneficiaries’;
- Strengthening the relevance of NIF even more could be achieved through a) a more focused definition of NIF objectives, as a more limited amount of goals could help increasing relevance and impact, and b) improving the screening process, selecting the “most relevant” projects.

### Projects relevance to NIF Strategic Objectives and ENP goals

Relevance to strategic objectives has been checked with three different methodological tools: i) Analysis of the objectives’ matrix for the 51 projects (Annex 5); ii) Result Oriented Monitoring (covering 6 projects) (Annex 9); iii) Case study comparative matrix (12 projects) (Annex 7);

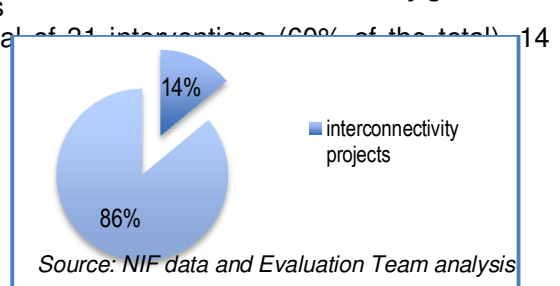
NIF projects consistently maintain a strong relevance to the three Strategic objectives, although some aspects need strengthening. The analysis, detailed in Annex 11, led to the following findings:

#### Relevance to Strategic Objective 1

The first strategic objective aims to improve interconnections with the neighborhood through transport and energy infrastructures. SO 1 embraces the majority of projects supported by NIF, with a total of 31 interventions (90% of the total) 14 related to transport and 17 to energy infrastructures.

SO1 is in line with EU policies for closer integration of the transport system with the neighbouring countries<sup>9</sup>. Transport projects contribute to establish an efficient transport infrastructure, supporting neighborhood socio-economic development;

**Figure 4 – Percentage of transport projects relevant to interconnectivity goals**



#### Strategic Relevance of Interconnectivity to NIF

Contributions to interconnectivity are low: out of 14 “transport sector” interventions, only two of them “Georgia East-West Highway” and the airport of Chisinau directly affect the interconnectivity dimension of SO1.

The remaining twelve projects have a low degree “interconnectivity” since their impact is more oriented to urban transport issues (tramways, metros and Public transport assistance) or have a regional impact (i.e. rural roads).

Taking into account the recent NIF creation the interconnectivity objective may appear too ambitious. SO 1 aims to create an efficient transport infrastructure network able to ensure interconnection and interoperability with EU networks and its neighbours countries. The trans-European transport networks extension to the neighbouring countries through five main transport axes will address bottleneck affecting international and long-distance traffic, facilitate trade and exchanges and have positive effects on economic development. The Five axes individuated<sup>10</sup> to connect the EU and the neighbours are the following:

1. Motorways of the Seas : to link the Baltic, Barents, Atlantic (including Outermost Regions, Mediterranean, Black and the Caspian Sea areas as well as the littoral countries within the sea areas and with an extension through the Suez Canal towards the Red Sea.
2. Northern axis : to connect the northern EU with Norway to the north and with Belarus and

<sup>8</sup> See comparative table Annex 7.

<sup>9</sup> Commission Communication on Guidelines for transport in Europe and neighbouring regions adopted in January 2007

<sup>10</sup> COM(2007) 32 -Communication from the commission to the council and the European parliament „extension of the major trans-european transport axes to the neighbouring countries guidelines for transport in Europe and neighbouring regions“

- Russia to the east. A connection to the Barents region linking Norway through Sweden and Finland with Russia is also foreseen.
3. Central axis : to link the centre of the EU to Ukraine and the Black Sea and through an inland waterway connection to the Caspian Sea. A direct connection from Ukraine to the Trans-Siberian railway and a link from the Don/Volga inland waterway to the Baltic Sea are also included.
  4. South Eastern axis : to link the EU with the Balkans and Turkey and further with the Southern Caucasus and the Caspian Sea as well as with the Middle East up to Egypt and the Red Sea.
  5. South Western axis : to connect the south-western EU with Switzerland and Morocco, including the trans-Maghrebin link connecting Morocco, Algeria and Tunisia and its extension to Egypt.

A broad scheme of reference for interconnectivity projects is depicted since four out of five of the indicated axes directly encompass NIF's Countries. The development of projects along these axes will contribute most to promoting international exchanges, trade and traffic and a faster and cheaper movement of passengers and freights. These axes also include some branches in regions where traffic volumes are relatively low due to political problems, aiming therefore to strengthen regional cooperation and integration in the longer term.

"National" projects contribution to interconnectivity development may be relevant. National projects can contribute to start or complete a transnational project (i.e. a national road /rail link that is complementary to a project connecting two neighboring countries) or improve the country's accessibility (i.e. creating additional branches to the main axes). Relevance is provided when the national project promotes the movement of people and freight between 2 or more countries. For this reasons the typical urban projects like tramways and metro should not considered as converging to interconnectivity strategic goals.

The "Georgia East-West Highway" is a project that is fully in line with NIF SO1. The Highway is part of the corridor, one of the five major transnational axes in neighbouring countries. And it is also part of the Transport Corridor Europe, Caucasus, Asia (TRACECA), which is an international transport programme involving the EU and 14 of States of the Eastern European, Caucasian and Central Asian region that aims at developing transport initiatives

So far NIF did not manage to significantly support the development of the 5 transport axes contributing to trans-European transport network extension. The low number of interventions supporting "interconnectivity", is explained by several reasons<sup>11</sup>: i) Interconnectivity amongst partner Countries does not seem always a priority in the context of the Southern Region (this should call for a strategic analysis of relevance of interconnectivity goal in the Southern Region by the Strategy Board of NIF); ii) Often transport infrastructure interventions supporting regional interconnectivity are not mature to be financed; iii) The Countries investment policies are more oriented on financing infrastructures that have a wide impact on regional/national level (solving thus the problems of accessibility) that the large scale international projects and iv) Often interventions are oriented on solving issues of urban mobility that have a wider and positive impact on environmental issues.

A debate about the strategic value of the prioritization of interconnectivity projects would benefit and possibly improve definition and focus of SO1. Prioritization of projects might be useful particularly following a specification of NIF transport network, specifying the NIF's strategic transport axes and nodes that have to be implemented in the forthcoming years.

The 17 "energy" projects are all relevant to establishing a more efficient energy infrastructure, effectively supporting regional social and economic development. These projects contribute more successfully to regional interconnections, supporting regional networks and supply systems.

## Relevance to Strategic Objective 2

<sup>11</sup> Evaluation Team analysis supported by interviews with Finance Institutions and Commission services;

Strategic Objective 2 addresses threats to the common environment, covering fields of: climate change, air, water, waste and industrial pollution. Specifically SO2 addresses i) Promotion of integrated waste management (household, municipal and industrial), ii) Introduction of integrated water management, including necessary related infrastructure and iii) reduction of air, soil and water pollution including monitoring infrastructure when needed.

All the 15 projects of this group are consistently relevant to these objectives. The facility portfolio is positively addressing environmental threats. All the Water and Sanitation projects support a better environment. Wastewater projects contribute positively to climate changes action with adaptation and mitigation measures to reduce GHG impacts. NIF projects are relevant to the context of the Euromed - Horizon 2020 Initiative to de-pollute the Mediterranean Sea and the Danube Black Sea (DABLAS) Task Force.

### Relevance to Strategic Objective 3

Strategic Objective 3 is supporting smart, sustainable and inclusive growth, in particular through the support of small and medium enterprises. 5 regional projects (10% of total NIF interventions) are addressing private sector development with full relevance to smart and sustainable growth through SME support. NIF portfolio relevance to SO3 has been strengthened since 2011, with the approval of three of these interventions for the Southern region.

NIF is not specifically geared to address inclusive growth, as the dimension of inclusiveness is not specifically incorporated into the design, is not assessed and is not measured and followed up.

Only two NIF projects are categorized into the “social” sector, also related to SO3<sup>12</sup>. The limited contribution to social projects, relates to i) lower demand from Finance Institutions ii) the fact that social interventions are better addressed through other development cooperation tools with stronger grant components and iii) informal steering of project pipelines.

Only one project was financed to support the private sector at national level (wine sector upgrading in the Republic of Moldova, approved in 2010).

Relevance to Strategic Objective 3 is strengthened by water, sanitation, energy and transport infrastructure projects, which, directly or indirectly do contribute to socio-economic development.

### Coherence with National and Regional Indicative Programmes

NIF projects consistently converge towards priorities established by multi-annual national and regional Indicative Programmes. This finding is confirmed by the assessment of the 13 National and 2 Regional programmes encompassing NIF Countries<sup>13</sup>. Results, summarized in the table below, show that NIF projects links to NIP and Action Plans are well established for the majority of the intervention, although in some cases relevance to NIP could not be clearly defined (16% of assessed projects) and for 6% the relevance to Action Plans was not clearly established.

**Table 2 – Analysis of relevance: relevance of NIF projects to NIPs and Action Plans**

Relevance level	Yes		No		Not available		Unclear	
	N.	%	N.	%	N.	%	N.	%
Relevance to NIP	42	82,35	/	/	1	1,96	8	15,69
Relevance to Action Plan	35	68,63	/	/	13	25,49	3	5,88

Source: NIF data and Evaluation Team analysis

### Relevance to beneficiaries needs

The projects selected do match needs and priorities of beneficiaries’ as evidenced by both case studies and Result-Oriented monitoring assessment. Relevance to beneficiaries needs is supported by the early stages of the project design cycle of Finance Institutions and its checked

<sup>12</sup> The “support programme to the education sector” (Morocco) approved in 2009 and “Capacity assessment and modernization of the Republican Clinical Hospital in Chisinau”, Republic of Moldova, approved in 2010.

<sup>13</sup>See Annex 8.



through the project formulation phase. Some instances have been evidenced where relevance to beneficiaries 'needs is not clearly established'<sup>14</sup>.

### Relevance and priority definition: criteria guiding NIF project selection

Project selection establishes minimum eligibility standard requirements, aspects which are specified by the "grant assessment fiche". The process of screening of NIF pipeline allows carrying out a selection of projects proposals to be submitted to the Board, based on qualitative analysis. The NIF selection process does not involve a system of weighting for relevance and project prioritization according to quantitative assessment of relevance.

### Recommendations to enhance project relevance

- Adoption of weighting and scoring mechanisms related to relevance to prioritize NIF grants allocation as a strategy to strengthen relevance and optimize impact for the invested resources.

Project prioritization may be effective when the amount of projects will significantly exceed resources available, as a strategy to improve quality (impact opportunities, effectiveness, efficiency) of NIF portfolio. The steady increase of the number of projects in FI pipelines strengthen the rationale for the introduction of priority criteria that allow selecting the "best" interventions. Such mechanism would also be conducive to promote the new approach to ENP, supporting reformers in the Neighbourhood. See EQ 2

Scoring mechanisms for projects selection may imply risks of relative unbalances; minimum quota may be assigned for areas and for sectors.

- Interconnectivity projects should be prioritized in resource allocation as much as possible;
- Mechanisms should be established to strengthen complementarities, including: an involvement of EU Delegations in the early stages of pipeline development and project design; evidencing complementarities through the project fiche, assessing project proposals also for the complementarities established, and monitoring the establishment of complementarities.
- Proposals should quantify contributions to social objectives, comprising inclusiveness and poverty reduction. These aspects should be specifically covered by the assessment.

## 2.3.4 EQ1.4 TARGETING

*Is targeting adequate to maximize impact of resources? Are geographical differentiation criteria applied? Are mechanisms in place to support debt sustainability? Is the targeting commensurate to countries absorption capacity?*

### Answer to EQ 1.4

NIF has applied geographical differentiation criteria, by gradually increasing its investments in the South, particularly after the socio-political events that affected Arab countries.

However, although the total amounts invested by the NIF in the East and in the South are of similar order of magnitude, amounts invested per capita are clearly lower in the South, with € 1.7 against € 2.9.

Concerning targeting by sector, for transport, water and sanitation the projects geographical distribution both in terms of number of projects and NIF budget contribution is well balanced. Overall Strategic Objective 1 (SO1) received 61% of NIF investments, SO2 and SO3 sharing the remaining 39%. This split of resources follows a) Finance Institutions demand and b) orientations on pipelines set by the FIG.

<sup>14</sup> Example of Tbilisi railway bypass project, Georgia

The additional burden of NIF supported operations on their external debt can be significant for countries like Morocco, Egypt, Moldova or Georgia. The evaluation verified that Finance Institutions do assess debt sustainability during the project preparation phase.

### **Geographical distribution of NIF interventions**

A detailed analysis of the geographical distribution of NIF interventions is shown in Annex 11. In geographical terms, the NIF portfolio was nearly equally split between the East and the South regions during the 2008 – 2011 period, with the former one receiving €191 million and latter one € 226 million. NIF has gradually increased its investments in the South, particularly after the socio-political events that affected Arab countries. The distribution of NIF funds per countries over the 2008-2011 period is shown in Annex11. The biggest recipient countries are Morocco for the transport sector and Egypt for the W&S. The reasons are related to the number and size of the financed projects. Morocco received NIF contribution for 3 projects (Tramway of Rabat I and II, and programme for rural roads) and Egypt for the 3 phases of IWSP.

In the ENP region the needs for investments under the three strategic objectives of the NIF are significant. Partner countries have substantial backlogs of infrastructure investments, and often limited long term borrowing capacity. It is therefore important to determine which projects should have priority for financing. The robust demand and the limited NIF grant resources could promote different strategic approaches:

- a) Renew the ongoing debate whether and how allocations mechanisms should take into account number / volume of projects per Country
- b) bring in considerations about needs (GDP, GPP per capita, HDI indicators, poverty level et cetera) - See recommendations below
- c) Alternatively promoting and enhancing a structured approach for “joint programming” with the FIs, an issue to be taken up in the EU platform for blending mechanisms.

### **NIF interventions and GDP per capita**

Although the total amounts invested by the NIF in the East and in the South are of similar order of magnitude, amounts invested per capita are clearly lower in the South, with € 1.7 against € 2.9 (see table in Annex 11). In the East NIF investments per capita vary between € 0.5 in Ukraine and € 16.7 in Moldova. This is partly related to the size of the country: the bigger the population, the less investment per capita it benefitted. Significant differences can be observed between countries of comparable population and GDP per capita, such as Armenia and Georgia, which have received € 4.8 and 11.7 respectively

In the South NIF per capita investment range between € 0.3 in Jordan and € 3.5 in Tunisia. The two Maghreb countries, Tunisia and Morocco have received three times more NIF funds per capita than the three Mashreq countries.

**Regional projects;** NIF investment per capita in regional projects over the period 2008 – 2011 was three times larger in the East than in the South; this is because all regional NIF projects but one are investments in SME financing funds, which were developed earlier in the East than in the South. NIF 2013 pipeline includes several regional projects in the South, which may significantly increase per capita NIF investments in regional projects in the South.

### **NIF investments by sector**

The sectoral distribution of NIF funds between 2008 and 2011 period is shown in Annex 11. The analysis of disbursements shows that 34% of NIF funds went to the sector of transport. The largest projects include the “*Cairo Metro Line 3*” (Phase 3) and the “*Georgia East-West Highway*”, each of them receiving a contribution of € 20 million. Another important NIF investment is the project “*Moldova Road Rehabilitation*” (Phase 3) to which the NIF contributed € 16 million.

The second most important sector was energy, for which € 110 million was allocated (27%). This sector includes the project that received the largest NIF contribution (€ 30 million) over the period 2008-2011, i.e. the “*Ouarzazate Solar Plant*” project in Morocco.

Next are the private sector and water and sanitation sectors with 17% of NIF allocations each. In the water and sanitation sector the “*Improved Water and Wastewater Services Programme*” (Egypt) received € 15 million. The largest SME support project is the “*SME Finance Facility*”, a regional project in the East led by the EBRD which absorbed € 15 million. Amongst the largest contributions should be signaled the “social” project in Morocco (Support Programme for the education sector) which absorbed €15 million.

Overall, projects under Strategic Objective 1 (SO1) received 61% of NIF investments, SO2 and SO3 sharing the remaining 39%. This split of resources follows a) Finance Institutions demand and b) orientations on pipelines set by the FIG.

### **NIF and debt sustainability**

The burden of NIF projects financing varies considerably from one country to another, as shown in Table 7 of Annex 11. This burden can be significant for countries like Morocco, Egypt, Moldova or Georgia. Azerbaijan’s particularly high ratio is due to the low level of its external debt.

Apart from European Finance Institutions, other international Cooperation Organizations are operating in ENP area (i.e.: WB, JICA, ADB, AFDB; JBIC etc.) and Countries are familiar managing different sources of funding. For instance, In Georgia, The East West Highway financed through NIF (€190 Million the total project cost) is complementary to the works that are being carried out on the Eastern part of the corridor between Tbilisi and the Rikoti Tunnel which are financed by the World Bank. On the Western part, Zestaponi-Kutaisi-Samtredia section is financed by the Japanese International Cooperation Agency ('JICA') and the Kobuleti Bypass is financed by the Asian Development Bank ('ADB'). In Morocco PRNN2 (National Programme for the Development of Rural Roads) whose total cost of about € 1 Billion, is practically divided in a few lots. NIF and EFIs are part of a lot whose total cost is about € 390 Million.

Civil Society<sup>15</sup> has been raising the debate about blending facilities increasing pressure on recipient countries to accept debts and that in cases this may affect the sustainability. The evaluation verified that Finance Institutions do assess debt sustainability during the project preparation phase and as lending institutions, they verify the reimbursement capacities of borrowers. Each FI has its own criteria based on their macro-economic analysis of beneficiary countries, data from International Finance Institutions (IMF, World Bank principally), and rating agencies.

Paragraph II of Section III of the NIF Project Fiche requests Finance Institutions to indicate “*The level of debt sustainability of the country(ies) in which the project is implemented.*” The issue of debt sustainability ought to be discussed in the broader context of the EU Platform for blending in external co-operation (EUBEC) established in December 2012.

### **Targeting and absorption capacities**

Absorption capacity is related not only to the financial capacities of beneficiary institutions, but also to the human resources capacities of beneficiary institutions for supervising project implementation and for operating facilities once they have been completed. The NIF Project Fiche rightly assesses the beneficiaries’ financial capacities, but does not include any assessment of the adequateness of their human resources. Inadequate human resources capacity of beneficiary institutions may cause delays during implementation, to the detriment of efficiency; low capacities may affect as well intervention effectiveness, impact and sustainability. NIF decision-making should address absorption capacities issues through specific information in the project fiche eventually supported by the studies carried out during preparation by Finance Institutions. NIF contributes to reducing risks linked to low absorption capacities of beneficiaries through the financing of Technical

<sup>15</sup> Concord, Eurodad 2011 / 2012

Assistance to beneficiary institutions during project implementation and in some cases during start-up (see effectiveness of TA, EQ 3.2).

### **Recommendations:**

The evaluation recommends focusing project allocation criteria on the following variables:

- Project quality (based on a predefined scoring system) (see EQ 2);
- Strengthening policy responsiveness of the instrument (see EQ 1.5);
- Empirical sector and geographical balance (as currently done, largely through FIG orientations and FI informal coordination);
- It is recommended to focus specific questions of absorption capacities, related risks and associated results and indicators, through the Project Fiche and a strengthened verification process.

## **2.3.5 EQ 1.5 - POLICY DIALOGUE**

*How far has the NIF contributed to policy or legislative changes in the countries in support of the EU policy dialogue, ensuring a more favorable investment climate for similar projects in the future?*

### **Answer to EQ 1.5**

Finance Institutions actively promote sector reform through their projects and have dialogue mechanisms established at country level. The evaluation found evidence of EC contributions to policy dialogue and sector reform supported by the implementation of NIF projects. However these contributions in general are weak and fragmented and the potential of the instrument to leverage policy reform is underexploited. NIF strategy orientations will need to adapt to 2011 new strategic orientations for ENP to build partnerships through mutual accountability and conditionality.

The blending facility aims to contribute to the promotion of policy dialogue with Partner Countries. Finance Institutions do have a clear agenda for policy dialogue and have country level mechanisms to support the dialogue. On the Commission side the potential of leveraging dialogue and reforms through NIF is weak and underexploited. Policy dialogue is a priority for Development Finance Institutions<sup>16</sup> and most have Country level specific policy dialogue agendas, strategies and mechanisms. Policy dialogue is promoted often more at sector / programme / project level. Several instances of effective sector policy dialogue promotion through NIF have been evidenced through the Case Studies<sup>17</sup>. However for 6 out of 12 of the case studies<sup>18</sup> the analysis shows that contributions to EC policy dialogue have been weak or negligible.

Reasons to explain why this target is only partially achieved are:

- a) EU Delegations are often weakly or perfunctorily involved in the early phase of the pipeline development and of the project cycle, when the maximum leverage could be obtained in terms of negotiations and policy dialogue. These conditions of limited participation may affect Delegations' level of commitment and ownership of NIF projects.
- b) In some instances NIF projects represent only a small fraction of sector needs, in which case the capacity to influence national decisions at policy level may be feeble (see instance of "Technical Assistance for Support of Ukrainian Municipalities").
- c) No clear strategies to support the instrument potential for further leveraging sector reforms;
- d) No specific result framework (indicators, benchmarks, monitoring, evaluation) systematically applied through NIF to follow up reform and policy dialogue.

Policy dialogue development in the context of NIF is possible and desirable. More so under the review of ENP and the new strategic approach (October 2011), which emphasizes a clear objective to promote deep and sustainable democracy and that partnership should be based on principles of

<sup>16</sup> Communications with EBRD, EIB, KFW, December 2012.

<sup>17</sup> I.e. in the instance of the "Black Sea Energy Transmission Project" the intervention assisted to push for tariff application.

<sup>18</sup> See Annex 7- Matrix of comparative analysis of case studies, variable for "Policy Dialogue".

mutual accountability (see EQ6) and conditionality. Mechanisms and instruments (i.e. NIF) should be adapted to deliver these objectives.

Key implication of the new approach for NIF is that the goal of policy dialogue to support reform should be revitalized and become one of the drivers of the facility. The following aspects should be supported by NIF<sup>19</sup>:

- The establishment of partnerships for democracy and shared prosperity;
- Sub-regional cooperation and strengthening ENP regional dimensions;
- More involvement at political level;
- Clear link between policy and financial cooperation;
- Action Plans focused on policy-dialogue key priorities, with clear benchmarks.

#### Recommendations:

- Early involvement of the Delegations in project identification and development;
- Closer ties of Finance Institutions and EC on policy dialogue, joining efforts and sharing goals;
- Action plans focused on reform key priorities, with clear benchmarks;
- Result framework established for policy objectives; clearly set up indicators to be included in the project design and NIF Project Fiche;
- The identification of priority areas for policy dialogue is a strategic option that would significantly focus and strengthen policy dialogue;
- Project selection and prioritization according to “policy responsiveness”;
- Policy preconditions, if relevant, should be added to the project design (project fiche);
- Project design should specify complementarities with other EU Development Cooperation instruments to promote and support policy changes;
- Monitoring should include follow up of policy changes and overall impact of NIF on national and regional policies.
- The evaluation found ample scope for strengthening policy dialogue and reform, but it should be avoided that an excessive pressure on Partner Countries may result counter-productive for NIF.

### 2.3.6 EQ 1.6 - RELEVANCE TO THE CLIMATE CHANGE WINDOW

*Are domestic climate change policies and sectoral analysis of beneficiaries' countries sufficiently taken into account?*

#### Answer to EQ 1.6

The opening of the Climate Change Window is highly relevant to the new commitment of the Commission to global challenges. Finance Institutions process of project design and procedures do take into account domestic climate change policies and sectoral analysis of beneficiaries.

Following November 2009 Commission renewed commitment to global challenges and climate action and the opening of a Climate Change Window<sup>20</sup>, NIF and its portfolio maintained a marked relevance to Climate Change and environmental goals. Table 3 below shows how more than 50% interventions up to 2011 are part of the CC window and how a significant portion of these (29%) are marked under RIO 2 (adaptation or mitigation goals being a principal objective of the project).

**Table 3 – NIF support to Climate Change Action (M €)**

Region	No CWW	CWW		
		RIO 1	RIO2	Total CCW
East	121.3	50.4	20.1	70.5

<sup>19</sup> Source: EU External Action - “A new response to a changing Neighbourhood”, 26th October 2011.

<sup>20</sup> Information for CC was also kindly provided by the ongoing study ‘Cooperation with EU financial institutions: climate related standards in assessing investments and infrastructure projects’ (ODI, AEA, ADELPHI), DG Clima 2012.

South	77.0	104.3	44.8	149.1
<b>Total</b>	<b>198.3</b>	<b>154.7</b>	<b>64.</b>	<b>219.6</b>

Source: NIF 2011 Annual Report and Evaluation Team analysis

The relevance of the instrument to climate change action is strengthened by:

- The high standards of environmental assessment common to the Finance Institutions (see EQ2) and the fact that all NIF water and sanitation projects undergo a Strategic Environmental Assessment;
- Project design systematically take into consideration domestic climate change policies and environmental priorities;
- A genuine approach to maintain an overall positive impact of the instrument;
- The pro-active overview of DG Clima keeps a high priority on CC agenda all through the NIF process (including the addition of a set of specific evaluation questions in the context of this evaluation).

Challenges for the further strengthening of relevance to CC action, include:

- Partner Countries may not share the same priorities on global challenges, positive CC actions and common environmental goals for the Neighbourhood area.
- The operational aspects of CC actions are managed by a small group of committed people within institutions and organizations; the majority of stakeholders has however a limited insight and understanding of projects environmental impacts and climate challenges;
- CC action and approaches not fully harmonized.
- Lack of indicators to monitor GHG emission or carbon footprint for NIF projects.

When applicable the CCW is taken into consideration. Table 4 illustrates the number of transport and water and sanitation projects that have relevance to CCW.

**Table 4 – NIF Projects with environmental / climate change objectives**

Sector	Sub-sector	No	Yes	Total
Transport	Air	1		1
	Road	4		4
	Public Transport		2	2
	Metro/tram/rail		7	7
<b>Transport Total</b>		<b>5</b>	<b>9</b>	<b>14</b>
Water/Sanitation	Waste water		3	3
	Water		5	5
	Water and Waste water		7	7
<b>Water/Sanitation Total</b>			<b>15</b>	<b>15</b>
<b>Total</b>		<b>5</b>	<b>24</b>	<b>29</b>

Source: NIF data and Evaluation Team analysis

## 2.4 EQ.2 - QUALITY OF DESIGN

### Evaluation Summary – EQ2

#### EQ 2.1 Quality of design

1. NIF process of project identification, preparation and joint assessment fulfills the EC, FI and

international standards of project design; In general the overall process produces acceptable standards of design although some aspects need improvement;

2. Due diligence criteria are met by the project preparation processes carried out under the responsibility of lead Finance Institutions.
3. The role of the Commission in the joint assessment (project review and verification including recommendations to strengthen Commission objectives) needs to be strengthened;
4. Project assessment and decision making is not adequately supported by information, as the Project Fiche contains summarized and often incomplete information and preparatory studies for most cases are not available. The design of NIF contributions to the Project in several Project Fiches is vague and not adequately specified. The result-based framework for NIF contributions in the Project Fiche needs to be reinforced.
5. EC services and EU Delegations have limited resources for a detailed verification of proposals;
6. Recommendations for improved project quality include a) accrued involvement of EC stakeholders in the design process, b) further development of the project fiche structure and result-based framework for NIF contributions c) significant strengthening the EC consultation and verification, d) allocation of adequate resources to support the verification process, e) quantitative assessment, attribution of scores and prioritization of proposals according to quality.
7. The issue of improved design quality would benefit of the review of EUBEC, also in view of harmonization of the process across facilities.

#### **EQ.2.2 Assessment of climate risks and impact of CCW on climate resilience of NIF investments**

8. Climate risks of project proposals submitted to NIF are systematically assessed by Finance Institutions. NIF reviews proposals and accounts for Climate Change contributions through RIO markers; NIF assessment is weakened by: a) the limited amount of information made available through the project fiche, b) lack of internal procedures for climate change assessment and c) limited resources to assess proposals.
9. It's likely that the opening of the CC window does not accrue significant extra benefits in terms of project selection, mitigation and adaptation measures; this also in consideration of light internal assessment and the lack of procedures and a system to support measurability of impacts.

#### **EQ2.3 Selection criteria and climate change mainstreaming;**

Finance Institutions already do adequately integrate climate action as part of their project cycle; Further mainstreaming of climate action in NIF project cycle implies:

- Involve partner countries, institutions final beneficiaries and Delegations in Climate Change action, promoting their contributions to strategy definition, project design, monitoring and evaluation with specific contributions to mitigation and adaptation measures;
- Action Plans focused on clear benchmarks for Climate Change actions (mainstreaming at planning level);
- Set monitoring criteria and specifically monitor climate change (see § 2.6.4, monitoring);
- Strengthen Climate Change criteria to the approach of Result-Oriented Monitoring;
- Set evaluation standards and specifically assess CC action as part of project evaluation carried out by Finance Institutions
- Link projects to National Plans for climate (i.e.: LEDS)

#### **EQ 2.4 Mechanisms to improve climate resilience of NIF interventions**

10. Climate resilience of NIF could and should be strengthened. Recommended actions include: improvement of NIF quantitative accounting and reporting tools; development of specific set of procedures for climate change action in NIF; Strengthen project selection criteria and tools.

### **2.4.1 EQ 2.1 - NIF PROJECTS' DESIGN QUALITY**

*Is the project pipeline ensuring adequate standard of design of NIF supported interventions?*

#### **Answer to EQ 2.1**

- The NIF process of project identification, preparation and joint assessment fulfills the EC, FI and international standards of project design; Due diligence criteria are met by the project preparation processes carried out under the responsibility of lead Finance Institutions. The process is compliant with Joint Management mechanisms, although the role of the Commission in the joint assessment

(project review and assessment including recommendations to strengthen Commission objectives) needs to be strengthened;

- Project verification and decision making is not adequately supported by information, as the Project Fiche contains summarized and often incomplete information and preparatory studies for most cases are not available.
- Consultation and project verification is significantly weakened by limited EC services and EU Delegations resources for a detailed assessment of proposals;
- The design of NIF contributions to the Project in several Project Fiches is vague and not adequately specified. The result-based framework for NIF contributions in the Project Fiche needs to be reinforced.
- Design quality and project adherence to EC objectives would be appreciably fortified through: a) accrued involvement of EC stakeholders in the design process, b) further development of the project fiche structure and result-based framework for NIF contributions c) significant strengthening the EC consultation and verification, d) allocation of adequate resources to support the verification process, e) quantitative assessment, attribution of scores and prioritization of proposals according to quality.
- The issue of improving quality of design would benefit of the review of EUBEC, also for harmonization of the process across facilities.

### Evaluation process overview

The evaluation of NIF projects' design quality covers the different phases of project / programme identification and formulation, including selection and approval processes.<sup>21</sup> Design quality is assessed against the following criteria:

- EC', Finance Institutions' and International standards for project / programme design;
- Adherence of design to aid effectiveness principles;
- Selection and preference criteria set by NIF General Framework, (section 5– see box);
- Expected results per sector, NIF General Framework, (section 6);
- Relevance to ENP and NIF Strategic Objectives (see EQ 1)

### Overview of identification and preparation process

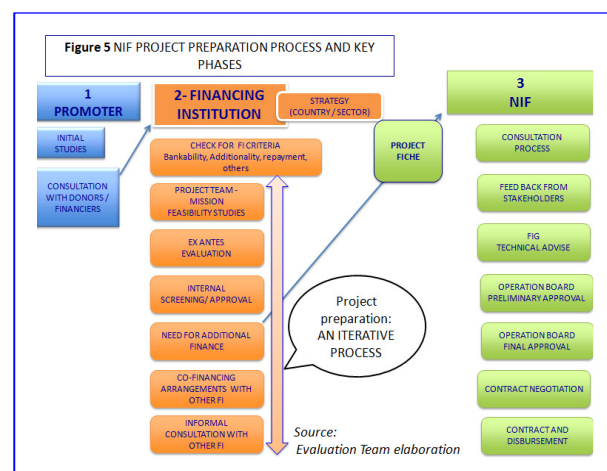
The project identification and preparation process covers three key steps:

1. **Initial processes** (identification and preparation) developed by the “project promoter”. These may include simple concepts or elaborated feasibility studies. The initial step does not involve specific responsibilities for the Finance Institutions and the EC.
2. **Project design** by the Finance Institutions. In general design activities depend on several factors, including the level of advancement of project preparation submitted by the promoter, quality of existing studies, specific needs of the intervention. Although the Finance Institution project cycle is illustrated as a sequence, project preparation is an iterative process where

### Projects Selection Criteria

(NIF General Framework, 2008)

- Additionality,
- Not duplicating other financial resources,
- No duplication with FEMIP (South),
- Quality of proposals,
- Expected impact,
- Leverage effect,
- Value-added,
- ODA eligible,
- Stimulating (private) investments,
- Direct link to priorities of the ENP Action Plans and of beneficiary countries,
- Cost-effective



<sup>21</sup> The analysis is supported by the following methodological tools: a) the detailed assessment of the process by the Team project design expert, supported by sector experts; b) detailed review of Projects Fiches c) the analysis of 12 case studies, specifically centred on aspects of project formulation and design quality and d) the independent assessment by Result-oriented monitoring of 6 interventions; Findings are supported by the outcomes of interviews.



feedbacks may solicit reassessment of strategy decisions and design process all through the project cycle. The cycle illustrated in figure 5 may have slight variations, as in some cases for instance internal screening starts before the ex ante assessment. Promoters and beneficiaries may contribute to several activities during the process.

3. **Consultation, joint assessment and decision-making**, once the project enters in NIF circuit.

The quality of the process relies on Finance Institutions procedures and standards and the joint assessment by the Finance Institutions and EC. Under the Joint Management allocation modality, the eligible finance institutions, offering guarantees equivalent to internationally accepted standards,<sup>22</sup> are entrusted with responsibilities of project design. Under the Joint Management, the Commission and the Financing Institution jointly assess the feasibility and define the implementation arrangements<sup>23</sup> (step 3 of NIF project preparation).

### Project identification

For the majority of projects submitted to NIF the identification is demand-driven (in some cases Finance Institutions would promote their own ideas and concepts at Country level<sup>24</sup>). There is no pre-defined approach and many projects follow interchanges with Governments, national institutions and other project promoters. Project promoters may include the private sector. Following the initial demand there is a first screening according to Finance Institutions eligibility criteria. At this stage often projects are not yet earmarked for NIF financing, as it is during the preparatory phase that the intervention needs for co-financing and grant component become apparent.

### Project preparation and feasibility studies

Finance Institutions processes and procedures - including the project preparation process, are reviewed through an external assessment (6 pillar assessment), confirming their adherence to EC standards for aspects of accounting. The 6-pillar assessment is relevant to the quality of project design particularly for the review of an “effective internal control system for management of operations”. Through the Mutual Reliance Initiative EIB, AFD and KfW rely on each other procedures and appraisals of projects. The following table summarizes the project cycle of EIB, KfW and AFD<sup>25</sup>. (Additional information in Annex 11).

**Table 5 – Summary approaches to project preparation by three Lead FI**

Phase	EIB <sup>26</sup>	KfW <sup>27</sup>	AFD <sup>28</sup>
<b>Policy dialogue</b>	EIB operates within the framework of the EU policy objectives. Project approach to dialogue: using projects to leverage on sector reforms (i.e. tariffs increase)	Always part of KfW approach; Specific policy development criteria; project / national programme based approach to dialogue	Related to sector and projects Often project results include sector reform / capacity building;
<b>Identification</b>	Within the overall framework of a 3 years rolling business plans, in general demand driven; request from Promoter; Check with Eligibility criteria,	No pre-defined approach; most projects from inter-governmental discussions/negotiations. All projects fit into the country strategies of BMZ and the partner country's development strategies.	Demand driven; There is always a request from project promoters;
<b>Preparation</b>	Due diligence process; result based framework; Project team; Financial assessment and risks analysis;	Preparation period and feasibility study includes field mission; deep process; includes: technical expertise legal, institutional and macroeconomic conditions, developmental objectives and indicators, the financial strength and	Carried out by a project team including at least an engineer, a financial expert and a lawyer. Financial, economic and risk analysis generally based on a feasibility study, often on a CBA.

<sup>22</sup> The review includes accounting, audit, control and procurement procedures standards;

<sup>23</sup> Joint Management, EC, Development and Cooperation, Europaid.

<sup>24</sup> EBRD 13/12/2012.

<sup>25</sup> Data about EBRD was not included, following specific request of the Institution staff; Further discussions and exchanges on the project cycle were held as well with staff of EBRD and SIMEST.

<sup>26</sup> Interview EIB, 12 December 2012; EIB, *environmental\_and\_social\_practices\_handbook*

<sup>27</sup> Interview with KfW, 13/12/ 2012 and KfW website (project cycle).

<sup>28</sup> Interview with, AFD, 17/12/2012, AFD website information on the project cycle.

		management capacities of the project implementing agency, Project appraisal Project report	; includes on-site due diligence.
<b>Environmental assessment</b>	Part of the appraisal process; All EIB projects need to be acceptable in environmental terms (assessment of all net and residual Environmental Impacts over the project life-cycle)	Part of the appraisal process; see details in EQ 2.2	Level of diligence depends on estimated risk level. (safeguards.) Part of the appraisal process; see details in EQ 2.2
<b>Social analysis</b>	Social Impact Assessment (social assessment guidance notes); ESMP required;	Impacts on poverty reduction, the social and cultural setting, conflict relevance, environmental protection and gender equality, Part of the project/programme appraisal	Mandatory for all projects expected to have a social impact. Mostly to introduce safeguards. ESMP yes as per Equator.
<b>EU standards as benchmarks for social and environmental assessment</b>	Yes	Yes	Yes
<b>Host country standards</b>	Yes	Yes	Yes
<b>Public disclosure</b>	Yes, 30-day rule and publication on promoter website	Only project categorisation disclosed	Yes, summary of project assessment report disclosed on AFD website
<b>Ex-antes assessment</b>	Yes	Yes	Information not available

Source: see footnotes

The following findings are evidenced:

- All the processes reflect sound standards of project design geared to develop projects financially viable (bankable). Processes aim to achieve development objectives, with ingrained sustainability concerns.
- All processes take into account Climate Change issues, although with different approaches (see analysis EQ 2.2).
- Finance Institutions include social analysis to project preparation, also in this case with different approaches and standards. These are aligned with EU and international standards. The preparation phase involves a participatory approach to social and environmental studies;

The process includes an internal ex-antes assessment of the design, with the exception of AFD, who recognize the difficulty to implement such step due to limited resources <sup>29</sup>.

When the need for a grant component becomes apparent, Finance Institutions will consider their options, including application to NIF when relevant. The submission of NIF Project Fiche is generally preceded by informal enquiries with EC stakeholders, a process facilitated by the presence in Brussels of all lead Finance Institutions and their routine contacts with the EU Delegations in the field.

The analysis of the feasibility studies for infrastructures evidenced that in some cases these may deserve strengthening for specific aspects as for instance the analysis of strategies and options of implementation. The strengthening of the verification process of project proposals for adherence to EC objectives (see recommendation R4) would help sorting out aspects of preparation that need to be reinforced.

<sup>29</sup> Interview with, AFD, 17/12/2012,

Feasibility studies are in theory accessible to EC stakeholders, following specific request, although some studies are considered as confidential and restricted in circulation. Different levels of disclosure are applied by the Finance Institutions, according as well to the level of sensitivity of the project<sup>30</sup>. In practice feasibility studies are eventually shared with other co-financers but generally not with EC stakeholders, who gain knowledge of NIF proposals through the information summarized in the project fiche. The limited access to feasibility studies is also a result of the parallelism with Finance Institutions project screening processes.

### NIF Project Fiche

A standard project submission form (Project Fiche, or PF) has been developed for Finance Institutions application for the different facilities coordinated by NIF Secretariat<sup>31</sup>. The Project Fiche has been evolving since 2008, broadening its scope and adapting to strategy orientations, as for instance the inclusion in 2010 of the CCW and RIO markers for mitigation and adaptation.

The following table summarizes the assessment of the format of the Project Fiche, discussing strength and weaknesses in terms of contributions to NIF project design:

**Table 6 – Project Fiche: strength and weaknesses**

(Strengths and Weaknesses refer to the structure of the PF and the specification (or lack of) for inclusion of relevant information)

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Effective summarized presentation of the intervention;</li> <li>• A structure seizing major aspects of the intervention;</li> <li>• Different levels of the result-chain are included adjusting to a logical framework approach;</li> <li>• Addressing environmental and climate change issues;</li> <li>• Harmonized approach across facilities;</li> <li>• Specificity for NIF: Annex 8 assessing relevance to NIF Strategic Objectives;</li> <li>• Inclusion of a “grant assessment form” for stakeholders contributions to the “joint assessment”</li> </ul>	<ul style="list-style-type: none"> <li>• Overall information may not suffice for informed judgments and decision making;</li> <li>• Sequence cause-effects: Objectives – activities – results; components are described under activities (instead of a logical sequence objectives-results-activities; results should be possibly decomposed in outcomes and outputs; components should aggregate clusters of results).</li> <li>• The fiche does not provide specific entries for important issues as for instance:               <ul style="list-style-type: none"> <li>- Justification for amount of grant requested;</li> <li>- Social impacts</li> <li>- Contributions to policy dialogue;</li> <li>- Complementarities with other EC interventions (although the issue is mentioned under § 2.c, the box is not specifying the development of specific complementarities).</li> </ul> </li> <li>• Limited scope for verification of sustainability; lack mention of specific and important dimensions of sustainability (financial, institutional, policy, political, market, social).</li> <li>• No data on concessionality level of loan and grant (referred to ODA eligibility criteria)</li> <li>• Risk analysis focused on financial and environmental risks. It’s missing the analysis of other dimensions of risks (i.e.: capacities, political context et cetera);</li> <li>• Project Fiche does not cover adequateness of human resources;</li> <li>• The form does not cover the analysis of strategies.</li> <li>• Indicators; only reference to impact indicators. The fiche does not include the mandatory development of a result-based framework supported as well by performance indicators;</li> <li>• Not specified the need for quantified products and services (outputs) related to NIF grant.</li> </ul>

**Improving the Project Fiche: would this significantly increase Finance Institutions’ bureaucratic burden and transaction costs?**

<sup>30</sup> During the evaluation, feasibility studies for the 12 case studies were requested but only 30% of them were made available to the Evaluation Team.

<sup>31</sup> NIF, IFCA, LAIF, AIF.

It's unlikely that an improved format would impose on Finance Institutions an exceeding workload: all information should already be available; the improved format would simply allow inclusion of key information for decision-making. Length should not expand from the current format. Once all information is available to the FI, the filling up of an improved project fiche with good quality standards may not absorb more than 4 or 5 working days.

### Consultation process and fiche assessment

Following the submission of the Project Fiche, NIF Secretariat supports a process of consultation including: i) Geographical Coordination and Regional Programmes ii) Delegation(s), iii) Thematic units, iv) DG Clima, v) other Line DGs, vi) European External Action (EEAS).

Comments are returned within a period of two weeks.

The evaluation Team discussed extensively with these stakeholders<sup>32</sup> the effectiveness of the consultation process and its contribution to improve quality of NIF projects. Key findings include:

- a) By and large there is a consensus about the importance of involving the different services and the Delegations and the usefulness of the consultation.
- b) The efficiency of the Secretariat in supporting the consultation is recognized, as well as the short time (two weeks) to provide a feed-back to the project proposals;
- c) Geographical Coordination and Regional Programmes staff raised consistently a number of issues about the process:
  - Consultation starts often at a late stage of preparation, when proposed project proposals are already mature and little flexibility is left in terms of strategy and design options;
  - The information provided through the Project Fiche is not sufficient for an informed judgment on several aspects of the project.
  - In general no support documentation is provided with the Project Fiche for an improved understanding of the intervention.
  - In general the assessment is not based on the "quality of projects" based on feasibility studies and cost-benefit analysis;
  - Often questions raised by the "grant assessment form" cannot be answered with the sole information provided by the Project Fiche;

EC stakeholders remit to the due diligence of FI the responsibility of project design.

- d) Delegations through the de-concentration process assume responsibilities in project implementation.<sup>33</sup> Delegations should play a key role related to the facility contribution to cross-cutting objectives, including policy dialogue, development of complementarities, coordination and visibility. Joining the project cycle in its early stages would heighten such contribution. Their current late involvement hinders their participation to the project design. The same issues raised by Geographical coordination units (little information available for project assessment and time availability) have been expressed by Delegations<sup>34</sup>.

While the majority of interviewed staff evidenced the need for an assessment of projects supported by more information, it is widely recognized that in practice people can hardly do more of what is already being done, as staff is overburdened, with little time for additional analysis and in-depth understanding of projects submitted to NIF;

### Summary of key issues to be addressed:

- There is a need for improved verification of project proposals, especially to contribute to EC objectives of NIF;
- Lack of resources does not allow significant additional efforts in project assessment;
- The lightness of procedures and relative speed of processes is crucial to the facility;

<sup>32</sup> See list of interviews in Annex 2.

<sup>33</sup> Note (23 July 2008) addressed to all Head of Delegations in the Neighbourhood Area, specified that the management of the financing agreements and of the other contracts implementing the Neighbourhood Investment Facility shall be effected by the delegations.

<sup>34</sup> For instance the Delegation of Ukraine, issue raised both at level of case study (TA Support for Ukrainian Municipalities and Result Oriented Monitoring report (October 2012)

The Secretariat consolidates comments generated by different services and submits them to the Finance Institution. The different questions/comments are discussed before the FIG meeting with the Finance Institutions, and a summary of the position of the different services consulted is included in the annotated agenda of the Director<sup>35</sup>.

Selection criteria defined by the General Framework are very broad a factor limiting the effectiveness of the project selection process.

### FIG review and pipeline consolidation

FIG consolidates its review through the “FIG technical advice and proposal form” with a “yes” or “no” answers to 11 questions reviewing preference criteria set by NIF General Framework. The form is filled by the Secretariat after the FIG meeting with the information discussed during the meeting. The form takes into account important aspects of project design which are not developed by the Project Fiche format and may not receive informed judgments following the consultation of EC stakeholders. Some examples of aspects that needs increased attention:

- Leveraging important sector reforms (criterion 9)
- Complementarity of investment at national and regional level (criterion 10);
- Focus on pro-poor growth (criterion 11);
- Debt sustainability<sup>36</sup>
- Eligibility for ODA criteria

FIG role in reviewing and assessing proposals, following the consultation process, is critical to ensure the quality of project design and NIF portfolio relevance to Strategic Orientations. The Project review by FIG does not systematically screen projects for the selection criteria set by NIF General Framework. FIG role deserves to be strengthened to assess and prioritize projects according to design quality and selection and preference criteria set by NIF general framework.

### Operational Board: Provisional and final approval

The Operational Board, following FIG advice on projects, provides a provisional approval, with request for design adjustments and studies follow up. Following compliance and adjustment of the Project Fiche the final approval is granted. The Operational Board tends to ratify recommendations made by the FIG and in general projects that reach the Operational Board achieve approval for NIF financing<sup>37</sup>. The Operational Board affects the design of the interventions through the request for design adjustments, between provisional and final approval, and the verification that such requests are met.

## SUMMARY FINDINGS ON THE PROCESS OF PROJECT DESIGN IN NIF

**Table 7 – Main findings for the process of project design**

Design Quality Criteria	Assessment	Mechanisms / observations
EC, FI and International standards of project design;	Compliance: FI preparation process; Due diligence;	Scope for harmonization of social, environmental and CC approaches
Adherence of design to aid effectiveness principles;	Compliance for FI design	Need to strengthen result-based framework for NIF contributions to the intervention; improvement of logical framework; improved justification of NIF contributions;
Selection and preference criteria set by NIF General Framework, section 5 (2008);	In general compliance although lacks a systematic assessment of selection criteria	<ul style="list-style-type: none"> <li>• Scope for strengthening the consultation process and the joint assessment of project proposals;</li> <li>• Refining the Project Fiche.</li> </ul>

<sup>35</sup> NIF Secretariat, email, 19 December 2012.

<sup>36</sup> The issue is dealt through the criterion 4 “the use of subsidies simply to increase the volume of lending to the Neighbourhood will be avoided”.

<sup>37</sup> Interviews with FI and Operation Board; Participation as observers to the Operational Board on 25th of October 2012.

		<ul style="list-style-type: none"> <li>• Selecting projects for quality (scoring criteria)</li> </ul>
Expected results per sector, NIF General Framework, section 6;	Compliance, for screening by FI and FIG (see analysis EQ 1)	<ul style="list-style-type: none"> <li>• Scope for strengthening the consultation process and the joint assessment of project proposals;</li> <li>• Refining the Project Fiche.</li> <li>• Assessing projects for quality;</li> <li>• Introduce scoring criteria</li> </ul>
Relevance to ENP and NIF Strategic Objectives (see EQ 1)	Good relevance (see EQ 1)	<ul style="list-style-type: none"> <li>• Need to strengthen specific aspects of relevance (i.e. policy dialogue and interconnectivity (SO1), inclusive growth, poverty reduction)</li> </ul>

### Recommendations:

Recommendations to strengthen project design quality, in order to be “implementable”, need to take into account the following factors:

- Need to maintain **low transaction costs**, not increasing significantly FI efforts to meet NIF additional requirements to project design;
- Take into account **limited human resources** and **time availability** of staff in EU Delegations and EC Units;
- Avoid adding to the instrument **new burdening layers** for screening and assessment of interventions;
- Maintain as much as possible the relative **lightness of** procedures and not significantly increase overall time for project processing and approvals.

Follow specific recommendations for each phase of NIF project cycle;

#### **1. Supporting harmonized approaches to the analysis of social, environmental and Climate Change aspects**

The harmonization of approaches is an on-going process, supported both by FI (i.e.: Mutual Reliance Initiative, direct coordination, harmonization studies) and by the EC (as the instance of studies and initiatives to assess FI approaches to environmental and CC impact by DG CLIMA). The process needs to be continued and supported, possibly improving coordination and establishing direct, continuous links between EC services and FI.

In future the function and process of harmonization should be coordinated and supported by the Coordinating Platform EUBEC.

#### **2. Upgrade of the Project Fiche**

The Project Fiche format could be further upgraded taking into account the following requirements:

- Strengthening the intervention logic: logical sequence of objectives, results and activities; results should be possibly decomposed in outcomes and outputs; components should aggregate clusters of results. Improving definition and quantification of objectives and results in the project fiches
- Indicators; The fiche should specify a result-based framework supported by performance and impact indicators;
- Specification of quantified products and services (outputs) related to NIF grant.
- Strategy analysis (analysis of options of strategic choices) should be mentioned;
- The fiche should include adequate information to support decision making process, covering also the following issues:
  - Justification for the amount of grant requested;
  - Concessionality (ODA eligibility criteria)
  - Social impacts;
  - Contributions to policy dialogue;
  - Establishment of complementarities with other EC interventions;

- Assessment of sustainability should cover the different dimensions of sustainability (financial, institutional, policy, political, market, social aspects including capacities for human resources).
- Risk analysis should be developed and specific risks related to capacities, political context and other external factors;

### **3. Strengthening the verification process**

The Evaluation Team has carefully weighted the recommendation for a significant strengthening of the verification process.

Different options of project verification (i.e.: internal to the EC or external) should be considered. The verification should rely on the following principles:

- Carried of by professionals with adequate expertise and time availability to screen each project (the MTE figures that each proposal may require 5 to 7 working days for a proper verification);
- The verification exercise should be coordinated by a professional with strong, specific expertise in project design;
- The verification team should have full access to feasibility studies, appraisal and other project preparation documentation eventually needed;
- The verification team should have the option to consult stakeholders if clarifications are required (including Delegations, beneficiaries and Civil Society)
- The verification exercise should be concluded with a short report, highlighting pros and cons of the proposal, aspects to be strengthened and issues to be followed by different stakeholders, including Delegations;
- Scoring of the proposals according to pre-defined criteria (i.e.: relevance to SO, General Framework selection and project preference criteria);
- Recommendations for FIG;
- The verification should be completed within a period of two weeks;

### **4. Strengthening the consultation process**

The consultation process could be strengthened through the following actions:

- Strengthening national coordination mechanisms;
- Earlier involvement of EU Delegations and geographical coordination units;
- Sharing at an earlier stage the projects' pipeline with EU Delegations;
- Sharing feasibility studies with EC stakeholders (as partners in project financing).

### **5. Improved definition of projects selection criteria**

The proposal for an improved verification of project proposals is supported by recent study on blending facilities<sup>38</sup>. Other EC development cooperation instruments adopt similar mechanisms<sup>39</sup> although the assessment should be specifically tailored for NIF.

Transaction costs (accrued operation costs for the assessment) would be extremely contained, with a favourable cost / benefit ratio. The financial incidence of the process would be about the 0,06 % of the average value of NIF grant per project.

This strengthened verification process may significantly contribute to the improvement of the quality of the design of the projects and NIF contributions, improving stakeholders understanding of the interventions, supporting inter alia the role and ownership of EC stakeholders<sup>40</sup> the achievement of EC objectives for blending, visibility and transparency.

<sup>38</sup> Directorate General for External Policies, Policy department, "Blending grants and loans in the light of the new DCI), 2012.

<sup>39</sup> TEN- T Programme, MFF 2007 – 2013.

<sup>40</sup> The strengthened verification of project proposals may contribute to detect and reinforce aspects of national ownership, improving proposals for: i) stakeholders participation, ii) consultation mechanisms, iii) national management capacity, iv) improvement of phasing out mechanisms and other aspects.

The mechanism of scoring of proposals complies with NIF General Framework condition that projects should be selected according to quality;  
 Prioritization would improve impact opportunities and strengthen NIF portfolio;  
 Adherence to Aid Effectiveness principles would be heightened.

Mechanisms to prioritize projects should be carefully assessed and designed; the following aspects should be taken into account:

- Objectivity of criteria and scoring mechanisms;
- Need to maintain certain allocations per area / sector;
- Establish minimum thresholds for key requirements;
- Keep it simple, as complex systems may not work;
- The design of the system needs to be aligned to the format of an improved Project Fiche;

## 2.4.2 EQ 2.2 - CLIMATE RISK ASSESSMENT AND IMPACT OF THE CCW

*Are climate risks systematically assessed and does the CCW have an impact on improving climate resilience of NIF investments?*

### Answer to EQ 2.2: a) are climate risks systematically assessed?

Climate risks of project proposals submitted to NIF are systematically assessed by Finance Institutions. The process of assessment varies significantly amongst Finance Institutions, in general with high standards. A process of comparison and harmonization of procedures is ongoing; NIF reviews systematically proposals and accounts for Climate Change contributions through RIO markers; NIF assessment of project proposals on climate change is weakened by : a) the limited amount of information made available through the project fiche, b) lack of specific criteria, internal procedures and quantifiable data on climate risks c) limited resources to assess proposals.

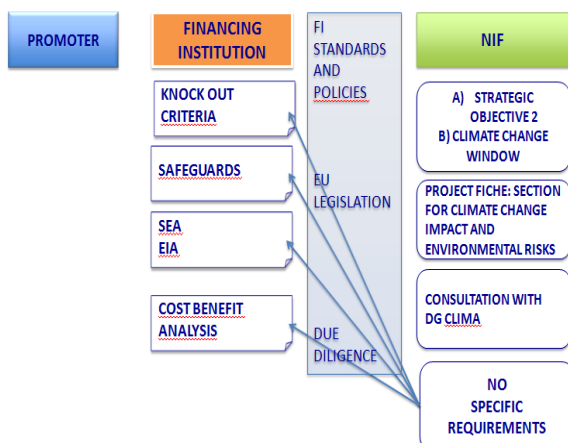
### 'climate resilience'

Resilience refers to ecosystem's stability and capability of tolerating disturbance and restoring itself (Wikipedia); climate resilience usually refers to the assessment of climate risk / vulnerability and the consequent improvement of adaptive capacity of investments

### Answer to EQ 2.2: b) Does the CCW have an impact in improving climate resilience of NIF investments?

As Lead Finance Institutions do already support similar approaches with comparable and even higher standards, it is likely that the opening of the CC window does not accrue in the short term significant extra benefits in terms of project selection, mitigation and adaptation measures; this also in consideration of light internal assessment and the lack of procedures and a system to support measurability of impacts. In the medium term the increased attention on Climate Change action as well as the refining of approaches and processes may impact considerably on the adaptive capacity of NIF investments toward climate risks.

Figure 6 CLIMATE CHANGE AND ENVIRONMENTAL ASSESSMENT  
IN NIF PROJECT PREPARATION



Source: AEA, Adelphi, ODI; study on "cooperation with EU financial institutions: climate related standards in assessing investments and infrastructure projects", Case study for NIF November 2012

### Evaluation sources, methodology and tools

The evaluation of the process of climate risk assessment in NIF and the impact of the Climate Change Window draws from 5 main sources:

1. Review of NIF project portfolio;
2. Case studies and review of feasibility studies;
3. Review of project selection mechanisms;
4. Specific interviews and exchanges with Finance Institutions on Climate Change.



5. EC sponsored study “Cooperation with European financial institutions: Climate related standards in assessing investments / infrastructure projects” (AEA-Ricardo, Adelphi and ODI)

<sup>41</sup>.

### Financing Institutions’ Approaches to Climate Change

Finance Institutions approaches to Climate Change are reviewed and summarized in the following table.

**Table 8 – Summary mechanism and procedures to CC risk assessment by FIs**

	<b>EIB</b>	<b>EBRD</b>	<b>KfW</b>	<b>AFD</b>
<b>Targets</b>	<ul style="list-style-type: none"> <li>• 25% of their total investment portfolio per annum linked to climate action</li> </ul>	<ul style="list-style-type: none"> <li>• € 4.5 bln to € 6.5 bln of SEI financing with a target total project value range of € 15 to € 25 bln;</li> <li>• a target CO2 emission reduction range of 26 to 32 million tonnes CO2/year.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of all development investment and 30% of all investment for the whole bank group related to climate change or environment</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of AFD’s foreign-aid funding and 30% of PROPARGO’s linked to climate action</li> </ul> <p>(*)<i>Proparco is the subsidiary working with the private sector</i></p>
<b>Governance</b>	<p>The Bank’s Projects Directorate of the EIB, that counts on the work of 140 engineers, economists, financial experts and lawyers, is in charge of the environmental assessment of EIB’s projects</p>	<p>The powers of the EBRD are vested in the Board of Governors that delegates most of its authority to the Board of Directors. The overall structure of the Bank is organised along seven lines based on shared operational priorities. The Environment and Sustainability Unit within the Operational Policies line has the responsibility for the environmental assessment of the Bank’s funded projects.</p>	<p>KfW acts on behalf of the German government and all projects are approved by the German government; hence the German government’s policies and strategies linked to climate change mitigation and adaptation flow down to KfW and the Ministry of Environment and Ministry of Development Cooperation are the key ministries.</p>	<p>AFD has established a Climate Change Committee that: (i) controls and manages AFD Group’s climate related commitment and their implementation; (ii) informs the highest management level of progress on the construction of the international financial architecture on climate change and the international commitments made by France on the subject; (iii) promotes coordination between the various entities of the AFD group on climate related topics.</p>

<sup>41</sup> The study Team (report in draft form, under consultation) shared preliminary results of the assessment of Finance Institutions processes with the evaluation team; a close coordination with the study team was established, with the support of the Commission;

<p style="text-align: center;"><b>Screening criteria/ climate proofing</b></p>	<p>For CC investments, the EIB only finances projects that fulfill the requirements described in the EIB Environmental and Social Statement and Handbook. These investments undergo the standard 5-step screening process (financial viability, credit risk, procurement requirements, environmental criteria and cost benefit test) plus further screenings, including carbon footprinting, vulnerability, energy efficiency and carbon credit potential. CC indicators have been developed internally to monitor and track climate finance within EIB's investment portfolio.</p>	<p>The projects funded by the Bank should comply with the EBRD's Environmental and Social Policy (2008) . All projects undergo E &amp; S appraisal to decide if an activity should be financed and, if so, the way in which E &amp; S issues should be addressed in planning, financing, and implementation. The Bank has also adopted a comprehensive set of ten specific Performance Requirements ("PRs") that clients are expected to meet, covering key areas of environmental and social impacts and issues.</p>	<p>KfW does not have any screening criteria for climate-related finance and projects are not specifically selected based on their climate characteristics; if projects are viable on their own basis, then Rio markers are attributed. There is however a monthly reporting by business units to the Board on progress against the 30%/50% targets. the reasons for underachieving against targets must be justified and explained at Board level.</p>	<p>AFD has developed a project selectivity matrix for selecting projects; this defines exclusion criteria for projects that would not be funded based on a combination of their GHG characteristics and geography.</p>
<p style="text-align: center;"><b>Tracking mitigation finance</b></p>	<p>The EIB promotes several measures to mainstream climate change considerations in EIB operations and to mitigate GHG emissions, in particular: (i) the EIB rates the overall E &amp; S impact of the project taking into account proposed mitigation measures, project risks and residual impacts; (ii) in projects with potentially significant absolute or relative GHG emissions, the EIB requires the Promoter to identify and apply cost effective, appropriate mitigation (GHG reduction) measures; (iii) the promoter should identify any potential adverse direct relationships between the CC aspects of the project (e.g. due to GHG emissions or as a result of adaptation measures), on the one hand, and either social or biodiversity aspects, on the other, and propose appropriate mitigation and/or compensation measures.</p>	<p>Based on the findings of the environmental and social appraisal and the result of consultation with affected stakeholders, the client has the responsibility for developing and implementing a programme of mitigation and performance improvement measures and actions that address the identified social and environmental issues, impacts and opportunities in the form of an Environmental and Social Action Plan (ESAP).</p>	<p>KfW has a well-defined set of instruments to continuously monitor if projects are on track (both financially and with regards to implementation). If KfW has reason to believe that a project is not on-track (e.g. that a biomass project is using coal as fuel), then KfW will visit the project onsite. For mitigation projects, there is also an ex-post evaluation of projects regarding emissions reductions and efficiency of implementation.</p>	<p>AFD systematically calculates the carbon footprint of all projects in its portfolio. In addition, for certain types of projects for which there is currently no tool to quantify the carbon footprint, a qualitative method is used to determine whether or not emissions will be reduced; in particular this is relevant to budget support to countries or local authorities, credit lines dedicated to financing renewable energy or energy efficiency and capacity building actions.</p>

Tracking adaptation finance	<p>The EIB has an in-house guide that outlines general principles and methodologies that can be followed to build resilience to current climate risks, build adaptive capacity and planning and take action to address future climate risks. The monitoring of adaptation finance takes place up until project completion</p> <p>In projects which might be significantly affected adversely by climate change and increased frequency of extreme weather events, the EIB requires the Promoter to identify and apply cost effective, appropriate adaptation (risk management) measures, to ensure project resilience in the face of uncertainty</p>	<p>CC was introduced as an important new component of Sustainable Energy Initiative(SEI)2. Accordingly, a pioneering technical cooperation assignment was launched in 2009 to develop approaches for integrating climate risk management and adaptation into project appraisal and development. This has generated a pipeline of 16 pilot projects with total EBRD finance of €382 million that demonstrate how the Bank can build climate resilience into its investments through: (i) "hard" adaptation measures, e.g. physical modifications and additional infrastructure/technology; (ii) "soft" adaptation measures, e.g. adaptive management such as improved flood or hydrological monitoring, emergency response plans adaptation measures.</p>	<p>All KfW Entwicklungsbank adaptation projects are subjected to a systematic climate change assessment, using a two stage process. This assessment makes sure that the intended effects are not endangered by climate change and that any arising opportunities are utilised.</p> <p>In addition the analysis of climate risks and opportunities of climate change is intended to verify whether there is a need for action in the form of adaptation measures</p>	<p>AFD's approach for adaptation is less developed than its approach for mitigation; AFD is experimenting with a practical tool aimed at estimating projects' vulnerability and aims to develop more integrated tools to assess these impacts.</p>
Areas of excellence	<p>The EIB has developed several tools to ensure an appropriate mainstreaming of climate change considerations in EIB operations, including: (i) a number of sector strategies (in particular Energy, Transport and Water) which take into consideration climate change mitigation and adaptation issues; (ii) the EIB Environmental and Social Statement and Handbook that indicates the requirements that should be fulfilled by EIB projects; (iii) Techniques for incorporating Environmental externalities (cost-benefit analysis and cost effectiveness analysis); (iv) good practices that should be followed at appropriate stages in the project cycle.</p>	<p>The EBRD has developed various initiatives, tools and documents that demonstrate the commitment to environmental and sustainable development in all its activities: (i) the SEI that was launched in 2006 to meet the needs of energy transition in the Bank's countries of operations and to contribute to the reduction in the high energy intensity of the region; (ii) The 2008 Environmental and Social Policy; (iii) The GHG Assessment methodology is applied only to projects that have been identified as having a significant GHG impact (either positive or negative); (iv)The annual Sustainability Reports</p>	<p>KfW has a strong governance process, with monthly reporting to the Board on progress against climate targets. KfW is performing strongly, with 60% of all current KfW Entwicklungsbank projects having environment or climate change characteristics (however, when making comparisons between financial institutions it is relevant to assess how their climate finance definitions vary).</p>	<p>AFD has invested significant resources in the development and implementation of its carbon footprinting approach and, impressively, undertakes a carbon footprint of all projects in its portfolio. AFD includes a greater number of quantitative factors in its CBA than some other financial institutions. AFD have documented a series of policies and business strategies around climate change, including: (i) AFD's 2012-2016 climate strategy ; (ii) AFD's report on its climate activity for 2005-2010 (2011 is only in French for the moment); (iii) AFD's methodology for accounting and tracking climate finance; (iv) AFD's methodology to measure climate impact; (v) AFD's communication brochure on climate</p>

Source data for EIB, KfW and AFD are derived from ongoing study: "Cooperation with European financial institutions: Climate related standards in assessing investments / infrastructure projects" (AEA-Ricardo, Adelphi and ODI); For EBRD the information is drawn from EBRD website

The analysis of approaches evidences:

- FI have specific CC policies, targets, organizational arrangements, screening criteria and climate finance accounting.
- Standards and processes are fairly developed and comply with EU standards, legislation and procedures for CC.
- Marked differences exist on mainstreaming and tools used.
- Only KfW and AFD amongst lead FI use RIO markers as part of their procedures.
- In general Finance Institutions manifest some skepticism on RIO markers, as not adequate as a tool for decision making on adaptation and mitigation measures; tools with better granularity of climate finance accounting are preferred;

- EIB and EBRD joined the “ Joint MDB reporting”, an agreement for harmonization amongst 12 Finance Institutions on reporting and CC finance accounting for mitigation and adaptation;
- Some Institutions, as AFD, adopt sophisticated carbon foot printing tools; in general the process of climate change mainstreaming is more advanced amongst FI than in the EC.
- Formal and informal consultation mechanisms are established amongst Finance Institutions to discuss Climate Change related issues.

### **Systematic assessment of Climate Risks in NIF and Impact of the CCW**

The NIF project cycle includes mechanisms that allow taking into account climate change amongst project selection criteria at two different levels:

1. Mechanisms part of the FI project pipeline and project cycle
2. Mechanisms ingrained in NIF appraisal process (discussed under EQ 2.3)

The Commission is particularly active in strengthening the assessment of CC risks and supporting the process of harmonization across FI. Once the project enters in NIF circuit, projects are screened and accounted for CC impact (mitigation and adaptation) through RIO Markers. Risks and the mitigation and adaptation measures are identified by the Project Fiche and assessed.

## **2.4.3 EQ 2.3 - SELECTION CRITERIA AND CLIMATE CHANGE**

*Do selection criteria take into account climate change mainstreaming?*

### **'climate mainstreaming ' or 'climate proofing'**

Refers to the integration in project cycle (e.g. design, appraisal and monitoring) of considerations related with both adaptation (to the impact of climate changes on projects) and mitigation (to limit the impact, in term of GHG emissions, of projects on climate change). It also means that those actors, whose main tasks are not directly concerned with mitigation or adaptation, contribute to attain these goals.

### **Answer to EQ 2.3**

Finance Institutions already do adequately integrate climate action as part of their project cycle; Further mainstreaming of climate action in NIF project cycle implies:

- Involve partner countries, institutions final beneficiaries and Delegations in Climate Change action, promoting their contributions to strategy definition, project design, monitoring and evaluation with specific contributions to mitigation and adaptation measures;
- Action Plans focused on clear benchmarks for Climate Change actions (mainstreaming at planning level);
- Set monitoring criteria and specifically monitor climate change (see § 2.6.4, monitoring) ;
- Set evaluation standards and specifically assess CC action as part of project evaluation carried out by Finance Institutions
- Introduce measures for strengthening EC staff and Partner Countries stakeholders understanding and know how on Climate Change action.

Once the project enters the NIF circuit the following mechanisms support adherence to CC action goals:

1. The project standard submission form in section II (grant request justification), point 3 (project related parameters) describes “climate change related impact” specifying “ *how the grant help attain the project objectives related to climate change mitigation and or adaptation*”
2. In the first page summary a box specifies contributions to climate change (and relative RIO marker) checking the relevance to mitigation and adaptation both for the project and the EU grant.
3. The grant request assessment form specifies a box (page 2, n.5) for “clear demonstration of project contribution to climate change mitigation / adaptation”

4. EC services should review project proposals (project fiche) for CC action and forward comments through the secretariat to be shared with the Lead FI and the FIG; DG Clima has limited resources for a thorough review of all projects in NIF pipelines.
5. The Technical Advice of the FIG, amongst issues considered, provides specific recommendations (point 4) about “contributions to climate change adaptation and / or mitigation”.

## 2.4.4 EQ 2.4 - CLIMATE RESILIENCE IMPROVEMENT

*Could mechanisms be established to improve NIF projects climate resilience?*

### **Answer to EQ 2.4**

- NIF projects climate resilience could be strengthened by a number of mechanisms, including:
- Quantitative accounting and reporting aligned to MDB,
- Specific set of criteria to support decision making at different levels of the process (knock-out criteria, eligibility, GHG footprinting and impact indicators)
- Defining levels of stringency, according to project type and scale.
- Improved verification to support the analysis for climate change issues;
- 

The evaluation recommends that climate resilience improvement should be discussed and supported by the broader effort of coordination and harmonization on blending (i.e. EUBEC)

## 2.5 EQ.3 - EFFECTIVENESS

To what extent the Facility, through its strategy, design and implementation mechanisms, is effective to achieve its objectives?

### Evaluation Summary – EQ3

#### Effectiveness of investment grants

- Investment grants in NIF have been effectively contributing toward Strategic Objectives 1 and 2, although few projects contribute to regional transport interconnectivity.

#### Effectiveness of Technical Assistance

TA is an essential tool for NIF intervention; during the 2008-2011 period the NIF Board approved 57 interventions in 51 projects; 41 of these interventions (78%) financed TA". Technical Assistance has proven to be an essential element for the effectiveness of projects in their investment phase; also contributions to project development appear to have been effective; The justification and effectiveness of pipeline studies is questionable.

#### Effectiveness of risk capital investments

- The effectiveness of NIF's two Risk Capital investments is good in the case of the ENBF, and looks promising in the case of SANAD, which is built on a similar set-up.

#### Additionality

- Financial additionality: Overall, the financial leverage of NIF interventions is high. The average leverage ratio of NIF financing / FI lending has reached 15.6. Leverage is higher under SO1 than under SO2 and SO3.
- Non-financial additionality: NIF has proven to be effective in promoting operational and institutional additionality. However, a lot remains to be done in operational and institutional cooperation between FIs. Continued advance in that field would lead to increased additionality at therefore enhanced effectiveness of the NIF. At strategic level, the additionality of NIF projects is too limited. A closer dialogue between Delegations and FIs particularly at the level of project identification would be essential to enhance NIF's additionality.

#### How climate change is covered in the process of project submission

- NIF procedures allow for inclusion of climate change action in project fiches, although the description of climate change issues tend to be generic and qualitative; each project is attributed a Rio Marker for finance accounting, for mitigation or adaptation measures. The procedure does not support quantitative analysis of impacts and measures and should be reinforced (see detailed recommendations in EQ 2.4).

#### How effectively NIF contributes to social development objectives

- Most NIF projects do contribute, to some extent, to social development and poverty reduction goals. Notwithstanding the importance of poverty reduction to ENP and NIF, the facility has so far not developed adequate and harmonized tools to assess, steer and monitor project portfolio according to social development and poverty reduction potential of project proposals (see analysis in EQ2).

#### Wider coordination and support to project development

- The NIF has effectively participated in establishing a general trend towards a wider cooperation between providers and recipients of aid, in line with the objectives of the Paris Declaration and the Accra Agenda for Action.
- NIF supports specific phases of the project cycle, particularly from the submission of the Project Fiche up to disbursement of resources. Support could be significantly strengthened for the phases of strategy definition, follow up, monitoring and project level evaluation

#### Use of eligibility criteria by NIF

- NIF complies with eligibility criteria set by the General Framework for sector and type of intervention, recipients and eligible institutions.

#### How adequately economic aspects are covered in the project submission to NIF

- The Project Fiche includes a section for a generic / summarized presentation of economic parameters; this information provides limited support to selection and prioritization of projects. Economic feasibility should be weighted and included amongst key criteria for the assessment of the "quality" of the project, guiding project selection.

#### Institutional and non-economic aspects

- NIF has been instrumental in increasing considerably coordination and synergies between FIs, particularly in the field.

### Overview of NIF contributions

NIF grants finance **three types of intervention**<sup>42</sup> in support of projects:

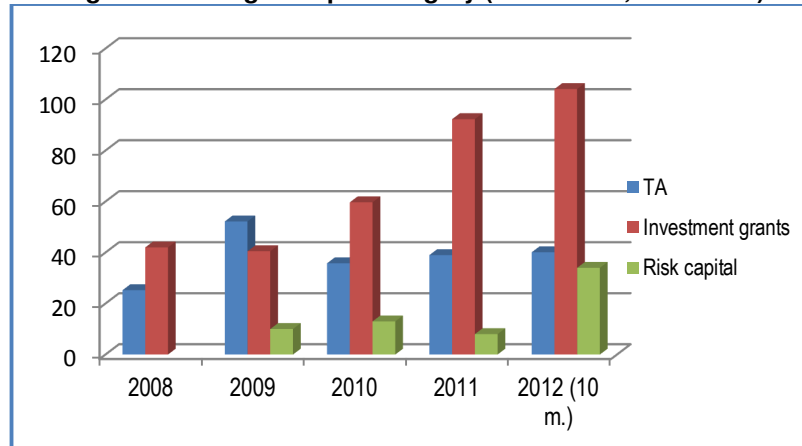
- i. Investment grants, used to finance part of total project cost in order to reduce its financial burden for beneficiary institutions
- ii. Technical assistance, which covers part of the cost of the expertise needed to prepare projects of support their implementation
- iii. Risk capital operations, aimed at providing funding to local financial institutions which finance the development of the private sector.

*Effectiveness: extent to which NIF objectives are achieved through the delivery of projects' products and services*

*Source: definition OECD / DAC adapted by the Evaluation Team*

An overview of NIF interventions is presented in Annex 11 EQ3. The following graph gives a broad overview of the repartition NIF grants from 2008 to October 2012:

**Figure 7 – NIF grants per category (in € million, 2008-2011)**



Source: NIF data and Evaluation Team analysis

The above graph shows that investment grants have steadily increased over the first four years and the first ten months of 2012 whereas technical assistance has remained more or less at the same level. Risk capital operations have remained steady till 2012 when they increased sharply.

Interest rate subsidies have not been used in order to avoid distorting market conditions. NIF is considering using other instruments such as loan guarantees and insurance in the future. Such interventions should be coordinated with the Investment Security in the Mediterranean region (ISMED) instrument. The advantages and drawbacks of each intervention instrument have been extensively discussed in papers on blending mechanisms. They will be further assessed by EUBEC.

### 2.5.1 EQ 3.1 - EFFECTIVENESS OF INVESTMENT GRANTS

*To what extent NIF investments in transport, water and sanitation, energy and private sector are effective to achieve intended NIF and ENP objectives (including sectoral policies objectives)? Was interconnectivity (EU, Neighbouring Countries) effectively promoted through NIF?*

<sup>42</sup>Interest rate subsidies which were originally included in NIFs intervention tools have not been used in order to avoid creating distortion of competition in financial markets.

**Answer to EQ 3.1**

The effectiveness of investment grants in the energy and transport sectors is directly related to the overall effectiveness of the projects they co-finance. These projects are still under implementation and have not yet produced results. Case studies show that projects are likely to achieve their expected results. However, more generally in the energy and transport sectors, only a limited amount of projects supported by investment grants will contribute to developing interconnectivity, the main overall expected result of Strategic Objective1 (see EQ 1). 61% of NIF projects have Rio Markers of 1 and 2, showing the commitment of the NIF to its SO2 (environment and climate change). SO3 is not supported by Investment grants.

NIF has used **investment grants** to cover specific parts of projects, which can be earmarked as items needing grant support. Investment grants are meant to reduce the overall cost of projects for the beneficiary, either by financing a specific part of projects (in cases of parallel financing) or by reducing the total amount to be borrowed by the beneficiary institution for financing investments (in case of co-financing). Investment Grants are disbursed directly to beneficiary institutions.

**Effectiveness of Investment Grants to achieve Strategic Objectives 1**

Strategic Objective 1 (SO1) is to “Establish and enhance access to energy and transport and in particular interconnections between the EU and ENP partners and between ENP partners themselves”. Getting the neighbourhood better “inter-connected” is the first objective of the NIF. This means primarily investing in infrastructure to facilitate the movement of people and goods and promote economic and social development (see Annex 11 EQ3.1)

- **Transport**

One of the objectives of the ENP is to foster the implementation of an efficient **Transport** infrastructure network able to ensure interconnection and interoperability with EU networks which is vital for the development of the free trade area encompassing the EU and its neighbours. In reality the NIF interventions cover a wide range of projects in the transport sector as shown in Annex 11 (EQ 3.1). Of the 14 projects, only two projects are supporting regional interconnectivity. The majority of projects have to do with local/urban transportation systems. Seven of them are located in the South, reflecting the crucial need for improvement of urban transportation systems in large fast growing cities like Cairo, Tunis or Rabat. These projects are undoubtedly useful for the countries' economic development and infrastructure improvement but they do not have any impact on developing interconnections between countries of the ENP area, in contradiction to SO1.

Investment grants in the Transport sector appear to be effective by making projects feasible and improving their quality. The Georgia East-West Highway project presented as a case study in Annex11, is a good example of the effectiveness of NIF investment Grants. The grant was needed to make the project affordable to Georgia. Without the grant, the financial burden would have been too heavy for Georgian authorities and the project would have had to be curtailed or implemented over a much longer period of time. The works on the Georgia East-West Highway are expected to be completed in 2015. Project results are likely to be in line with expectations.

- **Energy**

An analysis of energy sector projects supported by investments grants is also shown in Annex 11. Among the projects which were selected as case studies for this evaluation only one benefitted from an investment grant from NIF, the 200 MW Wind Farm in Gulf of El Zayt (Egypt) . The project is still at an early stage of implementation. Works have not yet begun on the site. It is therefore premature to make a judgment on the final effectiveness of the project. But the National Renewable Energy Authority of Egypt is confident that the project will prove effective. They are quite satisfied with the NIF financing of environmental components of the project. The NIF contribution is particularly effective in supporting environmental aspects of the project. A more detailed presentation of the effectiveness of this project is shown in Annex 11



## Effectiveness of NIF Interventions to achieve Strategic Objectives 2

A rating according to Rio Markers is attached to all NIF investments, as shown on the following table, covering investments made till 31/12/11.

**Table 9 – Rio Markers rating for NIF investments**

Sectors	Environment / climate change objective	Rio Marker 2	Rio Marker 1	Rio Marker 0
Energy	65%	10	1	6
Water / Sanitation	100%	0	14	0
Transport	67%	0	10	5
SME support / Social	0%	0	0	11
<b>Total</b>		<b>10</b>	<b>25</b>	<b>22</b>

Source: NIF data and Evaluation Team analysis

Strategic Objective 2 also covers the Water and Sanitation (W/S) sector. A list of NIF supported projects in the W/S sector is detailed in Annex 11 EQ3.1. Nine of the 14 NIF investments in the water/sanitation sector include investment grants which range from € 3 million to € 10 million. The case study presented in Annex 11 EQ3-3.1 is illustrative of the effectiveness of NIF investment grant in the W/S sector. In spite of implementation delays, the project's effectiveness is likely to be correct.

## Effectiveness of Investment Grants to achieve Strategic Objectives 3

NIF interventions in the SME support sector did not include investment grants. They covered TA and risk capital investments. The effectiveness of TA is assessed in EQ 3.2 below. The effectiveness of risk capital investments is analysed in EQ 3.3 below. NIF interventions in the social sector are analysed in Annex 11 EQ 3.1.

### Recommendations:

As already recommended under EQ 1, the NIF should better focus investment grants on interconnectivity, in line with SO1.

## 2.5.2 EQ 3.2 - EFFECTIVENESS OF TECHNICAL ASSISTANCE

*Is TA support to the project phase of a) pipeline development, b) project development and c) investment phase, effective to achieve NIF goals, strengthen institutions in partner countries and improve project quality and delivery? What is the value added of NIF support through Technical Assistance to the development projects? What are the different forms of TA support (preparation studies, other) and their evolution through time? Are TA mechanisms in line with EC backbone strategy?*

### Answer to EQ 3.2

TA is an essential tool for NIF intervention. during the 2008-2011 period the NIF Board approved 57 interventions in 51 projects; 41 of these interventions (78%) financed TA"

. The effectiveness of TA varies according to the three following categories:

Projects Investment phase: NIF financed TA has proven to be an essential element for the effectiveness of projects in their investment phase; Technical Assistance services are in line with EC's Backbone Strategy.

Project development: Well executed feasibility studies can also be a crucial factor of projects' success, provided they effectively open to the materialisation of feasible projects, fully in line with local authorities priorities (cf Backbone Strategy). Pipeline development: The justification for NIF financing pipeline studies is questionable, as their cost should be covered by beneficiary FIs. To be in line with EC Backbone Strategy, pipeline development studies should be based on development strategies of beneficiary countries.

## Overview of Technical Assistance in NIF

TA grants are NIF's most commonly used tool. Of the 57 NIF final approvals (covering 51 projects) made during the 2008-2011 period, 41 funded TA, sometimes coupled with investment grants, as shown by table 28.

**Table 10 –Number of interventions by category**

Type of NIF interventions	Number of interventions
TA only	26
TA/grant	15
Investment grants only	16
<b>Total</b>	<b>57</b>

*Source: NIF Secretariat and Evaluation Team analysis*

TA grants are used at three levels of NIF interventions:

- Investment phase: TA contributes to the sound design and efficient implementation of projects
- Project development: essentially preparatory and feasibility studies aimed at promoting new projects
- Pipeline development: upstream analysis of sectors and early identification of potential future projects

For TA at the investment phase, NIF usually disburses grants to beneficiary institutions, under a specific Financing Agreement (see EQ4 below). TA for project development and pipeline analysis is disbursed to FIs, under specific agreements (see EQ4 below). The value added of the various types of TA is analysed in at the end of this chapter.

### **Effectiveness of Technical Assistance in achieving Strategic Objective 1**

#### **Transport**

An analysis of NIF financed TA interventions in the transport sector is shown in Annex 11 EQ 3.1. In this list, only two projects are related to enhancing interconnections. Funds were used for very different purposes, from pre-feasibility study of the Alexandria transport to assistance for the implementation of the Rabat tramway. Assessing the effectiveness of TA should be done on a case by case basis. The case study shown in Annex 11 EQ 3.2, related to the Chisinau Airport Modernisation Project (Moldova) is a good example of effectiveness of TA services.

#### **Energy**

An analysis of NIF investments in the energy sector for the 2008 – 2011 period is shown in Annex 11 EQ 3.1. The table shows that 14 projects in the energy sector were supported by NIF financed TA, on a total of 17. Three of these also received investment grants. TA in the Energy sector amounted to 38.5% of total NIF financing, 1.3% of total FI financing, and 0.6% of the total project costs. This is clearly less than in the transport sector over the same period. The above mentioned table shows that TA financing was the only form of NIF intervention for 11 projects out of 17, evidencing the importance of TA in NIF interventions. Among these 11 projects, 5 were entirely financed by NIF. These are upstream project preparation studies, expected to identify sound projects for further financing (see example of Black Sea Energy Transmission System –Georgia- in Annex 11 EQ3-3.2).

Case studies and ROM reports show that NIF financed TA is effective, particularly regarding environmental issues related to project implementation (see § on Value Added of TA below).

### **Effectiveness of Technical Assistance to achieve Strategic Objective 2**

NIF contributed TA to 9 of the 14 projects in the water/sanitation sector, as shown in Annex 11 . Contributions varied from € 0.6 million for the “Armenia Small municipalities” water project to €13 million for TA supporting the construction of the IWSP-II project in upper Egypt. In the water/sanitation sector TA grants amount to 29.8% of total NIF investments. Funds were used for very different purposes, from feasibility study of the W/S system in Chisinau to assistance for the implementation of IWSP-II. In the case study Improved Water and Wastewater Services Programme (IWSP) - EGYPT presented in Annex EQ3-3.2, the effectiveness of NIF was good. It is also a good example of cooperation between FIs.

Other case studies and ROM reports confirmed that project development TA under SO2 has proven quite effective.

### **Effectiveness of Technical Assistance to achieve Strategic Objective 3**

#### **SME support**

NIF has financed 8 projects in the SME support sector, 7 of which benefitted from NIF financed TA. An analysis of TA in the SME support sector is shown in Annex 11 EQ3.2.

Effective TA is essential to the success of SME support funds. In the case of the Eastern Neighbourhood Small Business Growth Facility (ENBF, Regional East), TA has proven to be quite effective (see EQ 3.3 below). TA is also likely to produce effective outcomes in the above case of SANAD shown in Annex 11

The SEMED project promoted by the EBRD essentially consists in building a pipeline of potential deals for the bank (see case study in Annex 11).

#### **Social interventions**

Analysis of relevance evidenced how NIF contributions to social goals derive more from interventions classified under SO 1 and 2 than private sector support (SO3).

All three NIF investments in the social sector included TA (see Table 11 - NIF financed TA in the social sector). Generally, social projects require, more than other projects, capacity development to obtain results (i.e.: training, organizational structures, institutional development, raising beneficiary awareness, development of ownership). These contributions may be facilitated through TA.

#### **Value Added of TA services**

Following is an analysis of the value added of the various types of TA that have been financed by NIF grants (see overview of TA above).

##### Investment phase

Analysis of ROM reports and case studies suggest that TA granted to beneficiary institutions for the implementation of projects is of high added value.

In fact, TA services are an element of projects costs as in most cases the projects could not be implemented properly without it. This is true for infrastructure projects (SO1 and SO2) as well as for SME support facilities. In many cases TA has proven very useful at an early stage of project implementation, as in the case of IWSP (Egypt) presented above.

In the case of infrastructure projects (SO1 and SO2) implementation TA should be granted on the basis of specific requests by local beneficiary institutions, as it is in fact one essential component for most projects.

The effectiveness of NIF financed TA can be very high as in the case of the Black Sea Energy Transmission System (Georgia) presented in Annex 11 EQ3-3.2. Investment phase TA is granted to beneficiary institutions in line with EC's backbone strategy, as it proceeds directly from their immediate needs and requests.

##### Project development

The NIF should be reasonably convinced that a project will materialise before financing a feasibility study. Interviews suggest that at times requests introduced by FIs for the financing of feasibility studies are insufficiently documented and do not include adequate specification of expected results. Requests for feasibility studies should be accompanied by "specific, quantified definition of the objective and detailed specification of measurable results expected from the studies".

Requests should also include a) profile of expert(s) b) number of days and c) tentative calendar.

This could be for instance when TA is requested formally by beneficiary countries for the feasibility studies of a specific project. In line with EC Backbone Strategy, FIs should be requested to evidence that TA will contribute to developing projects which are seen as crucial by local authorities and are in line with EU country strategy. TA recipient organisations and the Lead FIs

should ensure that NIF will not finance studies similar to studies that have already been financed by other donors.

A prefeasibility study financed by the FI should help determine the likelihood of the project being implemented in the near future. Also, requests introduced to the NIF for the financing of feasibility studies should be based on specific Terms of reference and budget. The NIF should also introduce a system for monitoring the outcomes of feasibility studies.

TA can be granted to FIs to assess future lending opportunities in a given country or region, or in a given sector<sup>43</sup>. A relevant example is the SEMED project (see case study in Annex 11). This type of study bears obvious added value for the beneficiary FI, but less for the NIF. To contribute to NIF additionality objectives the results of pipeline studies should be shared:

- with other FIs; but FIs usually consider that their pipeline assessment is confidential and are reluctant to share it with others;
- with the EU Delegations, with the purpose to increase the strategic additionality of NIF investments (see EQ 3.4 below).

Pipeline development TA should contribute to the implementation of EC's Backbone Strategy by ensuring that future projects are in line with the development strategy of beneficiary countries.

One example of NIF financed TA is shown in Annex 11 EQ 3.2. In this case study, NIF funds were granted to the EBRD exclusively.

#### **Recommendations:**

- The NIF should be reasonably convinced that a project will materialise before financing a feasibility study.

Requests introduced to the NIF for the financing of feasibility studies should be based on adequate specification of expected results. Requests for feasibility studies should be accompanied by "specific, quantified definition of objective and detailed, measurable results expected from the studies".

- Requests should also express a) profile of expert(s) b) number of days and c) tentative calendar.
- The NIF should introduce a system for monitoring the outcomes of feasibility studies.
- The cost of upstream pipeline studies should be partially covered by FIs. Their results should be shared with other FIs and with EU Delegations.

### **2.5.3 EQ 3.3 - EFFECTIVENESS OF RISK CAPITAL**

*Are the financial instruments of risk capital and guarantee effective to achieve NIF objective of private sector / SME development?*

#### **Answer to EQ 3.3**

The effectiveness of Risk Capital investments is good in the case of the ENBF.

It looks promising in the case of SANAD, which is built on a similar set-up, provided the local social and political context remains stable and favourable to business development.

It is the ENP policy to foster job creation by supporting SME development. NIF has made it one of its objectives (SO3). Shortage of investment financing is one of the key factors that hamper SME development, in the East and even more in the South, hence NIF investments in regional SME finance funds.

An overview and analysis of NIF risk capital investments is shown in Annex 11 EQ 3.3. Two of the three NIF risk capital operations have been selected as case studies for this evaluation, namely

<sup>43</sup> So far, only one proposal for a pipeline development study has been financed (EBRD);

ENBF and SANAD. They are presented in Annex 11 EQ 3.3. The effectiveness of NIF investment in the ENBF is high. The SANAD fund is still at an early stage of implementation. Being based on a scheme similar to that of the ENBF, the SANAD can be expected to achieve its expected results, although the local political context could impact SANAD negatively. In all cases the effectiveness of NIF Risk Capital investments is also dependant on the effectiveness of TA that goes along with them.

## 2.5.4 EQ 3.4 - ADDITIONALITY

*How effective have been NIF inputs (grants, TA, risk capital, guarantees) to leverage additional financial resources? (Leverage effect by Country, situation in Medium Income Countries); Was NIF able to trigger additional private investments?*

*Have these inputs contributed to non-financial gains (as investor confidence, improved environmental standards, labour benefits)?*

### Answers to EQ 3.4

**Financial additionality:** Overall, the financial leverage of NIF interventions is high. The average leverage ratio of NIF financing / FI lending has reached 15.6. But this ratio varies substantially from one sector to another: Leverage is higher under SO1 than under SO2 and SO3. This reflects the fact that NIF contributions to projects have been proportionately higher under SO 2 and 3 than under SO1. This is consistent with ENP priorities in favour of Environment and SME support. But it evidences that there can be contradiction between the objective of maximising leverage and the pursuance of NIF Strategic Objectives.

**Non-financial additionality:** NIF has proven to be effective in promoting operational and institutional additionality, particularly by developing synergies between FIs. It is most likely that many NIF projects with large impacts would not have been possible without the coordination of the financiers. In other cases, the socio-economic impact on the beneficiaries was probably increased because of NIF contribution. In terms of coordination and project value added, NIF has already produced remarkable additionality outcomes.

However, a lot remains to be done in operational and institutional cooperation between FIs. Continued advance in that field would lead to increased additionality at therefore enhanced effectiveness of the NIF.

At strategic level, the additionality of NIF projects is too limited. A closer dialogue between EUDs and FIs particularly at the level of project identification, would be essential to enhancing NIF's additionality.

## Overview of Additionality

As defined originally **Additionality** means that the funds of the European Community should not replace, but be an addition to national and regional policy funds<sup>44</sup>. In recent years, the scope of additionality has been extended beyond funding. A lot of research has been made, by the EC and by International Finance Institutions on blending mechanisms and their additionality. The concept of additionality is now also used to assess if a programme guarantees additional activities, and "therefore leads to added value that otherwise would not have been achieved"<sup>45</sup>.

Additionality of the NIF is thus to be assessed at two levels:

- **Financial:** was NIF grant element essential for the project to exist? Was NIF effective in leveraging additional significant resources, avoiding replacement of private financing and without creating distortions in the financial markets?
- **Non financial:** (a) Operational and institutional: have there been improvements in the design of the project as a result of NIF involvement? Has NIF contributed to increasing "aid

<sup>44</sup> [http://ec.europa.eu/regional\\_policy/archive/policy/how/additionality\\_en.htm](http://ec.europa.eu/regional_policy/archive/policy/how/additionality_en.htm)

<sup>45</sup> <http://cordis.europa.eu/itt/itt-en/01-3/policy03.htm>

effectiveness” and “aid coherence”; (b) Development, EU strategy: has the NIF involvement been effective in supporting EU strategy at country or regional level? (c) Was NIF effective in promoting donor cooperation in particular between European aid actors?

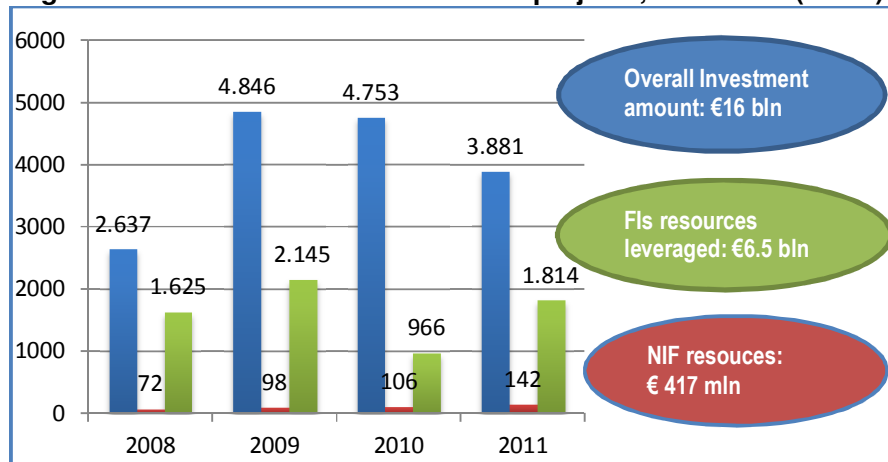
## Financial additionality

### Overall financial Leverage

One of the first indicators of financial additionality is the leverage effect of NIF investments. NIF General framework (14/02/2008) specifies amongst NIF objectives that “ the leverage effect should generate a multiplying factor of at least 4 to 5 times the amount of the subsidy”.

Over the period 2008-2011 the NIF has contributed to funding 51 projects in the neighbouring countries. The overall investment amount of these projects equals € 16 billion, out of which € 417 million came from NIF contribution and € 6,5 billion corresponds to the amount leveraged from the FI.

**Figure 9 – Investment in NIF co-funded projects, 2008-2011 (in €m)**



Source: NIF Secretariat and Evaluation Team analysis

The overall leverage ratio of NIF funding is quite high. NIF investments of € 417 million mobilised € 6.5 billion of FI lending (ratio: 15.6) contributing to € 16 billion of projects funding (source: NIF Annual Report 2011). This is undoubtedly a success for the NIF instrument.

An accurate calculation of leverage may prove complex. Leverage is to be related to the amount of funds mobilised by FIs and to the total value of NIF supported projects. Calculating leverage in relation to FI financing is straight forward; it is the proportion between the total amount disbursed by the NIF for a given set of projects related to the total amount of funds mobilised by FIs for the same projects. Calculating leverage in relation to the total value of NIF supported projects is more difficult for the following reasons: (a) the final value of projects is known only when projects are fully completed; few NIF financed projects are already completed, (b) whereas the leverage effect of NIF investment grants and investment phase TA is easy to determine once the total project cost is known, the leverage of TA for project and pipeline development is more difficult to calculate as some projects do not materialise; the leverage effect of NIF risk capital investments is even more difficult to determine as final investments made by local SMEs result from the interventions of a cascade of international and local financial institutions. The overall leverage effect of the NIF (calculated as the proportion between NIF investments for a given number of projects and the total value of those projects) should therefore be seen as a general indicator to be used with caution. It should be noted that the significance of the overall leverage ratio will gradually increase over time when total project costs are known, particularly for NIF funds invested in the realisation of specific projects through investment grants and implementation TA.

Also in all forms of financial leverage, the greater the leverage the lower is NIF's power and influence in the design and implementation of the investment. The high leverage ratio might give to FIs a predominant influence in the selection, the design and the implementation of projects. The first goal of FIs, particularly as seen at operational level, is to lend money. At operational level, they have indicative lending objectives. FIs' lending targets may not be entirely compatible with EU strategy, particularly at country level (see following paragraph).

The leverage of NIF financing vis-à-vis private financing institutions has materialised only in risk capital investments. It has proven to be effective (see EQ 3.3 above). NIF has not yet been involved in Public Private Partnerships for infrastructure projects.

### **Use of NIF resources by FIs**

The analysis of the repartition of NIF funding by FIs is shown in Annex 11 EQ 3.4. It shows that the EBRD has been the biggest user of NIF funds. This is in line with the number of operations made by EBRD and with the amount of resources mobilised. This is because more operations were concluded in the East during the years 2008 to 2010. Since 2011 more NIF funds are invested in the South, where the EBRD has been less active so far. Projects led by KfW, EIB and AFD have used approximately the same amounts of NIF funds.

### **Financial leverage at sector level**

The financial leverage of NIF investments has varied from one sector of intervention to another, as shown in the sectoral analysis of leverage in Annex 11 EQ 3.4.

Overall, the financial leverage of NIF interventions is high. The average leverage ratio of NIF financing / FI lending has reached 15.6. But this ratio varies substantially from one sector to another: Leverage is higher under SO1 than under SO2 and SO3. This reflects the fact that NIF contributions to projects have been proportionately higher under SO 2 and 3 than under SO1. This is consistent with ENP priorities in favour of environment and SME support. But it evidences that there can be a contradiction between the objective of maximising leverage and the pursuance of NIF Strategic Objectives.

### **Non-financial additionality**

NIF non-financial additionality is to be considered at operational and strategic levels. The questions are: have there been improvements in the design and the implementation of projects as a result of NIF involvement? Have there been improvements in social and environmental standards, governance, or institutional management?

### **Operational additionality**

**Projects:** In general terms, the three types of NIF financed instruments generate operational additionality at the level of projects as follows:

- i. **TA** :41 of the 57 NIF operations that were approved between 2008 and 2011 had a TA component (see § 1.3.1 above). A number of complex projects would most likely never have emerged without TA support. This support has also often been important to structure the financing of projects, often leading to the involvement of several FIs. Examples of the additionality generated by TA are numerous. Among case studies, one example is the Black Sea Energy Transmission System project in Georgia where the € 8 million NIF investment was used for TA at various stage of project preparation ; NIF financed TA considerably improved the design of the project and « has an extraordinary positive impact to the overall project's progress »<sup>46</sup>.
- ii. **Investment grants** were often used for covering specific social or environmental aspects that were necessary for the success of projects, or for improving their quality; this was obviously an element of the additionality of NIF financing. Among the case studies selected for this evaluation the 200 MW Wind Farm in Gulf of El Zayt (Egypt) is typically a project

<sup>46</sup> source: ROM report MR-141404.02 dated 08/05/2012

- that would probably never have materialised without NIF investment grant; part of the investment grant was used for upgrading the environmental component of the project.
- iii. The additionality of **risk capital** is built into the design of the major NIF projects in the SME support sector, because they cover risks that financial institutions would not have taken themselves. NIF contributions have been essential for those risk capital funds to exist (this is particularly true in the case of SANAD for instance).

**Cooperation between FIs;** Another important aspect of additionality has to do with the development of synergies between FIs. NIF interventions have led to enhanced coordination between the EC and FIs and between FIs themselves. From the EC perspective, increased coordination is expected to allow for less duplication or dispersion of efforts thus leading to better efficiency and effectiveness of development assistance.

NIF Board acknowledged it and introduced “Operations presented by Eligible Finance Institutions in a consortium” as a priority criterion for project approval. This has induced a very significant increase of cooperation among FIs. Between 2008 and October 2012, 2/3 of NIF operations involved 2 FIs or more, as shown on the following table:

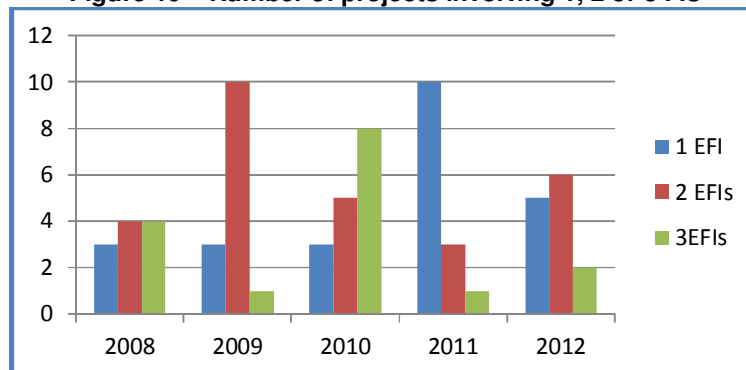
**Table 12 – Number of projects involving 1, 2 or 3 FIs**  
**NIF projects 2008 –Oct. 2012**

With 1 FI	24
With 2 FIs	28
With 3 FIs	16

*Source: NIF Secretariat and Evaluation Team analysis*

It should be noted that among the 24 projects which involved only one FI, several were too small to justify joint operations. However, the trend towards more joint operations, which was clearly marked over the years 2008 to 2010, seems to have rescinded in 2011, possibly bouncing back in 2012, as shown on the table below.

**Figure 10 – Number of projects involving 1, 2 or 3 FIs**



*Source: NIF Secretariat and Evaluation Team analysis*

The NIF Board should ensure that the trend towards more joint operations between FIs remains growing.

### **Institutional additionality**

NIF projects can be grouped in two different co-financing mechanisms:

- **Parallel co-financing**, when several FIs contribute to different activities within the same project, but under different modalities. Their contributions are kept separate, usually for FIs to retain a closer control on the process and to ensure separate visibility (examples: Cairo Metro Line N°3, or Programme National de Routes Rurales in Morocco)
- **Joint co-financing**, where FIs' contributions are pooled together to jointly support a project (example: ISWP water / sanitation project in Egypt)



Additionality is much higher in the case of joint co-financing, when FIs can mutually rely on each other for some aspects of the project, during appraisal or during implementation. Additionality is then particularly appealing to the borrowers which are being faced with less diverse procedures and conditions. Having to cut a project in several sections as in the case of parallel financing, substantially increases the administrative burden on borrowers. It also induces having more suppliers, with an increased amount of technical interface difficulties. From a recipient country perspective, increased coordination between lenders bears a lot of benefits. It implies dealing with a smaller number of officials, less administrative steps and streamlined procedures; as such the process positively contributes to Aid Effectiveness Agenda.

NIF should consequently insist on having more joint co-financing operations. Laudable efforts have been made to harmonise procedures (particularly related to procurement) amongst three of the FIs (EIB, KfW, AFD) through Mutual Reliance Initiative (MRI) agreements. Establishing MRIs costs a lot of efforts from the FIs. We understand that implementing MRIs is a difficult exercise which has to be done on a case by case basis. Cofinancing and MRIs cannot be applied systematically; some projects are for instance too small to justify co-financing by several FIs. Most of the projects in the South are already co-financed by several FIs. Deepening and extending the scope of MRIs should remain an objective of the NIF, for the good of beneficiaries and in line with the long term goal of building a joint EU development support offer. This is a crucial element for increasing institutional and operational additionality. So far, the EBRD has not yet entered in any MRI with other FIs. The main reason is that the EBRD is an International Financial Institution with its own modus operandi and procedures (as are other FIs). EU Member states own a majority of EBRD shares.

When involved in NIF projects with other FIs, EBRD should be encouraged to develop harmonization and mutual recognition mechanisms with partners FI, also in consideration of its increasing involvement in NIF operations in the South ENPI region.s.

There is also room for increasing additionality at the stage of project preparation. Although they pursue development goals, FIs tend to see themselves as competitors. They compete for making financial deals with local governments. Although there are positive aspects in competition, it is often contrary to additionality. Oppositely, in several cases, FIs have been cooperating at the stage of project preparation (in the case of IWSP-Egypt for instance). But this remains too limited. More cooperation at project preparation level would reduce transaction costs and reinforce technical and financial qualities of projects, thereby increasing additionality.

### **Development additionality, support to EU strategy**

Compared to pure grants, NIF blending mechanism enables the financing of larger projects, and is therefore expected to increase EU influence on recipient countries' policies at country, sector and project levels. NIF can provide "policy leverage" on the definition of sector policies and projects. It allows focusing the use of resources on the regions, sectors or projects the EU finds most important and which are not fundable on market conditions, thus allowing for higher overall development impact. Via its influence through NIF the EU should be able to enhance the recipient countries' policies in priority areas such as protection of the environment, interconnectivity or private sector development. Particularly for countries which do not have access to capital markets, NIF blending mechanisms bring significant value as it can achieve high leverage from relatively limited resources. NIF can thus effectively support EU policies and development strategic objectives.

On a country basis, EU priorities are established through continuous policy dialogue with local governments. EU Delegations (EUDs) have a crucial role in this dialogue. **It would therefore be logical that they be thoroughly involved in the selection and appraisal process of NIF projects**, particularly considering that most projects are decentralised. FIs should share with EUDs their pipelines of projects in order to better structure them along EU strategic priorities. EUDs could also be instrumental in promoting cooperation between FIs on projects. Interviews made by members of the Evaluation Team with EUDs staff have evidenced that strategic dialogue between

FIs and EUDs is very limited in most countries. Enhancing the strategic dialogue between FIs and EUDs would contribute greatly to increasing the strategic additionality of NIF projects.

Strategic, institutional and operational additionality should be assessed by the EU itself, not by FIs. Commission Services, including Delegations, should be asked to confirm that projects result from upstream cooperation of FIs with the Delegations and that they are in line with country and regional strategies.

Also, because EUDs have a central role in defining Sector Policy Support Programmes, it would seem logical that they would prioritize projects which are consistent with the reforms such programmes support. This sometimes happens, as for instance in the case of IWSP projects in Egypt, which intends to introduce cost sharing mechanisms in line with the policies supported by the EU through the Water Sector Reform Programme. Enhancing the coherence and synergies between NIF projects and other projects and programmes put in place by EUDs is crucial for raising their strategic additionality.

FIs also have policy dialogue with country authorities. Although their dialogue is more oriented towards promoting projects, sharing ideas and information between FIs and above all with EU Delegations could also significantly increase the development additionality of NIF interventions.

FIs policy dialogue should be better coordinated with EUDs and other FIs, for the benefit of beneficiary countries and for promoting better synergies between European donors.

#### **Recommendations:**

Operational and strategic additionality should be given higher importance in NIF project selection process. FI should be asked to demonstrate that every project:

- a) Has been thoroughly discussed with and approved by the EUD,
- b) Contributes to EU strategic priorities, in consistency with other EU programmes in the country,
- c) Results at least partially from cooperation with other FIs at identification and appraisal level,
- d) Uses co-financing mechanisms when several FIs are involved,

Efforts of mutual reliance should be encouraged by the Coordination platform and NIF governance.

### **2.5.5 EQ 3.5 - ADDRESSING CLIMATE ISSUES**

*How adequately are climate change issues covered in the process of project submission to NIF?*

#### **Answer to EQ 3.5**

NIF procedures allow for inclusion of climate change action in project fiches, although the description of climate change issues tend to be generic and qualitative; each project is attributed a Rio Marker for finance accounting, for mitigation or adaptation measures. The procedure does not support quantitative analysis of impacts and measures and should be reinforced (see detailed recommendations in EQ 2.4).

The question is addressed as well by by EQ 2.2 and EQ 2.3;

#### **Recommendations:**

Strengthening should include quantitative accounting and reporting, specific set of criteria to support decision making at different levels of the process (as for instance: knock-out criteria, eligibility, GHG footprinting and impact indicators) defining as well levels of stringency, according to project type and scale. The improved assessment may support the analysis for climate change issues to support the decision-making.

### **2.5.6 EQ 3.6 - CONTRIBUTIONS TO SOCIAL DEVELOPMENT**

*How effectively NIF contributes to social development objectives?*

**Answer to EQ 3.6**

Most NIF projects do contribute, to some extent, to social development and poverty reduction goals. Notwithstanding the centrality of poverty reduction to ENP and NIF, the facility has not so far developed adequate and harmonized tools to assess, steer and monitor project portfolio according to social development and poverty reduction potential of project proposals (see analysis in EQ2).

The facility should develop tools for gender mainstreaming and attention to human right issues.

An analysis of NIF overall contribution to social development is shown in Annex 11 EQ3.6.

Only two interventions approved by the Board relate to “social” goals;

SO3 relevance to socio-economic development goals should be sought through contributions of public infrastructure projects (SO1 and SO2) and job creation and private sector support (see EQ 1.3).

No specific tools have been developed to include gender mainstreaming concerns and attention to human rights in NIF projects.

**Recommendations:**

- NIF mechanisms to assess, guide decision making and follow up social development and poverty reduction should be strengthened, including: improved specification of social development benefits in the project fiche, establishment of a result-based framework to follow up social development issues, systematic assessment of social analysis and risks;
- The facility should develop tools for gender mainstreaming and attention to human right issues. Project monitoring should be geared to follow up how projects are achieving social development benefits.

**2.5.7 EQ 3.7 - WIDER COORDINATION**

*Is NIF contributing to strengthen Coordination at national and regional level, improving dialogue, aid delivery and financial support to the neighbourhood region?*

**Answer to EQ 3.7**

The NIF has become a key element in enhancing coordination between the various stakeholders of EU development policies. Further progress in this direction is still needed. But the NIF has effectively participated in establishing a general trend towards a wider cooperation between providers and recipients of aid, in line with the objectives of the Paris Declaration and the Accra Agenda for Action.

**EU donors coordination is at the heart of NIF design and operations.** The design of the NIF has been prepared in close coordination with EU Member States and Financial Institutions. Representatives of Member States sit on NIF Board. This is an essential feature of the NIF design. The coordination established by the NIF is essential in ensuring proper additionality of funding operations. By combining bilateral and EU grant funding with eligible Finance Institutions (both multilateral and bilateral) loan operations, the NIF generates greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the EC Financial Regulation.

This donor coordination at European level allows the financing of larger operations, enhancing EU support to partner countries for carrying out reforms and investments. It is also expected to bring greater visibility for the EU external cooperation.

**The alignment of NIF with ENP countries development strategies** is made possible by their being members of the NIF Strategy Board. ENP countries which are entitled to receiving NIF financing have an opportunity to contribute to the definition of NIF objectives. The analysis of the Minutes of Strategy Board meetings shows that beneficiary countries do contribute to discussions. This is a remarkable and important feature of the NIF set-up.

**The NIF contributes to improving the effectiveness of blending facilities established by the EU** since 2005. Blending mechanisms have been subject to a lot of research works recently. Their advantages and drawbacks are still very much discussed. An EU platform for blending in Cooperaton has been established (December 2012) with the purpose, among others, to assess more in depth the validity of blending mechanisms. Entering into the general discussion about blending mechanisms is not the purpose of this evaluation. But the NIF clearly offers an example of an effective blending Facility. By sharing its experience with other blending facilities, NIF contributes to increasing the effectiveness of EU aid action.

**Coordination at regional level remains limited.** As a financial tool, the NIF is intended to bring a key contribution to the implementation of regional and multilateral processes, in particular the Union for the Mediterranean, the Eastern Partnership and the Black Sea Synergy. This is confirmed by NIF Strategic Objective 1 which stresses the importance of international connections of infrastructure networks, particularly in the sector of energy and transport. As exposed in 3.1 and EQ 3.2 above, the NIF has supported very few projects which contribute to interconnectivity.

**NIF has effectively promoted coordination among FIs**, leading to a better harmonised approach towards beneficiary government and institutions, in line with the objectives of the Paris Declaration and the Accra Agenda for Action, helping to increase the efficiency and the effectiveness of European external cooperation. However, a lot remains to be done in that field. The issue of coordination among FIs is further developed under EQ 3.12 below.

**Overlaps with FEMIP operations have been avoided.** The NIF General Framework document, dated 10/02/2008, specifies that “a written statement will be joined to the project proposal indicating that there is neither a duplication with FEMIP operations, nor the possibilities to finance it under FEMIP”.

## 2.5.8 EQ 3.8 - SUPPORT ACROSS THE PROJECT DEVELOPMENT PROCESS

*To what extent and in what terms is the NIF support significant across the project development process?*

### Answer to EQ 3.8

NIF supports specific phases of the project cycle particularly from the submission of the Project Fiche up to disbursement of resources. The process of consultation of EU Delegations and Commission services is broad but relatively shallow, constrained by the limited information provided, the high workload of EC services, and a consultation at a moment of the project cycle when design is often developing rigidities. NIF support could be significantly strengthened for the phases of strategy definition, setting of application standards (including project fiche), reinforcing the assessment, follow up, monitoring and project level evaluation.

NIF support to the project development process has been discussed in detail under EQ2.1 (quality of design) and EQ4.1. An analysis of NIF support across the project development process is shown in Annex 11 EQ 3.8.

### Recommendations:

NIF could strengthen its impact in the project cycle with the definition of criteria for project selection according to quality of projects. Other recommendations to strengthen NIF functions across the project cycle have been detailed in EQ 2.1 and 4.1

## 2.5.9 EQ 3.9 - USE OF ELIGIBILITY CRITERIA

*To what extent eligibility criteria have been utilized by the FIG and the Operational Board?*

**Answer to EQ 3.9**

NIF complies with eligibility criteria set by the General Framework for sector and type of intervention, recipient and finance institutions; compliance to additionality should be supported by specific analysis showing the lack of potential alternative source of financing; the adherence to DAC criterion, stemming from a period when different economic conditions were prevailing, is in need of clarification. NIF decision-making does not appear to be supported by specific data on ODA eligibility and percentage of the grant element (third criterion)

The answer to the question considers eligibility criteria set by the General Framework. These include:

- **Eligibility for sector and type of operation**; these criteria are fully respected, as evinced by the analysis of approved projects portfolio; the assessment of the eligibility of the intervention is supported by internal assessment and the completion of “Grant request assessment” form. The form checks the “eligible sector” (transport or energy infrastructures, environment and SMEs and social sectors).
- **Eligibility of recipients** (General Framework § 9); Grants have been awarded exclusively to eligible recipients;
- **Eligibility of Finance Institutions** (General Framework § 10); The Board awarded contracts only to eligible finance institutions;
- **Additionality without duplication with other financing potentially available**; The issue is discussed in EQ 3.4; in general it seems the criterion is respected; the assessment of this condition should be supported by specific documentation to prove that no other financing source is potentially available;
- **Adherence to ODA eligibility criteria**<sup>47</sup>; there are three criteria for ODA eligibility: (a) provided by the official sector; (b) with promotion of economic development and welfare as the main objective; and (c) at concessional financial terms (if a loan, having a grant element of at least 25 per cent). The analysis of adherence to the third ODA eligibility criterion needs to consider a number of issues:

1. The Donor community has acknowledged that the DAC criterion, stemming from a period when different economic conditions were prevailing, is in need of clarification. Technical discussions have started and are still on-going, without yet having resulted to an accepted and shared methodology.

As recognized by a recent study on blending: “The challenge for blending instruments is to support EU development aid to be in line with ODA criteria according to the OECD/DAC definition”<sup>48</sup> Project Fiche’ “Annex one” screens project proposals in function of NIF strategic orientations; Point 7 covers “ODA eligibility” which should be answered by a “Yes” or “No”. However the Project Fiche does not specify the “concessional” of the loan and does not allow measuring the % of the grant element. NIF decision-making does not appear to be supported by specific data on ODA eligibility and percentage of the grant element (third criterion)

**Recommendations:**

- Improved specification of eligibility criteria in the grant request assessment form;
- Specification of concessional and % of grant element to be included in Project Proposals to support eligibility to ODA criterion;
- Pursue the discussion, at a broader level, of current OECD / DAC definition of ODA eligibility and how this applies to EU blending (the issue could be reviewed by EUBEC)
- Specific information supporting the lack of alternative potential sources of financing; FIs should explain why, to the best of their knowledge, other sources of financing are not available, or are available at worse conditions for the beneficiary institution.

<sup>47</sup> NIF General Framework (section 5, selection criteria) specifies “operations supported by NIF will be ODA eligible”.

- Operational Board decisions should be published and accessible, supporting transparency of the decision-making process.

### 2.5.10 EQ 3.10 - ECONOMIC ASPECTS OF THE PROPOSALS

*How adequately are the economic aspects of the proposals being covered in the project submission form?*

#### Answer to EQ 3.10

The Project Fiche includes a section for a generic / summarized presentation of economic parameters; this information provides limited support to decision making and does not allow to select and prioritize projects according to their economic viability.

The NIF relies essentially on FI analysis for the technical and economic aspects of projects. FIs carry out a thorough analysis of the economic aspects of the projects they present to NIF. In the case of infrastructure investments, FIs make economic analysis of projects as these are expected to generate positive economic income at least equivalent to loan reimbursements.

It makes sense for NIF to rely on FIs expertise for assessing the economic aspects of projects. But the information provided by the Project Fiche is often very summarized. Crucial assumptions underlying the economic analysis should be specified by the Project Fiche to support the assessment of EC services and Delegations.

#### Project Fiche specification of economic parameters:

(b) Value added of the EU grant:

- b1) Economic (impact on the affordability of services etc)
- b2) Financial (if relevant and / or available) impact on financial and economic indicators: FNPV, IRR, ERR, indicators of financial sustainability et cetera.

#### Recommendations:

- The Project Fiche presentation of economic parameters should be more comprehensive and structured, to provide adequate information for assessment and decision-making.
- Feasibility studies and Cost-Benefit Analysis should be accessible for the assessment of project proposals.
- Economic feasibility should be weighted and included amongst key criteria for the assessment of the “quality” of the project, guiding project selection.

### 2.5.11 EQ 3.11- INSTITUTIONAL AND NON-ECONOMIC ASPECTS

*How adequately the institutional and non-economic aspects of the proposals are being covered in the projects submissions to the NIF?*

#### Answer to EQ 3.11

Institutional and non-economic aspects are essentially related to the sustainability of projects under SO1 and SO2. Under SO3, institutional capacities are a crucial element for the effectiveness of projects. Institutional and non-economic aspects are covered by FIs in their project proposals

Much as in the case of economic aspects, the NIF relies on FIs for covering the institutional and non-economic aspects of projects. The effectiveness of investments in infrastructure projects depends not only of the quality of the design and of the works. It also depends on the capacity of institutions that own them to properly manage, operate and maintain facilities. The risk of FIs paying insufficient attention to institutional aspects and other non-economic aspects of projects is limited. An analysis of these aspects is shown in Annex 11 EQ3.11.

**Recommendations:**

During the consultation and verification process Delegations should provide their advise on the potential risks related to the institutional and non-economic aspects of the project proposals.

## 2.5.12 EQ 3.12 - COORDINATION

*Does NIF contribute to the coordination amongst European actors and two or more FIs?*

**Answer to EQ 3.12**

Strategic cooperation between FIs and the EUDs is too limited. Exchanges between FIs and EUDs are too scarce, resulting in insufficient strategic coordination between EUDs and FIs at country level.

NIF has been instrumental in increasing considerably coordination and synergies between FIs, particularly in the field. The AFD / EIB / KfW pilot MRI is a very significant improvement towards joint action between FIs. By jointly presenting projects to beneficiaries the EU and FIs would enhance the image of Europe, and reduce unproductive competition between FIs on specific projects.

The analysis of NIF Coordination is detailed in Annex 11 EQ 3.12.

**“Ex-ante”, policy alignment of FI’s operations should be improved**

According to EUD staffs met by the DRN evaluation team, FIs have limited exchanges with EUDs regarding their pipeline of projects, resulting in insufficient alignment of their project promotion activities with EU country strategies. In terms of NIF project selection criteria, FIs should be requested to produce evidence that their projects are consistent with EU country strategy. Project Fiches mention “Compliance with relevant EU policies” as one of the conditions for obtaining NIF support. This request should be strengthened and compliance should be evidenced on the basis of EUDs’ written assessment (DEVCO’s assessment for regional projects). The idea is not to add one layer of formalities but to ensure that EU money would be spent in good coordination with EU policies at country level.

**Synergies between FIs should be further reinforced**

NIF has been instrumental in increasing considerably coordination and synergies between FIs, particularly in the field. Coordination and synergies should be further promoted.

Also, as mentioned under EQ 3.4, joint co-financing should be privileged against parallel financing. Parallel financing involves very limited cooperation between FIs and does not reduce significantly transaction cost for the beneficiaries. Joint co-financing is an important element contributing to enhancing additionality, which is of paramount importance under NIF’s Overall Objective and for the EU, as emphasized in the Agenda for Change.

**Mutual Reliance should be enhanced**

After long discussions between EIB, KfW and AFD under the Mutual Reliance Initiative (MRI), a MRI agreement has been drafted and applied in several cases. Negotiations for the MRI agreement were particularly difficult regarding procurement procedures. They resulted in partners FIs for a given project accepting the procurement procedures of the lead FI.

Unfortunately, the MRI agreement is far from being applied in all cases.

Negotiations aimed at FIs relying on the Lead FI disbursement procedures have not yet been finalised. FIs should identify ways to improve/deepen mutual reliance agreements to ensure harmonized and efficient procedures for beneficiaries while endeavoring to promote EU best practices and standards.

There is a pool-financing agreement between European Development Finance Institutions (EDFIs). The NIF would greatly benefit from a similar agreement being concluded between eligible FIs.

**Recommendations:**

Strategic cooperation between FIs and the Delegations should be radically enhanced, along the following principles:

- Consultation and exchanges should ideally cover mutual strategies, programmes and projects
- Consultation as early as possible in the project cycle should be mandatory when FIs envisage requesting a NIF grant.
- When applicable the ToR of feasibility studies should be agreed with EUDs when FIs intend to apply for NIF support <sup>49</sup>.
- Requests to NIF of grants for TA should always require consultation with Delegation on result-based Terms of Reference
- FIs should also continue their efforts towards harmonising their procedures

## 2.6 EQ 4 – EFFICIENCY

*Is NIF an efficient instrument to achieve its goals?*

### Evaluation Summary – EQ4

1. **Overall efficiency;** NIF is implemented through an efficient governance system. Mechanisms and functions have been improved since start up and in general are adequate to support the project cycle and decision making process for the present volume of projects. The strategy board is effectively steering the instrument strategies and policies, with adequate flexibility. Some strategies may benefit of improved definition such as: interconnectivity, policy reform, socio-economic development. Decision-making is effective and prioritizes relevant projects which answer to beneficiaries' needs. Relevance to EC objectives needs to be strengthened. FIG and the Operational Board may refine their tools for project verification and selection. The information accessible to public of NIF operation is scarce and transparency should be improved. Representation of stakeholders views should be broadened to Civil Society.
2. **Reporting** requirements are relevant and broad; however reporting should be harmonized, adapted to NIF requirements and designed to support a result-based framework for NIF contributions. The duration of the process of decision-making is relatively short and although improved planning may reduce some time lapses, it could not be significantly reduced without compromising project quality.
3. **Efficiency per type of intervention;** Case studies show a satisfactory level of efficiency of NIF financed TA services, particularly regarding project development. TA granted to FIs for project preparation and pipeline development show lesser levels of efficiency. The efficiency of investment grants is directly related to the implementation of infrastructure projects they co-finance. The implementation of TA services and investment grants can be hampered by delays in the implementation of projects' works. The efficiency of risk capital operations is good (see Annex 11), but relying to a large extent on the effectiveness of TA provided to local financial intermediaries.
4. **Climate Change quality check;** Quality check on CC is carried out for all proposals. The process is constrained by limited information provided by the project fiche, lack of specific procedures and of quantification of GHG emission. The process should be progressively strengthened. Capacities and resources need to be strengthened both for Delegations and EC services.
5. **Monitoring and evaluation;** A result-based monitoring system needs to be applied to all NIF interventions to support follow up and measurement of changes at project, country, and portfolio levels. Evaluation arrangements should be strengthened at project level including sharing of Finance Institutions evaluations of projects; Result-Oriented Monitoring is an effective tool for project and portfolio follow up, but its scope is limited as it covers only a sample of projects. Monitoring should be specifically tailored to blending facilities requirements.
6. **Visibility and communication;** Visibility actions have been implemented and visibility clauses are included in NIF contracts. However communication has been fragmented and overall visibility deserves to

<sup>49</sup> It is noted that often the decision of applying to NIF happens when Feasibility Studies are already defined.



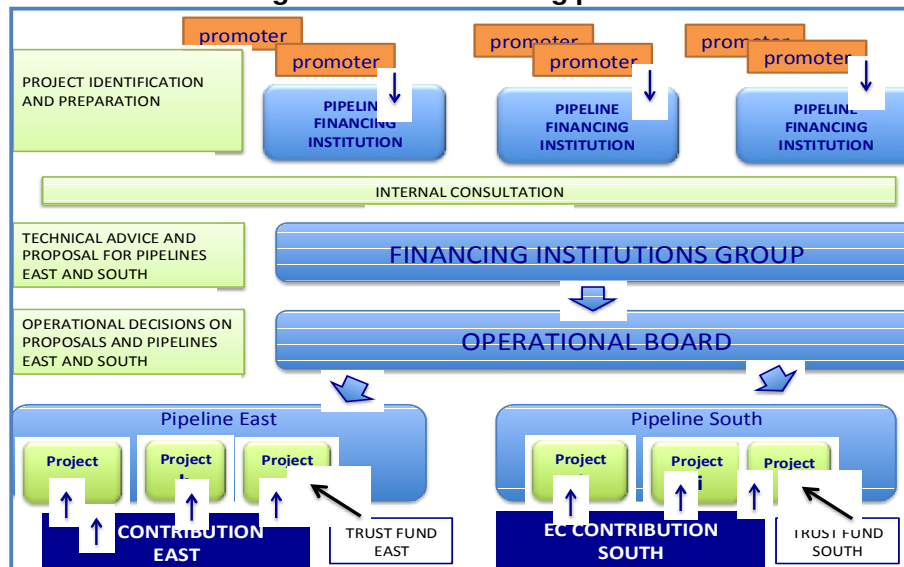
be reinforced. The evaluation recommends the development of a communication and visibility strategy and action plan, in close coordination with key stakeholders. Improved communication and visibility tools need to be developed including a dedicated web site

### Evaluation of NIF efficiency: Overview

**Efficiency:** A measure of how economically resources and inputs (funds, expertise, equipment, time) are converted into results.

Efficiency (or performance) explores the cost / benefit ratio of the blending facility. The evaluation of efficiency builds on the qualitative analysis of NIF processes. The processes, discussed in EQ 4.1 are schematized in the figure below.

Figure 11 – NIF: working process



Source: NIF Data and Evaluation Team analysis

### 2.6.1 EQ 4.1 – ADEQUATENESS OF GOVERNANCE SYSTEM, INTERNAL COORDINATION, MANAGEMENT AND PROCEDURES

*Are mechanisms adequate to ensure efficient delivery and timely implementation?*

#### Answer to EQ 4.1

The governance system is managing effectively the facility with the current flow of projects and resources; some functions need to be strengthened;

**Strategy definition** has been effective and strategies have been evolving positively, although some aspect of strategy making deserves to be reinforced: sharpened focus on objectives, adapting priorities to regional contexts (i.e.. interconnectivity), increased attention on sectoral and policy reform (including definition of priorities), harmonization of strategies with other cooperation instruments.

For the **operational body** the decision-making should orient resources allocation to best projects to optimize aid effectiveness of NIF resources; **FIG** and **operational board** should be supported by improved verification of proposals and strengthened consultation with EC services.

The steering role of the EU in the FIG needs to be clarified.

Consultation mechanisms with the Civil Society should be established within the Governance system to allow a broader dialogue

Governance should increase its transparency with publication of FIG and Operational Boards decisions

The Governance would benefit of a feed-back system (monitoring, evaluation and lesson learning) from projects to inform decision making and strategies.

**Reporting** requirements are sufficiently broad to provide a relevant overall framework for reporting. However, requirements are generic and are not specifically tailored for the instrument follow up. Reporting does not mandatorily support a result-based framework and is restraining comparability of results *de facto* limiting the possibility of an effective analysis of project portfolio and adding up of outcomes and impacts. The annual interval between progress reports may be adequate in some cases but other projects may require a closer follow up and information stream.

**Management** Projects are managed by beneficiaries and indirectly by Finance Institutions, supported by result-based systems. Project follow up for the EC is responsibility of the Delegations for national projects. The role of Delegations for various aspects of NIF project cycle needs to be clarified and strengthened including: harmonization with indicative programming, support to pipelines development, feed-back for strategic orientations, contributions to project design, consultation and assessment of project fiches, contributions to negotiations and contracts, agreements on derogations, project follow up, monitoring and evaluation.

## Governance

The three tiered governance system is managing effectively the facility, although some functions need to be strengthened; a significant increase in number and volume of proposals would require a different design of operational (project-level decision making) structures.

**Strategy definition** has been effective and strategies have been evolving positively, although some aspect of strategy making deserves to be reinforced: sharpened focus on objectives, adapting priorities to regional contexts (i.e. interconnectivity), increased attention on sectoral and policy reform (including definition of priorities), harmonization of strategies with other cooperation instruments. Strategy development is constrained by a) scarce human resources in EEAS, b) limited monitoring tools and feed-back mechanisms to follow up NIF pipeline, portfolio and projects.

For the **operational body** the decision-making should orient resources allocation to best projects to optimize aid effectiveness of NIF resources; **FIG** and **operational board** should be supported by improved verification of proposals and strengthened consultation with EC services.

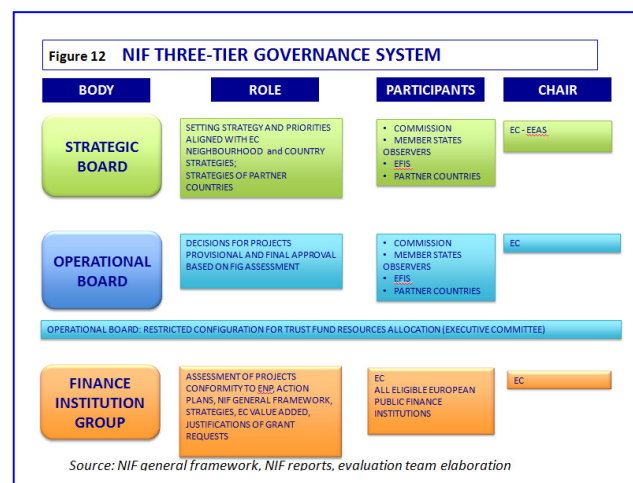
FIG role deserves to be strengthened to assess and prioritize projects according to design quality and selection and preference criteria set by NIF general framework.

The steering role of the EC in the FIG needs to be clarified.

Consultation mechanisms with the Civil Society should be established within the Governance system to allow a broader dialogue

Governance should increase its transparency with publication of FIG and Operational Boards decisions.

The Governance would benefit of a feed-back system (monitoring, evaluation and lesson learning) from projects to inform decision making and strategies.



The governance system is summarized in the figure on the right. The analysis of NIF key functions and performances is presented in the following paragraphs. Annex 11(EQ4) expands the analysis of efficiency.

### Coordination with other blending facilities

Informal coordination mechanisms with other regional facilities are established, supported by a common secretariat, similar governance and common stakeholders;

Coordination arrangements across facilities need to be developed, as this would improve effectiveness of the instruments and support common mechanisms, including harmonization of approaches, procedures, monitoring and evaluation arrangements, and blending facilities' operation. The Coordination platform was established in December 2012 and working groups have been assigned tasks for harmonization.

### Procedures and eligibility criteria

NIF stakeholders have developed a framework arrangement and standardized implementation agreements. Procedures have been developed based of the General Framework (2008); a considerable progress is noted regarding the harmonization of approaches and procedures as for instance the positive evolution of the Project Fiche and improved consultation mechanisms. NIF has not yet developed a comprehensive manual of procedures detailing tasks and roles for all stakeholders.

DFID research on blending facilities<sup>50</sup> evidences “*lack of formal and specific guidelines and criteria*”;

Procedures should also take into account the need for further improvement of the Project Fiche format, minimum requirements for filling up Project Fiches and the strengthening of the project proposals assessment process.

### NIF administrative costs

In terms of NIF administration costs, Commission staff does the Secretariat's work and also the organizations of meetings are paid by the Commission though its administration budget<sup>51</sup>.

Administrative costs appear extremely contained when related to the volume of NIF operations.

Remuneration to Lead Finance Institutions (see box) appears to be proportioned to costs required to prepare and follow up the interventions. Average remuneration of Finance Institutions is calculated at 2,7% of grants' value<sup>52</sup>. Overall, the remuneration of FIs is adequate; Also, it should be considered that NIF disbursements often take place well in advance of TA expenditures by FIs. NIF contributions also benefit FIs by allowing their projects to materialize.

#### Remuneration to Lead Finance Institutions (NIF framework arrangement, § 15)

To recover its costs the Lead Finance Institutions shall be paid up front the remuneration of:

- 2% of NIF contribution for **investment grants** (irrespective of the size of contribution € 0,2 M flat up to an amount representing 7% of NIF contribution and a maximum of € 0,75 M)
- 4% of the NIF contribution for **Technical Assistance and Studies** (irrespective of the size of contribution € 0,15 M flat up to an amount representing 7% of NIF contribution and a maximum of € 0,3 M)

The following aspects should be considered for the remuneration of Lead Finance Institutions:

- In case of TA support for pipeline development a co-participation of Finance Institutions should be envisaged; The relevance of “remuneration” in such instances should be reconsidered;
- FIs should use resources from NIF remuneration to improve cooperation with Delegations, by assigning human resources to this specific task.

<sup>50</sup> EU blending facilities, implications for future governance options” January 2011, European Think-Tank Group

<sup>51</sup> Note from NIF Secretariat January 2013

<sup>52</sup> Communication during Reference Group Meeting, 1st March 2013

- Decentralized, local management should be encouraged for projects supported by NIF <sup>53</sup>.

### Harmonization of approaches to Climate Change, Environmental and Social analysis

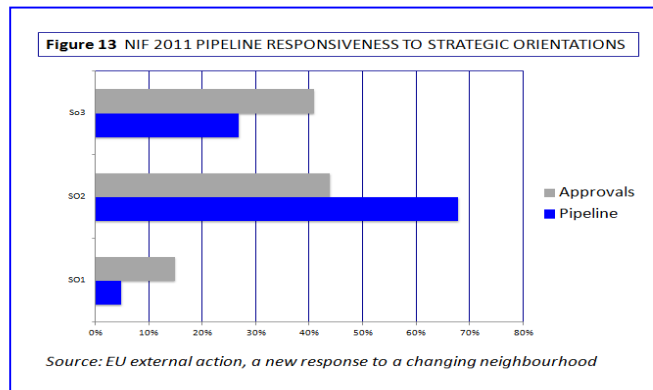
On-going processes to support harmonization of approaches are discussed in EQ 2. Efforts should be continued and strengthened.

### Internal consultation and assessment of Project Fiches

Also this function is assessed under EQ2. In general the consultation and verification process has been evolving positively. The evaluation considers this is the function that deserves the highest priority to support the instrument relevance, the quality of design, the effectiveness and the impact opportunities of the instrument (see specific recommendations, EQ2).

### FIG review and pipeline consolidation

FIG organizes the consolidated pipeline on the basis of the different lists of interventions submitted by the FI for possible NIF financing<sup>54</sup>. The informal consultation process that precedes the FIG provides a good ground for an open and informal technical discussion about projects and pipeline<sup>55</sup> taking into account of EC stakeholder's comments. FIG discussion is also about geographical distribution, sector distribution and distribution of interventions amongst FI. FIG positively affects the pipeline contributing to promote projects according to strategic orientations. The above graph compares 2011 pipeline with project approvals. While the majority of project submitted belong to SO 2 (68%), SO 1 and SO 3 did benefit of an increased share of approvals.



There is a need to clarify the role of the European Commission in the FIG. The issue of transparency of the role of the decision making of the European Commission in the NIF' FIG is raised by external analysis of blending mechanisms,<sup>56</sup> recommending to operate under clearer rules and justify decisions. Significant improvements have been achieved over the past two years; the evaluation feels that clarity and transparency of decision making of the EC in the FIG could be further strengthened.

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### Decision making for grant allocations

The Operational Board discusses projects following a presentation made by Lead Financing Institutions. The Board in general ratifies the advice submitted by the FIG; Projects are submitted twice: first for preliminary and then for final approval; As the Operational Board meets three to four times per year the interval between the two decisions averages 4 months. At Operational Board level the exchange about projects tend to be succinct.

Decision-making in NIF is efficiently performed: The period from submission to final approval for the majority of projects varies between 6 to 12 months, the duration being significantly affected by the lapse between the two sessions of the Operational Board (often 4 months). In some cases

<sup>53</sup> The principle of subsidiarity and local management should be adapted with flexibility to each case, depending on needs, local management arrangements, FI structure and local offices, role of TA and so on. It's important that for each Project FI demonstrate that decision-making is brought as close as possible to intended beneficiaries.

<sup>54</sup> Rules of procedures for the Board of the NIF, 26/09/2008.

<sup>55</sup> Interview with, EIB, 12 December 2012.

<sup>56</sup> Innovative approaches to blending, May 2011, page 28 § 5.2.5, last paragraph

Finance Institutions have complained of the additional delays imposed by NIF to the overall project cycle<sup>57</sup> as the timeliness of decision-making and co-financing may prove a decisive factor when conditions for loans and project start up are mature. Notwithstanding these observations all lead finance institutions expressed their overall satisfaction of the instrument.<sup>58</sup>

These remarks are substantiated by the increased volume of demand for NIF grants.

The underlying question is: could the duration of the decision-making process be significantly reduced while safeguarding and even strengthening the quality of the process? The evaluation team assessment is that the overall duration of decision making in NIF is relatively short and could not be reduced significantly, although accurate planning could eventually reduce some lapses:

- Quality of project assessment and accuracy of decision making should not be compromised for a shorter duration;
- NIF decision-making process is significantly shorter than traditional Development Cooperation Instruments funded through the EC, the relative swiftness of the operation being a noticeable feature of the instrument. On the other hand the facility is not designed for instantaneous allocation of grants. Projects demanding significantly shorter procedures (below 6 months), should possibly seek other channels.

### **Negotiations, contracts and disbursements**

The NIF contribution is ruled by one of three different types of contracts: i) Financing Agreements with beneficiary countries ii) Delegation Agreements with bilateral Finance Institutions and iii) Contribution Agreement with multilateral eligible Finance Institutions. The Secretariat is responsible for negotiation and contracting with FIs and with local authorities when relevant. This allows more consistency in negotiations and in decisions between the EC and FIs, as the Secretariat centralises negotiations with FIs for other EU blending Facilities.

Apart from Finance and Contracts units of the Neighbourhood Directorate have a very limited role in the negotiations and contracting process. EU Delegations are also very little involved in the negotiations of agreements with FIs. They usually participate however in the negotiations of Financing Agreements with local authorities. Overall, the involvement of EC services in the consultation and decision process of the NIF contracting phase is limited. Faced with an increasing volume of contracting work because of the increasing number and importance of blending facilities, NIF Secretariat has designed standard procedures for all blending facilities, with the support of Legal Affaires services. This includes designing a standard Project Fiche, which is expected to be included in a framework agreement with FIs.

Different modalities of contracting are discussed in Annex 11 (EQ4).

In line with the deconcentration policy and the subsidiarity principle this process should progressively see a deeper involvement of the Delegations. Following the transfer of responsibilities to EU Delegations derogations eventually needed should be submitted for agreement to "Finance, Contracts and Audits" services and NIF Secretariat, to ensure coherence across geographical zones.

### **Project follow up and management**

Following the signature of contracts, projects administration is transferred from the Secretariat to EU Delegations and to Regional programme units of Neighbourhood Directorate (F). Thereafter the role of the Commission is chiefly administrative. Commission Services are not involved in operational tasks related to project implementation as foreseen for projects implemented through Contributions for Joint Management

Project implementation is followed by the lead FI<sup>59</sup> in the case of co-financing and by each FI in case of parallel financing. Reporting requirements of FIs to the EU are ruled by the agreements

<sup>57</sup> Interviews with EBRD, EIB, KfW, AFD and SIMEST.

<sup>58</sup> *Ibidem*

<sup>59</sup> Projects are managed directly by beneficiaries

signed during the contracting phase. The EU can do its own monitoring of projects or ask FIs to make specific reports on project implementation.

In practice several Delegations are yet only marginally involved in the follow-up of NIF financed projects. Although management of NIF contract is deconcentrated in several of the case studies of this evaluation, Delegations were not supplied with key information about the implementation of NIF financed projects. In particular, they do not participate in steering committees of NIF TA contracts.<sup>60</sup> TA is essential to the definition of most projects, opening to extensive consultation with stakeholders and experts. Delegations should be systematically involved in the consultation process.

For project follow up a distinction should be made between National and Regional projects. Regional NIF projects are followed by Headquarters and Delegations in general do not join Steering Committees.

DEVCO has been supporting capacity building with the development of a training module on blending facilities. Recently<sup>61</sup> a tender has been launched for developing the training module and facilitating courses on blending facilities to Delegations.

### Reporting

Financing Agreements' stipulations for reporting (see Annex 11/ EQ4) define the contractual requirements for reporting. These are sufficiently broad to provide an overall framework for reporting. However specifications are generic and not specifically tailored for the instrument follow up. Reporting does not mandatorily support a result-based framework and is restraining comparability of results *de facto* limiting the possibility of an effective analysis of project portfolio and adding up of outcomes and impacts. The annual interval between progress reports may be adequate in some cases but other projects may require a closer follow up and information stream.

The analysis of NIF projects' reports evidenced that reports tend to be satisfactory although quality varies significantly; for instance the comparative analysis of reports from the 12 case studies shows that 5 projects scored with very good reports, 4 with good quality, 2 with mediocre quality and one with poor standards. In some case Delegations<sup>62</sup> requested for an improved flow of information for NIF projects, evidencing delays and shortcomings in reporting. Such issue were also confirmed by Result-Oriented Monitoring assessment.

### Disclosure of information and transparency

The information accessible to public of NIF operation is scarce and transparency should be improved. The annual report is the major source of information. Minutes of the Boards and decisions about projects are not published. Reports of projects are also not published or available to the public.

### Stakeholder's and Civil Society consultation

NIF with its governance mechanisms allows for an effective centralized consultation with Finance Institutions, EC, Member States and Partner Countries. Stakeholder analysis is developed in detail in Annex 11, EQ4.

Consultation with Civil Society is currently limited to the consultation carried out by Finance Institution during project preparation phase (see EQ 2). Consultation with Civil Society Organizations needs to be strengthened in order to articulate their concerns and to give advice regarding Country context and specific poverty, social and environmental related needs<sup>63</sup>. Improved consultation would contribute increasing effectiveness of NIF interventions.

<sup>60</sup> At central level, it is the Commission Headquarters' services that participate.

<sup>61</sup> November 2012

<sup>62</sup> For instance the EU delegation in Ukraine

<sup>63</sup> Blending grants and loans for financing the EU's development policy for 2014 – 2020, page 31

Consultation with Civil Society could be strengthened at the following levels:

- **National Consultation:** A broader consultation needs to be established at national level during the design and assessment of NIF contribution; Whenever possible existing coordination mechanisms should be used, with an active role of EU Delegations to promote dialogue and consultation with stakeholders. National consultation should offer some space to Civil Society contributions.
- **Regional Consultation:** When possible existing regional coordination mechanisms should be used to support dialogue amongst NIF stakeholders, providing as well an opportunity for representation of Civil Society Organizations; When non-existing, regional dialogue platforms should be established.
- **Governance:** So far Governance mechanisms do not offer a space for Civil Society. The new Coordination Platform could offer a space to articulate CSOs concerns. The Strategy Board provides a place for stakeholders to offer their views but Civil Society is not represented. This possibility should be envisaged and the composition and methods of communication of the Strategy Board should be adjusted to ensure proper participation of civil society <sup>64</sup>.

## Recommendations:

### Governance and strategies;

- In case of significant increase of volume and number of investments, governance mechanisms will need to be adjusted to take into account the scale of the operation.
- **Strategy Board**
- Improve definition and focus of objectives (see R.1)
- Improve and specify eligibility criteria, including criteria for prioritization;
- Mechanisms to open to views of Civil Society;
- Develop feedback mechanisms from project monitoring and evaluation;

### Operational Board and FIG

- FIG strengthened role to assess and prioritize projects according to design quality and selection and preference criteria set by NIF general framework.
- Improve specification of EU steering role in FIG;
- Increase transparency of governance, publication of boards minutes and decisions.

**EUBEC:** Issues to be discussed by EUBEC in view of harmonization across blending facilities include: i) Improved quality of the Project Fiche format ii) Improved verification of project proposals; iii) Criteria for increasing selectivity; iv) Representation of Civil Society in EU blending governance mechanisms; v) Development of result-based framework; vi) Monitoring of all projects supported by blending; vii) Visibility and communication; viii) Reporting; ix) Harmonization of CC action;

### Coordination and Harmonization;

The following actions address a stronger and inclusive coordination and consultation:

- Significantly strengthen existing National and Regional coordination mechanisms in support of NIF projects;
- Sharing NIF pipeline with EU Delegations and EC services
- Pipelines should be harmonized with NIP and RIPs through coordination of EU Delegations and Finance Institutions.
- Inclusion of Civil Society in NIF consultation mechanisms;

### Strengthened role of Delegations

The following set of recommendations supports a strengthened role of Delegations and the application of the subsidiarity principle to NIF:

- Early involvement of Delegations in pipeline and project cycle development;
- Strengthened Delegation role in leveraging policy dialogue and reform;

<sup>64</sup> Ibidem;

- Strengthened coordination and consultation mechanisms at national level;
- Delegations to offer an entry point to Civil Society to offers insights on project proposals;
- Access of Delegations and EC services to preparatory documents and feasibility studies;
- Strengthen Delegations capacities to support NIF projects;
- Promote dialogue FIs – Delegations – National Authorities on strategies, medium term planning and coherence with national priorities;
- Whenever possible increase subsidiarity of NIF project management;
- Following the transfer of responsibilities to Delegations, derogations eventually needed should be submitted for agreement to “Finance and Contracts” services, to ensure coherence across geographical zones.

**Procedures;** Development of a NIF procedures manual detailing roles and responsibilities of key stakeholders,

**Administrative costs and remuneration to Lead Finance Institutions;**

- In case of NIF contributions for TA in support for pipeline development a co-participation of Finance Institutions should be envisaged; NIF should reconsider whether “remuneration” to the Finance Institution is relevant.
- FIs should devote part of NIF remuneration to assign human resources for enhancing cooperation with Delegations at country level.

**Internal consultation and project verification;**

- Specific set of recommendations to strengthen this function are developed in EQ 2.
- An internal review of projects (Secretariat and Neighbourhood Directorate) could be established following the consultation process and prior to submit proposals to FIG meetings.

**Reporting;** Harmonization and strengthening of a result-based reporting system (see detailed recommendations in Annex 13)

## 2.6.2 EQ 4.2 – LEVEL OF EFFICIENCY OF DIFFERENT TYPES OF INTERVENTIONS FINANCED THROUGH NIF

*What is the level of efficiency of the different types of interventions financed? (TA, investment grants, risk capital, guarantees as combined with loans from FIs)?*

**Answer to EQ 4.2**

Case studies show a satisfactory level of efficiency of NIF financed TA services linked to project development and implementation. TA granted to FIs for project preparation and pipeline development show lesser levels of efficiency. The efficiency of investment grants is directly related to the implementation of infrastructure projects they co-finance. The implementation of TA services and investment grants can be hampered by delays in projects' works. The efficiency of risk capital operations is good, but it relies to a large extent on the effectiveness of TA provided to local financial intermediaries.

The different types of interventions financed through the NIF and their effectiveness have been assessed under EQ3. This chapter looks at the **efficiency** of the three types of intervention: TA, Investment Grants, and Risk capital.

An assessment of Efficiency should answer the following questions: How well are NIF grants managed? Were the outputs they financed obtained in a cost-effective, transparent and accountable way? Could the same resources have produced better results? Implementation organisation and case studies are shown in Annex 11 EQ 4.2.

### Efficiency of TA services



As mentioned under EQ3, TA is the most common instrument financed by the NIF. Of the 57 NIF final approvals made during the 2008-2011 period (covering 51 projects), 41 funded TA, sometimes coupled with investment grants. TA services are of three different natures: a) Investment preparation, b) Project development, c) Pipeline preparation.

### **TA for Investment preparation**

The limited sample of case studies does not allow the evaluation team to draw general conclusions on the efficiency of TA related to Investment preparation. In the two cases presented in Annex 11 EQ 4.2, TA services were not efficiently implemented. Also, in both case, reporting was inadequate.

Investment preparation (and pipeline development) TA benefits directly to FIs as they are meant to identify and define projects for FIs' financing in the medium term. This contributes to reducing the pressure for an urgent and timely delivery of TA services and for adequate reporting to the NIF and the EUD. The rationale for the NIF to cover this kind of TA is questionable. In any case, FIs should be requested to cover a substantial part of the cost as part of their investment preparation activities.

### **TA for Project development**

Case studies shown in Annex 11 EQ 4.2 evidence a satisfactory level of efficiency of NIF financed TA services. However, the implementation of TA services can be hampered by delays in the implementation of the main projects' works.

TA linked to the development and implementation of specific projects has proven to be a crucial element for improving the effectiveness of projects. Their efficiency is thus high.

### **Pipeline preparation**

The only pipeline preparation project among cases studies is SEMED. The funding is to help the EBRD preparing investment projects in Egypt, Morocco and Tunisia (see EQ3 above). The EBRD is the sole beneficiary of the TA. The project is still at an early stage. Reports by the EBRD show that TA services are correctly implemented so far.

As already mentioned in EQ3, the rationale for the NIF to finance FIs pipeline studies is questionable. FIs should cover such costs, or at least substantial part of it. NIF financed TA should support actual projects, not potential future projects.

### **Efficiency of Investment Grants**

Investment grants are directly integrated in the financing of projects, as in the two cases shown in Annex 11 EQ 4.2. Both cases show that the efficiency of investment grants is directly related to the efficiency of implementation of the projects they co-finance.

### **Efficiency of risk capital**

The efficiency of risk capital investments depends on the capabilities of Fund management companies and on the operational efficiency of local banks and finance institutions which are in contact with final borrowers. The two case studies selected for this evaluation use the same Fund Manager (FM). An analysis of the operating procedures and interviews made by the evaluation team shows that the Fund Manager applies state-of-the art fund management methods and operational practices. Also, the Fund Manager has established local offices in several countries, adding to local knowledge which is important for performing the due diligence procedures and for keeping up to date with the legal and banking framework. Reporting to the Lead FI is timely and comprehensive.

The operational efficiency of intermediate beneficiary financial institutions is the direct result of TA they received and of the experience they have acquired over time. As a specific window of the EFSE, the ENBF shows a good level of efficiency, having benefitted from long established fund distribution channels and procedures. The efficiency of SANAD remains lower at this stage, as few local financial intermediaries have already been identified and trained (see EQ 3 above). But by applying the same methods and operational organisation the Fund Manager can be expected to

reach a similar level of efficiency. Also, the large TA resources which are being invested in training local financial intermediaries can be expected to result in a good level of overall efficiency of the project.

The efficiency of risk capital operations is good, but it depends to a large extent on the effectiveness of TA provided to local financial intermediaries.

**Recommendations:**

- Project Fiches should include a more detailed description of TA services for which NIF financing is required, particularly when beneficiaries of TA are FIs.
- Proposals should clearly specify and quantify expected products and services;
- FIs should be asked to cover a substantial part of the cost of TA when they are the beneficiaries.
- Technical assistance in NIF should be fully aligned with EC backbone strategy and Aid Effectiveness principles;
- Technical Assistance outputs and outcomes should be followed up through Result-Oriented Monitoring exercises.

### 2.6.3 EQ 4.3 – QUALITY CHECK OF CLIMATE CHANGE ASSESSMENT OF IMPACT

*Is the governance of the facility sufficiently effective to ensure quality check with regards to climate change tracking and assessment under the CCW?*

**Answer to EQ 4.3**

The quality check is established and covers all proposals. Quality check is carried out during the consultation process and the assessment of project proposals. The grant request assessment form includes a specific question “*is the contribution of the project to climate change mitigation / adaptation clearly demonstrated?*” Mainly it’s DG Clima that has the specific expertise and carries out the screening and Quality Check on Climate Change; the other EC services have in general only a limited know-how of Climate Change and their contributions to the quality check provides limited insights to technical issues of climate change action. EU Delegations are developing specific expertise on Climate Change and could provide positive feedbacks to projects.

Quality check is constrained by a) lack of specific NIF procedures for Climate Action, including definition of knock-out criteria and eligibility criteria b) the shallow description of climate change actions by the project fiche (limited granularity of RIO Markers, no specification of GHG impacts, lack of benchmarks, limited description of mitigation and or adaptation measures) and c) limited scope of the grant assessment form.

**Recommendations:**

Quality check improvement should rely on i) definition of specific NIF procedures and standards for Climate Change action in NIF, ii) improved specification and quantification of climate change impact and mitigation / adaptation measures in the project fiche and iii) support of a strengthened assessment phase of project fiches (see EQ 2) with access to Climate Change assessment studies.

### 2.6.4 EQ 4.4 – PROJECT FOLLOW UP, MONITORING AND EVALUATION MECHANISMS

**Answer to EQ 4.4**

Follow up, monitoring and evaluation arrangements are established through NIF but need to be strengthened, to support a result-based framework, comparability of outputs and outcomes and contribute to an effective lesson learning process to steer strategies and decision making.

## MONITORING AND RESULT BASED MANAGEMENT

Under the Joint management implementation modality, responsibilities for management and implementation (and hence monitoring) are delegated by the EC to the Financing Institution, although the EC maintains the “prerogative of control and verification”<sup>65</sup>. Financing Agreements with Finance Institutions foresees that : *“the Action will be monitored according to Financing Institution procedures”*. Under section “monitoring, audit and evaluation” it is specified that *“Project monitoring and evaluation will be based on periodic (annual) assessment of progress on delivery of specified project results towards achievement of project objectives as set out in the Special and General Conditions”*.

NIF has not developed specific and harmonized procedures for monitoring the facility and has not established a mandatory result-based framework for following up the interventions<sup>66</sup>. The development of a monitoring system supporting a result-based management of the facility would support compliance with aid effectiveness and Paris Declaration principles.

Key findings for the monitoring system include:

- Logical frameworks are established for all interventions;
- Adequate monitoring mechanisms are stipulated at project level (see box), including the establishment of a comprehensive technical and financial monitoring system, Finance Institutions monitoring missions, ROM missions for sample projects and extra reporting requirements eventually requested by the Commission;
- A result-based monitoring system of NIF investments and portfolio is not yet established<sup>67</sup>;
- In Project Fiches intervention logics are often weak and not adequately supported by specification and measurability of objectives and results; NIF products and services are often not specified or quantified, limiting the applicability of result-based management;
- Monitoring of EC value added is not established, including definition of targets and benchmarks for policy dialogue.
- Result-Oriented Monitoring for NIF interventions has started providing tools for monitoring and assessing interventions; reports were available for 6 out of 51 interventions up to December in 2011.
- FI monitoring doesn’t adequately cover the grant component,
- It is desirable a monitoring external to the Finance Institutions, to support an objective identification of possible constraints affecting the intervention and to allow comparability across interventions

### Example of specifications for project monitoring (NIF, Financing agreement)

- (a) Day-to-day technical and financial monitoring will be a continuous process as part of the Project Entity responsibilities. To this aim, the Project Entity shall establish a permanent internal, technical and financial, monitoring system to the Project, which will be used to elaborate the progress reports.
- (b) The FI organises annually monitoring "missions" and shall inform the Commission in advance of these missions in case they wish to participate. The FI shall share all its monitoring reports with the Commission.
- (c) In addition, and jointly with the FI whenever feasible, independent consultants recruited directly by the Commission on specifically established terms of reference may carry out external monitoring based on the results-oriented monitoring (“ROM”) system, which in principle will start from the sixth month of Project activities, and will be finalised at the latest 6 months before the end of the operational implementation phase.
- (d) The Commission reserves the right to request the Ministry or the Project Entity to submit specific reports.

## Evaluation

NIF General Framework specifies that the functioning of the NIF will be subject to evaluation in line with mid-term review of EU external activities. Projects are evaluated according to Financing Institutions procedures. The mid-term evaluation is a valid learning exercise, well structured, adequately organized and followed up by the Reference Group.

<sup>65</sup> Source: [http://ec.europa.eu/europeaid/work/procedures/faq/international\\_organizations\\_en.htm](http://ec.europa.eu/europeaid/work/procedures/faq/international_organizations_en.htm)

<sup>66</sup> Lead Finance Institutions do apply result-based management as part of their *modus operandi*.

<sup>67</sup> It should be noted that the Secretariat is keeping a remarkable “*tableau de bord*” for NIF projects, through an excel sheet summarizing in a single data base key contractual and financial facts for each projects, allowing effective data analysis of portfolio.

The mid-term evaluation of NIF has a focus on the process and mechanisms rather than projects. The evaluation team feels that additional lessons could have been drawn with an in-depth analysis at country and project level. The facility would benefit of a project-level learning tools to build lessons from experiences at local level.

This could be achieved for instance through a systematization of result-based monitoring of outcomes across NIF portfolio. Ex-post evaluations carried out by Financing Institutions are of limited interest for learning at project level and steer NIF governance on the short – medium term. Evaluations are not shared systematically with Delegations and Commission services, limiting contribution to the learning process.

Evaluations carried out by Financing Institutions are designed to assess the interventions as a whole and not necessarily tailored to assess NIF contributions and support to crosscutting EC objectives

### Recommendations:

- A result-based framework should be established for NIF investments adequately supported by an harmonized monitoring system;
- NIF monitoring system should be designed to provide a feed-back on achievement of strategic objectives, achievement of ENP goals, cross-cutting objectives for blending, environmental, social impacts and Climate Change impacts.

The monitoring tool should have the following features<sup>68</sup>:

- Result-based;
- Focused on the grant component, its results and contributions to overall project;
- Adapted to blending objectives and modalities;
- External to Finance Institutions;
- Involving a short but comprehensive consultation with key stakeholders, including beneficiaries and Civil Society
- Harmonized for different blending instruments;
- Carried out once per year, with a volume of work of approximately one week of field work and one week for desk and synthesis phase per project.
- Allow comparability across projects, facilities, sectors, and indicators.
- Allow consolidating data and results per region, sector, portfolio.
- Options to be considered may include: a) adapt to blending and apply Result-Oriented Monitoring to all projects, b) devise a similar system applied to all projects, (in which case ROM would not be any more necessary)

Portfolio monitoring should support informed Board decisions and strategies;

- The monitoring system could be harmonized across facilities and consolidate data about impacts.
- Result-based monitoring should be applied to all NIF interventions; an appropriate monitoring tool is the Result-oriented Monitoring (ROM) which is currently applied to NIF on a sample basis as on other external cooperation instruments.

The development of such monitoring system would constitute the principal learning tool for NIF and one of the principal instruments to follow up and strengthen the application of principles of aid effectiveness and the pursuit of EC objectives.

The establishment of a comprehensive monitoring for all projects is an appreciable effort which would require adequate resources and management capacities.

The monitoring should not be considered a duplication of Finance Institutions' monitoring as its focus would be on the grant component and achievement of blending and EC objectives. Costs would be

<sup>68</sup> Working group 2 of EUBEC set amongst its tasks the harmonization of of monitoring and evaluation systems for blending

appreciable, but contained, likely less than 1% of the value of the grant. Benefits in terms of aid effectiveness and improvement of the instruments would be significant.

- Evaluations carried out by Financing Institutions should be systematically shared with NIF and Delegations; such evaluation exercises should include specific working sessions, including a debriefing, with Delegations and broad consultation with stakeholders-
- Country evaluations may include a specific section for analysis of NIF interventions, focusing on development of complementarities, relevance to Action Plans and NIPs, policy dialogue support, external coordination, regional coordination and other EU cross-cutting objectives for the facility.

## 2.6.5 EQ 4.5 – COMMUNICATION AND VISIBILITY

*Does NIF achieve adequate levels of communication and visibility relative to the volume of financing?*

### Answer to EQ 4.5

NIF contributed to visibility of EU development efforts in the neighbourhood although the overall and local impact on visibility does not appear to be proportional to the amount of resources invested through the facility<sup>69</sup>.

Standard clauses for visibility are included in NIF contractual documents and Agreements signed with the Financing Institutions. Other NIF visibility mechanisms include: i) Internal EC reports, ii) Interviews and articles published by ENP info centre; iii) Production of flyers and communication products<sup>70</sup>, iv) NIF annual reports (outstanding quality), and v) EC participation to events supported by NIF (in general through EU Delegations). The level of visibility is generally perceived as low and varies geographically, as case studies evidenced that satisfactory levels of visibility were achieved in only three projects out of eleven (see figure on the right).

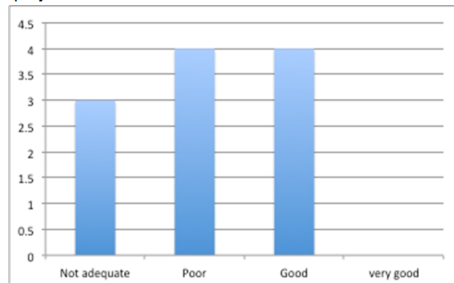
A factor constraining visibility in NIF is the blending nature of the facility and that visibility should be promoted through a partnership of the financiers and the EC. Finance institutions, who manage the larger project and have direct implementation responsibility on NIF component have their own communication and visibility agendas. In several cases it was noted that NIF outputs were circulated without mentioning of EC contributions and EC logo.

In the majority of cases assessed through case studies the national stakeholders lacked a clear understanding of NIF, its objectives and the knowledge of specific contributions to the project;

Several communication and visibility actions have been implemented, with variable levels of effectiveness and efficiency; their often sporadic and fragmented nature does not achieve a noticeable impact at national or regional level.

- NIF lacks of a comprehensive communication and visibility strategy and action plan; (the establishment of a visibility strategy and plan is recommended by EC policies on visibility<sup>71</sup>). Key priorities for communication and visibility are not yet established<sup>72</sup>.

**Figure 14** Visibility assessment, analysis of 11 projects from Case Studies



Source: MTE Evaluation, case study analysis

<sup>69</sup> EU budget contributions of € 417,73 millions up to end 2011 and a total of € 745 earmarked for the 2007 – 2013 period.

<sup>70</sup> i.e.: Coming close, EU assistance to its neighbours and beyond;

[http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/18z\\_en.pdf](http://ec.europa.eu/europeaid/infopoint/publications/europeaid/documents/18z_en.pdf)

<sup>71</sup> EUROPAID; Communication and visibility for EU External Action, 2010;

<sup>72</sup> Key communication messages: Why, what and how; Commissioner Ferrero-Waldner.

The Result-Oriented Monitoring had a stern look at visibility and all the 6 projects reviewed by ROM scored negatively for this criterion

**Table 11 – EC Visibility assessment by Result – Oriented Monitoring**

<i>Does the project contribute to promoting EC visibility (e.g. does it comply with the EC Guidelines?)</i>	YES	NO
Black Sea Transmission System		X
TA to the Chisinau Airport Modernisation		X
TA Support for Ukrainian Municipalities		X
TA for Hydropower Rehabilitation Project		X
IWPS programme		X

*Source: ROM reports. Evaluation Team data analysis*

- Key areas for strengthening visibility include:
  - Beneficiaries institutions and partner countries understanding of the facility and NIF contributions to the interventions;
  - Improved perception by Partner Countries populations (and infrastructures users) of EC political and financial commitment to improve neighbourhood areas and support ENP objectives;
  - Improved understanding of NIF within Member States, as it appeared that key policy players and development professionals have not achieved a clear understanding of the instrument and its operation;
- NIF communication and visibility work does not appear to be coordinated and complementary with that of EU Member States and their bilateral cooperation.
- Web-based visibility and communication tools have not been yet developed, a fact hampering not only visibility but also transparency and disclosure of NIF achievements and outputs. No website is established; General information about NIF and projects financed are available on EUROPAID site. Some of these materials need an update. Also some information may be found in Financing Institutions' websites.

**Web-based visibility** - Would it be more effective a NIF specific web-site or reinforce NIF pages and references on other websites?

Although EC policies favor the avoidance of the spreading of project / programme specific instruments, NIF size, importance and visibility / transparency demands, fully justify the establishment of an ad hoc website, reinforced with appropriate linkages to other sites and web-based tools. It seems relevant the case of the EU Africa ITF whereas the mid-term evaluation recognized the value of the establishment of an effective website.

- Some ENP reports do not mention NIF interventions;
- NIF contractual documents do include visibility clauses, with specifications for billboards along infrastructures, EC logos and the "application of guidelines on EC visibility website". Clauses include that the Commission "should be invited at visibility events, including launching ceremonies". These dispositions appear fully relevant but not adequate to support a major visibility effort all through the neighbourhood.

EUBEC is currently assessing the issue, with the aim to harmonize visibility of EC blending instruments.

### **Recommendations for visibility**

- Development of a communication and visibility strategy and action plan for NIF; the strategy should develop a visibility framework for all NIF interventions with possible identification of specific communication products (i.e.: logo, communication concepts). The effort should include: definition of specific objectives and targets; strategies for the East and the South; Strategy should be developed in close consultation with key stakeholders, including Financing Institutions, EC services, EU Delegations and Civil Society. The strategy should be coordinated

and harmonized with strategies developed for other EC facilities; coordination should also be established with Bilateral Cooperation and Member states communication efforts.

- Development of a broader range of communication tools and techniques, including a good website;
- NIF financing agreements should specify results (products and services) to be developed as part of the intervention communication and visibility plan, in coherence with the overall strategy. Adequate resources should be set for this purpose.<sup>73</sup>
- Strengthen EU Delegations role in supporting NIF visibility;
- Delegations and Financing Institutions should work in partnership to support EC visibility at level of Partner Countries.

## 2.7 EQ 5 - IMPACT AND SUSTAINABILITY

Is the system geared to achieve long-term positive impacts and sustainability?

### Evaluation Summary – EQ5

#### Impact

1. Its' too early to seize NIF impacts although impact opportunities as appraised are good, depending on the relevance of financed projects, the effectiveness and sustainability of design. Impact opportunities are diluted by numerous objectives and the broad geographical distribution of the instrument. Improvement of impact opportunities may rely on improving the focus of strategic and cross cutting objectives.

#### Environmental and social impacts

2. Project quality assessment (EQ2) evidenced how Financing Institutions established sound mechanisms for social and environmental analysis within their project cycle and are making efforts for a partial harmonization of efforts. NIF has not developed specific mechanisms for the assessment of such aspects. These criteria do not guide project selection and approval. The instrument has no specific follow up and monitoring mechanisms to appraise social and environmental impacts at project, regional and portfolio levels. The relevance to social objectives of NIF interventions could be strengthened (see discussion in EQ1). Recommendations are included to establish mechanisms for a quality check and assessment of environmental and social impacts and risks.

#### Sustainability

3. Critical factors affecting sustainability of NIF interventions include: capacities of recipients institutions, national ownership, financial sustainability (this perspective of sustainability includes resources for operation and maintenance of infrastructures, cost-recovery mechanisms and operation of credit schemes), environmental sustainability (for infrastructure projects); policy and legislative environment represent another potentially critical dimension of sustainability for those interventions requiring sector reforms. Market prices could represent a critical variable for renewable energy production.
4. At Country level debt sustainability is an important variable due to the attractive concessionality of NIF grant component.
5. Mechanisms supporting sustainability in NIF: Project design carried out by Financing Institutions does take into account sustainability issues. The verification and quality check carried out by NIF is rather succinct; recommendations are introduced for strengthening the assessment and follow up of sustainability issues.

### 2.7.1 EQ 5.1 - WHAT IS THE POSSIBLE / EXPECTED IMPACT FOR THE KEY SECTORS OF INTERVENTION?

*(Energy, environment, transport, SME, water and sanitation, social interventions)*

#### Answer to EQ 5.1

Its' too early to seize NIF impacts although impact opportunities as appraised are good, depending on the relevance of financed projects, the effectiveness and sustainability of design. Impact opportunities are diluted by numerous objectives and the broad geographical distribution of the instrument. Improvement of impact opportunities may rely on improving the focus of strategic and cross cutting objectives.

<sup>73</sup> EUROPEAID, communication and visibility manual, section 2.3.2

If most of NIF projects are still in an early stage of implementation and it's premature to seize long-term changes, projects reviewed during the evaluation have in general scored positive impact opportunities toward their sector:

- Impact prospects have been assessed positively for 5 projects by Result- Oriented Monitoring (4 projects scored a “b” and 1 project scored “a”) for “direct impact prospects at overall objectives levels” (see Annex 9);
- In general projects assessed through the Case Studies also appear to be conducive to positive impacts (see examples of projects impact for each Strategic Objective in Annex 11 / EQ 5.1)
- Few instances of projects with potential social or environmental negative impacts have been identified.<sup>74</sup>

*Impact refers the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended*

*Source: OECD/DAC*

No significant impact should be expected in relation to regional transport interconnectivity, inclusive growth, poverty reduction and policy dialogue and reform, as NIF support to these areas has been limited.

### Recommendations

- Improved focus on objectives and eventually reducing number of objectives;
- Prioritize projects according to criteria of relevance and impact opportunities;
- Strengthening assessment of proposals (see EQ2)
- Develop Civil Society consultation for screening projects for social and environmental impacts

## 2.7.2 EQ 5.2 - ENVIRONMENTAL AND SOCIAL IMPACTS

*Have adequate mechanisms been established in the facility to consider potential negative environmental and social impacts and the relevant mitigation measures?*

### Answer to EQ 5.2

Project quality assessment (EQ2) evidenced how Financing Institutions established sound mechanisms for social and environmental analysis within their project cycle. NIF has not developed specific mechanisms for the assessment of such aspects. These criteria do not guide project selection and approval. The instrument has no specific follow up and monitoring mechanisms to appraise social and environmental impacts at project, regional and portfolio levels. The relevance to social objectives of NIF interventions could be strengthened (see discussion in EQ1).

Result Oriented Monitoring scores positively on the attention for environmental issues for 5 projects assessed:

**Figure 15 – Is the Project Respecting Environmental Needs?**

Project	YES	NO
Black Sea Transmission System	X	
TA to the Chisinau Airport Modernisation	X	
TA Support for Ukrainian Municipalities	X	
TA for Hydropower Rehabilitation Project	X	
IWPS programme	X	

Source: comparative analysis of ROM; NIF mid-term evaluation

### Recommendations:

<sup>74</sup> Instances of “Tbilisi Railway By-Pass Project – Georgia” and “Power Transmission Network reinforcement project, Ukraine”



- Project Fiches should specifically define a) environmental impacts and mitigation measures and b) social impacts and mitigation measures;
- The discussion of risks should include the mention of social and environmental risks;
- Contribution of projects to social objectives and poverty reduction should be considered for project assessment;
- Project scoring criteria (to be eventually introduced) should include environmental and social merits of the intervention (environmental aspects are partially captured by the Climate Change section).
- Consultation with Civil Society screening potential negative impacts; Civil Society should also provide comments on project proposals.
- Indicators and monitoring system should cover social and environmental impacts, evolution of risks and mitigation measures.
- Result-Oriented Monitoring should specifically assess social and environmental impacts of NIF projects and follow up the design and implementation of mitigation measures;
- Overall social impacts and poverty reduction contributions of NIF should be seized by project and portfolio monitoring system.
- Social and Environmental assessment studies, carried out by Financing Institutions, should be accessible to Delegations and EC services.

### 2.7.3 EQ 5.3 - SUSTAINABILITY'S CRITICAL FACTORS

*What are the critical factors affecting sustainability of NIF interventions?*

#### Answer to EQ 5.3

Critical factors affecting sustainability of NIF interventions include: capacities of recipients institutions, national ownership, financial sustainability (this perspective of sustainability includes resources for operation and maintenance of infrastructures, cost-recovery mechanisms and operation of credit schemes), environmental sustainability (for infrastructure projects); policy and legislative environment represent another potentially critical dimension of sustainability for those interventions requiring sector reforms. Market prices could represent a critical variable for sectors such as renewable energy production. At Country level debt sustainability is an important variable due to the attractive concessionality of NIF grant component.

**Mechanisms supporting sustainability in NIF;** s. The verification and quality check of sustainability issues carried out by NIF is rather succinct; recommendations are introduced for strengthening the assessment and follow up of sustainability issues.

#### Critical factors

Critical sustainability factors for NIF interventions include: **Institutional and technical capacities of recipient institutions;** National capacities may constrain critically the sustainability of the intervention. Feasibility studies cover capacity building needs, although often loans for infrastructure development address more the hardware rather supporting capacity development. The role of NIF financed TA is often critical to strengthen capacities and improve sustainability

**Financial sustainability of projects:** Financial sustainability is one of the principal areas of attention for Finance Institutions, and financial analysis during the design phase adequately takes into account these aspects. Dimensions of financial sustainability include:

- Resources required to meet increased recurrent costs following the investment;
- Cost recovery mechanisms (for instance for water supply or energy networks)
- Costs for the operation of credit schemes (SO3)

***Sustainability:** the capacity of the flow of projects' benefits to continue after that external support has ceased.*

#### Maintenance costs

The assessment of transport infrastructure proposals should systematically appraise the issue of maintenance costs.

- Capacity to cover maintenance and operation costs (see box);
- National Ownership** is a key factor for sustainability. NIF projects are in general interventions fully owned by partners Countries although instances of weakness of local management capacities have been evidenced, an aspect which may affect sustainability an. Ownership is a parameter assessed by Finance Institutions
- Environmental and social sustainability;** (discussed in EQ 2 and EQ 5.2)
- Market prices** may affect sustainability of some type of NIF interventions as in case of public transport, water supply or renewable energy networks; Finance Institutions apply sensitivity analysis to different level of prices.
- Policies, legislative and regulatory framework;** In some projects the development of the policy and legislative framework could be critical for the sustainability of benefits derived from the intervention.
- Debt sustainability** is an important dimension of sustainability to be considered in NIF for the attractive concessionality of the grant component.

The analysis of critical factors is further elaborated in Annex 11 / EQ 4.

### **Mechanisms supporting sustainability:** how sustainability is supported through NIF project cycle

#### Project design and sustainability factors

In general sustainability factors are adequately addressed by Financing Institutions project cycle and feasibility studies. The analysis is developed in EQ2. The need to reinforce important aspects of sustainability and to seize NIF grants' contributions to sustainability justifies the recommendation for an improved verification and follow up of these aspects.

#### NIF Project Fiche, consultation and assessment of sustainability

Issues related to sustainability are dealt with in section 3.d of the Project Fiche (see box on the right). Sustainability issues under such structure do not benefit of a structured presentation of critical aspects.

Sustainability analysis should not be related to the grant but rather to the whole project, unless the grant has some specific contribution to sustainability (i.e. Technical Assistance support to capacity building; feasibility studies carried out with NIF resources); The appreciation of sustainability issues in general requires a good understanding of specific topics and disclosure of studies supporting feasibility. The consultation of EC Services and Delegations is supported by very little information to provide informed assessment of sustainability factors.

#### Follow up and Monitoring of sustainability issues

The lack of a result-based monitoring system also applies to the follow up of conditions for sustainability.

### **Sustainability analysis at project level**

The analysis of sustainability at project level was carried out both through the comparative assessment of Result-oriented monitoring and analysis of case studies.

**Result-Oriented Monitoring** evidenced a mixed situation regarding sustainability as several interventions were assessed as experiencing issues related to sustainability:

- Financial and economic viability (4 projects out of 6 scored a negative "C")
- Policy support to Projects (3 C and 1 D out of 6 projects)
- Contributions to capacity building (2 projects scored a C)

#### **Box: Specifications of Project Fiche, for sustainability:**

Section 3.d

*"Project sustainability: this section should outline*

- *under which conditions will the project be sustainable when the grant support expires*
- *the incentives that could be necessary to enhance the sustainability of the project*

These findings are consistent with the recommendations for strengthening quality check, assessment and monitoring of sustainability issues through NIF project cycle.

**Case studies** confirmed sustainable mechanisms of cost-recovery, institutional set up, ownership conditions and adequacy of technology (see analysis in Annex 11 EQ 5.3).

#### Case studies results for sustainability

Case Study analysis of sustainability factors (see comparative table, Annex 7) supports the findings that sustainability issues are adequately assessed by Finance Institutions project cycle:

**Table 17 – Comparative analysis of case studies for sustainability criteria**

(scoring system as in result-oriented monitoring)

Sustainability criteria	A	B	C	D	N.A.
Are cost-recovery mechanisms foreseen to ensure financial viability?	7	-	-	-	4
Is the project institutionally viable?	2	10			
Is there national ownership of the intervention?	8	3		1	
Is the technology proposed adequate to local capacities?	6	3			2

Source: Evaluation team case studies, data analysis

#### Recommendations

- Support the on-going process of comparative analysis and harmonization of approaches for social and environmental analysis;
- Improve, develop and structure the analysis of sustainability on the Project Fiche;
- Feasibility studies (or excerpts or sections) substantiating evidence of sustainability should be accessible to EC stakeholders for assessment;
- The strengthened verification process should specifically review issues of sustainability; for transport infrastructure should be systematically assessed arrangements for operation and maintenance.
- For each project should be identified key critical factors affecting sustainability; indicators should be established and followed up (reports on projects, result-oriented monitoring, projects' evaluations).
- Result based monitoring should be geared to specifically assess project sustainability, refer to relevant indicators and appreciate NIF outputs and results supporting project sustainability.

## 2.8 EQ 6 - COHERENCE TO AID EFFECTIVENESS AGENDA

*Is NIF designed in coherence with aid effectiveness principles?*

#### Summary EQ 6

1. NIF has an explicit commitment to aid effectiveness; blending mechanisms are recognized as an effective tool for aid delivery, particularly for public sector projects. NIF in general is designed to support aid effectiveness through mechanisms of partnerships development, support to national systems, alignment to national objectives and a commitment to management by results. Aspects that deserve strengthening include: i) national ownership, ii) result based management for NIF contributions (clarification of the grant size, improved result-based structure for Project Fiche, improved verification, result-based reporting, result-based monitoring) and iii) harmonization through the strengthening of national coordination mechanisms for NIF.
2. Civil society is not yet included in the partnerships mechanisms of the instrument and could play a positive role broadening the debate and monitoring NIF contributions toward the achievement of development goals and coherence to aid effectiveness agenda.

3. The adherence to aid effectiveness applies as well to environmental sustainability and climate change, although the measurability of impacts and the ownership of environmental and climate change goals need to be reinforced.

**Aid effectiveness:** *The effectiveness of development aid in achieving economic or human development; In 2005 countries from around the world endorsed the Paris Declaration on Aid Effectiveness, a comprehensive attempt to change the way donor and countries do business together, based on principles of management by results, alignment, national ownership, mutual responsibility and partnership.*

Source: Wikipedia

NIF is an effective tool to support development objectives in the neighbourhood area as blending is *per se* an effective mechanism to support development interventions in the context of the neighbourhood and NIF explicitly aims to support aid effectiveness (NIF general framework, paragraph 2 “objectives”);

## 2.8.1 EQ 6.1 - ARE AID EFFECTIVENESS PRINCIPLES CONSISTENTLY ADDRESSED BY NIF?

### Answer to EQ 6.1

NIF has an explicit commitment to aid effectiveness; blending mechanisms are recognized as an effective tool for aid delivery, particularly for public sector projects. NIF in general is designed to support aid effectiveness through mechanisms of partnerships development, support to national systems, alignment to national objectives and a commitment to management by results. Aspects that deserve strengthening include: i) national ownership, ii) result based management for NIF component and iii) harmonization through the strengthening of national coordination mechanisms for NIF. Inclusive partnership principle may support a role of the Civil Society in monitoring aid effectiveness and social impacts of the instrument.

**Result-based Management** - Developing countries and donors shift focus to development results and results get measured.

The facility supports a system of management by results but in practice the process of measurability of results needs to be significantly strengthened, including:

- a) Clarification of the grant size; the MTE acknowledges the difficulty to define verifiable and quantifiable criteria to justify the grant. Recommendations to this effect: i) Define approximate figures during project preparation; ii) specify in the project Fiche costs and benefits iii) relate the amount of the grant to the concessionality of the package (grant plus loan) iv) Assess within EUBEC objective, quantifiable criteria for grant calculation.
- b) Strengthening of the intervention logic and specification of the result chain in the project fiche;
- c) Specification and measurability of NIF outputs;
- d) Measurability of social, environmental and climate change impacts,
- e) strengthened verification process,
- f) improved reporting, and
- g) result-based monitoring

These aspects have been discussed in detail in the previous chapters.

**Alignment;** Donor countries align with national objectives and use local systems;

The analysis of relevance (EQ1) evidences that NIF supported interventions are fully aligned with national priorities and objectives; NIF system supports the alignment through a) consistency with National Action Plans and b) screening for relevance to national objectives.

### **National Ownership;**

NIF supported projects are developed as national interventions<sup>75</sup> and are fully owned by Partner Countries. Procedures established with Finance Institutions do support systems to increase transparency and to reduce corruption. The analysis of NIF projects<sup>76</sup> evidenced however several cases where ownership, appropriation by beneficiary institutions and effective national management needed to be reinforced. The table below shows that 3 out of 5 projects assessed by Result-Oriented Monitoring do not have in place national effective management systems.

**Table 13 – Are partner country staff effectively managing the programme (and not TA)?**

Project	YES	NO
Black Sea Transmission System		X
TA to the Chisinau Airport Modernisation	X	
TA Support for Ukrainian Municipalities		X
TA for Hydropower Rehabilitation Project		X
IWPS programme	X	

Source: Comparative analysis of Result-oriented Monitoring for 6 NIF supported Projects

### **Mutual accountability- Donors and partners accountable for development results.**

Accountability of the parties involved (Beneficiaries, Finance Institutions and EC) needs to be better defined (see analysis in EQ2), particularly EC responsibilities on the effective use of the grant component.

### **Harmonization; Donor countries coordinate, simplify procedures avoid duplication.**

NIF is effectively supporting harmonization although some areas need further strengthening as previously discussed: a) National coordination mechanisms (see EQ1), b) Improved disclosure of Finance Institutions preparatory studies and evaluations of interventions co-financed by NIF; (see EQ2 and EQ4) and c) Improved reporting and communication system (see EQ4);

### **Inclusive Partnerships - All partners, civil society, participate fully.**

Blending facilities are an effective instrument to build partnerships; NIF, as discussed in EQ4, is effectively supporting development of partnerships at different levels: a) Partner Countries with EC and Finance Institutions; b) Improved collaboration of Finance Institutions and c) Establishment of private-public partnerships (PPP) within NIF supported interventions<sup>77</sup>. The principle of inclusive partnership deserves to be further strengthened for National Coordination mechanisms and Civil Society contributions through a) Playing a role as an observer and monitor of effectiveness of blending facilities<sup>78</sup> and b) Joining national coordination mechanisms;

**Recommendations:** Proposals to strengthen NIF adherence to aid effectiveness have been discussed all through the evaluation. Key points include: developing a result-based framework, improved definition of responsibilities of key players (including delegations), increase NIF

<sup>75</sup> With the exception of regional programmes;

<sup>76</sup> Project analysis carried out through a) Case Studies and b) Result-oriented Monitoring

<sup>77</sup> An instance of effective PPP development is the support to Municipalities (example of project in Ukraine), where Municipal administration and private sector join efforts effort to revitalize public service infrastructures (for instance public transport, heating, water, energy). There is a significant demand for this type of intervention, at least in the Eastern Region.

<sup>78</sup> NGOs and other organizations are developing specialized expertise to support and broaden the debate on blending mechanisms, their effectiveness and their contribution to development goals; amongst these: ECDPM, EURODAD, CESP, CONCORD.

commitment and measurability of poverty reduction goals to strengthen the overall effectiveness of the instrument as an aid delivery tool; Clarifying the determination of the grant size<sup>79</sup>; Better coordination across the facilities; Reinforced monitoring of ownership and capacities; TA delivered through NIF should be specifically designed to strengthen national ownership, in line with the EC backbone strategy; develop partnerships with Civil Society.

## 2.8.2 EQ 6.2 – ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE

*Are issues of environmental sustainability and climate change followed up in NIF with the consistent application of principles of aid effectiveness?*

### Answer to EQ 6.2

The adherence to aid effectiveness applies as well to environmental sustainability and climate change, although the measurability of impacts and the ownership of environmental and climate change goals need to be reinforced. Issues arise for the five principles of aid effectiveness, providing scope for improvement.

This applies particularly for Climate Change action in NIF, an innovative approach in its initial phase of application, which is progressively being established and strengthened.

- **Result-based management;** Measurability of environmental impacts and climate change action is already part of Finance Institutions approaches; NIF has not established a result-based framework to quantify impact and mitigation measures.
- **Alignment and National Ownership;** Environmental and Climate Change issues gained high priority in the policy agendas of the EC and Finance Institutions (see EQ2). Such importance is not necessarily shared by Partners Countries, where other priorities may steer the political debate, expenditures and development efforts. Often short-term priorities may lead to compromise on environmental impacts and GHG emissions. The discourse on Climate Change is slowly being established through the Eastern Region, where low efficiency energy networks, heating and transportation systems still prevail<sup>80</sup>.
- **Harmonization;** The coordination effort is led by Finance Institutions, who have a remarkable level of informal coordination, and are supported, particularly for aspects of Climate Change action, by the EC (see EQ 2 and EQ4).
- **Inclusive Partnerships;** Civil Society may play a stronger role for environmental and climate change impact assessment, mitigation measures design and monitoring of results (i.e. emissions, mitigation and adaptation measures in place).

**Recommendations:** Apply the recommendations for strengthening sustainability (EQ 5.3). Moreover the Civil Society should support locally the assessment of social and environmental impacts.

## 2.9 EQ 7 - COMMUNITY ADDED VALUE

*How does NIF contribute to the wider EU Policy Agenda?*

### Summary EQ 7

#### Subsidiarity, Partnership and Additionality

1. Functions and capacities supporting the deconcentration of NIF projects need to be further strengthened.
2. The Partnership principle implies close cooperation between public authorities, at national, regional and local levels in the Member States and with the private and third sectors. Partners should be more actively

<sup>79</sup> Also recommended by the study "Innovative approaches to EU blending mechanisms"!, 2011

<sup>80</sup> Interviews with EC Delegations, including Ukraine.

involved throughout the whole programme cycle –preparation, implementation monitoring and evaluation<sup>81</sup>.

3. Additionality implies that the funds of the European Community should not replace, but be an addition to national regional policy funds<sup>82</sup>. In recent years, the scope of additionality has been extended beyond funding (see EQ3.4).

#### **Complementarities**

4. The NIF has already developed complementarities with organisations and policy instruments whose activities are related to its objectives. Complementarities with International Finance Institutions, particularly the World Bank, have resulted in several joint operations. The EC added value of the collaboration with International Finance Institutions has been questioned by stakeholders. So far complementarities with European Development Finance Institutions which support private sector development and PPPs have been limited. Complementarities with regional partnerships have been sought for project identification. Internally, complementarities with other EU blending facilities have resulted in an harmonisation of procedures.

#### **Transformational Impact**

5. NIF has a role of trendsetter for new Development Cooperation Instruments and particularly blending facilities.
6. In terms of sectoral policy NIF has not achieved its potential of change. Policy reform has a renewed priority under the ENP strategy and the “More for More” approach and NIF should aim to strengthen its role in supporting reforms in the Neighbourhood.
7. The CCW is per se a significant organizational change, although conditions and approach to achieve impact on projects emission needs be strengthened.

## **2.9.1 EQ 7.1 - SUBSIDIARITY, PARTNERSHIP AND ADDITIONALITY**

*Are principles of subsidiarity, partnership and additionality taken into account by NIF and implementation?*

### **Answer to EQ 7.1**

**Subsidiarity:** The deconcentration process brings NIF projects follow up functions closer to the ground level, in application of the principle of subsidiarity. Functions and capacities supporting this process need to be further strengthened.

NIF does not substitute other possible sources of funding. The financing of upstream project studies and TA for pipeline identification should be at least partly covered by FIs, as already mentioned under EQ3 and EQ4.

**Partnership:** The NIF has been successful in promoting partnership with some EU Member States’ Development Agencies; but partnership could be further developed with the objective of involving more Member States. The NIF Trust Fund has attracted only limited and declining contributions from MS and partner countries..

**Additionality:** Additionality is assessed in EQ 3.4. The financial additionality of the NIF results in high leverage ratios. NIF has also been successful in promoting operational additionality. Additionality at strategic level remains to be improved.

### **Subsidiarity in NIF**

The process of deconcentration with the progressive shift of responsibilities for project follow up from Brussels to the Delegations applies the principle of subsidiarity to NIF follow up. For the nature of the instrument it seems appropriate that NIF strategy and operational decisions are taken at a centralized level, but management, follow up and monitoring functions should be placed as close to the ground as possible. In this respect the role of Delegations contributing to NIF support to national strategies (NIP and Action Plans), project design and assessment should be strengthened and supported as early as possible in the project cycle of NIF, as recommended all through the evaluation.

<sup>81</sup> “The partnership principle in the implementation of the Common Strategic Framework Funds-elements for a European Code of Conduct on Partnership” SWD(2012) 106. 24/4/2012.

<sup>82</sup>[http://ec.europa.eu/regional\\_policy/archive/policy/how/additionality\\_en.htm](http://ec.europa.eu/regional_policy/archive/policy/how/additionality_en.htm)

The analysis of Finance Institutions management modes is beyond the scope of the mid term evaluation, although it should be noted that in some case the functions of project design and project management could benefit of a rapprochement to local level.

Annex 11 EQ6 discusses the financial dimension of subsidiarity.

### Partnerships

The NIF is by design a partnership instrument. It is meant to promote and implement partnership between the EU, Member States and European Finance Institutions.

The NIF has been successful in developing partnership with several European FIs and also in promoting collaboration between financiers in order to promote the elaboration of joint European offers and to enhance aid effectiveness in the ENP region (see EQ 3.4 above). However so far NIF projects have involved only two multilateral European FIs<sup>83</sup>, the EIB and the EBRD, and two bilateral FIs, KfW and AFD (in some cases with the participation of smaller institutions like CEB, OeEB) . Germany and France also contribute grants to the financing of projects alongside their national aid financing institutions (KfW and AFD). Seven other institutions have signed the NIF framework Agreement. But they have not been involved in the financing of NIF projects. Development Finance Institutions of two large Member States belonging to the UfM<sup>84</sup>, namely Italy and Spain, have not yet directly participated in NIF projects.

Several Member States indirectly participate in the funding of the NIF through the NIF Trust Fund. Donors include: Bulgaria, Germany, Estonia, Greece, Spain, France, Italy, Luxemburg, Austria, Portugal, Romania, Finland and Sweden. Contributions to the NIF Trust Fund have declined(see EQ 4.1B).

The main contributors to the NIF Trust Fund till the end of 2011 have been Germany (€ 28 m) and France (€ 20 m) representing 69.2% of the total amount collected by the Trust Fund. Pledges for 2012 and 2013 include € 0.6m from Estonia, € 2m from Germany and € 5m from France”.

Partnership with beneficiary countries is essentially ensured through their policy dialogue with FIs (see EQ2 above).

In general NIF did not establish so far partnerships with Civil Society organizations<sup>85</sup>, an aspect important to establish a dialogue and develop a participatory approach with the public and projects' beneficiaries.

### Additionality

The assessment of Additionality is presented in EQ 3.4. Financial additionality was central to the design of the NIF. In practice the NIF has been quite successful in leveraging funds.

NIF has also proven to be effective in promoting operational and institutional additionality, particularly by developing synergies between EFIs. At strategic level, the additionality of NIF projects is too limited. A closer dialogue between EU Delegations and Finance Institutions would be essential to enhance NIF's additionality at strategic level.

### Recommendations:

- As mentioned under EQ3 and EQ4, FIs should be requested to better justify their request for project identification and pipeline studies. They should also be asked to demonstrate that NIF financing couldn't be substituted by other funding at a comparable cost.
- The EC should enhance its efforts for expanding the NIF partnership to all the FIs who signed the NIF Framework Agreement, and particularly with the development institutions of Spain<sup>86</sup>.

<sup>83</sup> One small operation has also been co-financed with the Council of Europe Development Bank (CEB)

<sup>84</sup> Società Italiana per le imprese all'estero (SIMEST) and Agencia Española de Cooperación Internacional Para el Desarrollo (AECID)

<sup>85</sup> Some exceptions have been noted, as in the case of Kesrwan/Lebanon the consultation of local authorities;



- NIF Governance should take action to revive the interest of Member States in NIF Trust Fund as a potentially effective co-financing instrument for NIF projects.
- As already mentioned, FIs should enhance their dialogue with EU Delegations in order to increase the additionality of the NIF at strategic level.

## 2.9.2 EQ 7.2 - COMPLEMENTARITIES

*To what extent NIF seeks complementarities with Member States, Country and Regional policy instruments?*

### Answer to EQ 7.2

NIF has developed complementarities with organisations and policy instruments whose activities are related to its objectives. Complementarities with International Finance Institutions, particularly the World Bank, have resulted in several joint operations. So far complementarities with European Development Finance Institutions that support private sector development and PPPs have been limited.

1. Complementarities with regional partnerships have been sought for project identification.
2. Complementarities with other EU blending facilities have started, resulting in some level of harmonisation of procedures. EU blending facilities should significantly strengthen coordination mechanisms and complementarities with other EU aid instruments for sake of effectiveness of EC aid.

Besides partnerships, which are built in its design and closely involved in its operations (see EQ 7.1 above), the NIF has developed complementarities with other partners and other financial instruments. Such complementarities and their instruments are summarized below.

### Complementarities with other European FIs

By design the NIF seeks complementarities with European FIs. As already mentioned (EQ 7.1 above), complementarities could be extended to other European FIs. More complementarities could also be sought with members of the European Development Finance Institutions (EDFI) whose members are active in private sector development and Public Private Partnerships (PPPs). EDFI members include affiliates of NIF partners such as Proparco (AFD group), and KfWDEG (KfW group). EDFI members have an extensive experience of private sector development and several of them are active in the ENP area.

### Complementarities with International Finance Institutions

Over the 2008-2011 period, the NIF has co-financed 6 projects with World Bank, one with the African Development Bank and Japan International Cooperation Agency. Those projects deal with the construction of heavy infrastructure, particularly roads.

NIF contribution was high, with an average of EUR 13.8 m per project. Several persons among EC and FI staffs interviewed by the evaluation team question the legitimacy of the NIF financing such operations which, they argue, involve very limited EU visibility and does not contribute much to developing synergies between European FIs. There does not seem to be a clear policy of the NIF regarding co-financing with International FIs.

### Complementarities with Regional Partnerships

Regional Partnerships are involved in the preparation of strategies which result in projects that can be financed by FIs with NIF participation. Complementarities are effective at the level of project identification, particularly with the Eastern Partnership, the Black Sea Synergy and the Euro-Mediterranean Partnership.

<sup>86</sup>For Italy SIMEST has already been audited and declared eligible for NIF and other Regional Facilities. Project submission to FIG and the Operational Board to start in 2013.

**Complementarities with other facilities**

The NIF has started to build complementarities with other facilities, resulting mainly in an enhanced standardisation of procedures. Some level of coordination is established with FEMIP for interventions in the South Region. Although a sound systematic coordination is established with FEMIP at project level., harmonization, lesson learning and establishing of synergies is still minimal and needs to be strengthened.

The recent establishment of EUBEC allows foreseeing important progresses for the harmonization of tools, procedures and approaches amongst blending instruments

**Complementarities with EC programming**

EQ 1.3 assessed how complementarities with other EC regional and national initiatives and programmes (NIP and RIP) were established in some cases but in general needed to be reinforced. It would be beneficial to develop a debate amongst NIF stakeholders on strategies and approaches to improve complementarities with EC Programming and Member States Strategies at National and Regional level.

**Complementarities of NIF investments with national policies for Climate Change**

NIF should seek progressively to build complementarities between investment proposals related to Climate Change action with national policies and strategies on Climate Change, as Low Emission Strategies (LEDs) and Nationally Appropriate Mitigation Actions (NAMA). These complementarities should be sought in the early phase of planning and strategy development, both by Finance Institutions and EU Delegations. Strengthening National policies for Climate could be pursued as a sectoral policy support by NIF and complementary actions should be addressed, whenever relevant by EU delegations.

Whenever possible Project fiches should evidence adherence of Climate related investments to National policies.

**Recommendations:**

- The NIF should develop more complementarities and synergies with the European Development Finance Institutions group, particularly for private sector development.
- The NIF should define rules regarding its involvement in the co-financing of projects with International Finance Institutions, particularly the World Bank.
- Development of complementarities of NIF investments with National policies and strategies for Climate.

### 2.9.3 EQ 7.3 - TRANSFORMATIONAL IMPACT

Does the facility have a “Transformational Impact” on sectoral policy and overall carbon emission strategies?

#### Answer to EQ 7.3

NIF has a role of trendsetter for new Development Cooperation Instruments and particularly blending instruments. Such leadership could be consolidated strengthening the effectiveness of the instrument following the debate around mid-term evaluation recommendations.

In terms of sectoral policy NIF has not achieved its potential of change. Policy reform has a renewed priority under the ENP strategy and the “More for More” approach and NIF should aim to strengthen its role in supporting reforms in the neighbourhood.

The CCW is per se a significant organizational change, although conditions and approach to achieve impact on projects emission needs be strengthened.

#### Impact on blending;

NIF is contributing, through its practice and the sheer volume of resources mobilized, in setting trends for the development of blending mechanisms; this evaluation could be an opportunity to strengthen NIF contributions to improve effectiveness of Regional Facilities and more in general of blending instruments.

*Transformational Change is a shift in the business culture of an organization resulting from a change in the underlying strategy and processes that the organization has used in the past.*

*Source: Business Dictionary*

#### Impact on sectoral policies

Setting up policy reforms is the role of the ENP. But the NIF is expected to contribute to their implementation. NIF is underachieving in terms of contributions to sector policy reform as discussed in EQ1.

#### • Impact on carbon emission strategies

The opening of NIF Climate Change Window can be defined as part of a transformational impact within EC organizational culture; As discussed in EQ 3.5 this may have not significantly contributed to appreciably improve Climate Change standards for the projects. However organizational changes can be perceived by an improved understanding and commitment of EC services and Delegations, including NIF support services, to Climate Change action.

## 3 CONCLUSIONS AND RECOMMENDATIONS

This Chapter discusses conclusions and recommendations emerging from the analysis and findings related to the 7 Evaluation Criteria and the 35 Evaluation Questions (Chapter 2). Conclusions and recommendations are structured in 13 key points. Conclusions refer where relevant to the Evaluation Questions and annexes on which are based.

### 3.1 CONCLUSIONS

Conclusions are grouped around 4 main areas: i) the instrument, ii) the delivery through projects, iii) NIF operation and iv) specific topics

THE INSTRUMENT	1	RELEVANCE AND STRATEGY
	2	GOVERNANCE
	3	BLENDING OBJECTIVES
DELIVERY	4	PROJECT QUALITY
	5	INTERVENTIONS' EFFECTIVENESS
	6	IMPACT AND SUSTAINABILITY
NIF OPERATION	7	EFFICIENCY
	8	DECONCENTRATION
	9	STAKEHOLDERS' COORDINATION AND CONSULTATION
SPECIFIC TOPICS	10	CLIMATE CHANGE
	11	REPORTING
	12	MONITORING AND EVALUATION
	13	VISIBILITY

## THE INSTRUMENT

### C.1 RELEVANCE AND STRATEGY OF INTERVENTION

NIF is a fully relevant instrument, featuring an effective strategy and sound intervention logic. The facility is flexible and adapted well to changes. Relevance needs to be reinforced to strengthen interconnectivity (SO1) and support to cross cutting goals (see C2). The projects selected do match needs and priorities of beneficiaries.

The 51 projects co-financed between 2008 and 2011 maintain a strong relevance to NIF's Strategic Objectives. Distribution of projects per sector and geographical areas is well balanced. Resource allocations strategies do not prioritize projects according to their quality. NIF strategy is not yet geared to support the new ENP strategy.

### C.2 GOVERNANCE

The governance system is adequate to support decision-making and strategy orientations of NIF, at least for the current volume of funding. However the governance and decision-making may not be able to deal with a significant increase of number of projects and volume of investments.

The feedback mechanisms to inform strategies and decisions (project monitoring, project evaluation and reporting) are weak and need to be reinforced. Decision making for NIF allocations is relatively swift and couldn't be significantly reduced without compromising project quality.

For smaller projects in general, such as feasibility studies, it is true that NIF project cycle may appear as too long; however, if Project Fiches are complete, FIs can swiftly get provisional approval. At this stage, it does not seem justified to design a fast track project processing procedure for the NIF.

Strategy and Operational Board operate effectively, efficiently supported by the Secretariat. A broad but relatively shallow process of project assessment supports project decision-making. Criteria for defining the size of grants are not clearly established. FIG role deserves to be strengthened to assess and prioritize projects according to design quality and selection and adherence to preference criteria set by NIF general framework.

The Governance system lacks of a clear set of procedures specifying roles, responsibilities and tasks.

The Governance does not foresee mechanisms of consultation with Civil Society.

### **C.3 CROSS-CUTTING GOALS, ADDITIONALITY**

NIF contributes to cross cutting goals although several aspects need to be reinforced including: policy reform support, coordination and visibility.

NIF projects do indirectly tackle poverty reduction. However project assessment and decision making do not explicitly address poverty reduction and inclusive growth. Environmental goals are effectively pursued by Finance Institutions; their assessment and follow up could be reinforced. Climate Change action is discussed in C.10.

NIF is fully effective in leveraging financial resources (see C5), achieving financial additionality with official high ratios of leverage (15,6). Leverage figures of NIF annual reports may not match reality, particularly for interventions supporting pipeline development and feasibility studies. Finance Institutions actively promote sector reform through their projects and have dialogue mechanisms established at country level. The evaluation found insufficient cooperation between FIs and EU Delegations regarding policy dialogue and sector reform supported by the implementation of NIF projects. These contributions in general are weak and fragmented and the potential of the instrument to leverage policy reform is underexploited resulting in a low level of strategic additionality. NIF strategy orientations will need to adapt to 2011 new strategic orientations for ENP to build partnerships through mutual accountability and conditionality).

## **DELIVERY**

### **C.4 PROJECT QUALITY**

The overall quality of design is considered as satisfactory, although some aspects need to be strengthened. Projects comply with eligibility criteria set by the General Framework although the lack of additional sources of finance is not always established. The process of assessment of the Project Fiche and the consultation with EC stakeholders is broad and efficient; The quality of the assessment is limited by the following factors: a) the consultation starts often when the design process is well advanced b) limited time span for stakeholders to provide feedback, c) often overburdened staff, d) limited amount and quality of information shared through the project fiche, e) limited access to feasibility studies, appraisals and other preparatory documents. NIF contributions are often not sufficiently defined. TA specifications are often superficially defined and frequently do not include measurable outputs. The intervention logic of proposals needs strengthening. The Project Fiche does not evidences measurable contribution to cross-cutting objectives.

The decision making process for project assessment is conducive to selection of highly relevant interventions; the approval builds on criteria of eligibility. Projects are not assessed, scored and prioritized according to their quality.

### **C.5 INTERVENTIONS EFFECTIVENESS**

NIF support to projects tends to be effective to achieve the three Strategic Objectives; measurability of NIF contributions needs to be strengthened, particularly for Technical Assistance.

NIF is effective in achieving financial additionality with official high ratios of leverage (15,6). Leverage figures of NIF annual reports may not match reality, particularly for interventions supporting pipeline development and feasibility studies.

Effectiveness for inclusive growth and poverty reduction cannot be established, as this aspect is not systematically assessed, measured and monitored and does not drive decision-making.

## **C.6 IMPACT AND SUSTAINABILITY**

Impact opportunities derive from the strong relevance of projects, sound design and implementation mechanisms. Impact is diluted by the number of goals (strategic and cross-cutting) as well as the geographical and sector fragmentation. No significant impact should be expected in terms of regional transport interconnectivity.

Sustainability mechanisms are adequately taken into account in the design of project; in general interventions are fully owned by partners Countries, although issues lack of adequate management systems have been detected; critical aspects of sustainability include: operation and maintenance of transport infrastructure, capacities of beneficiary institutions. Assessment of sustainability aspects deserves to be strengthened.

## **NIF OPERATION**

### **C.7 EFFICIENCY**

NIF is implemented through an efficient and inexpensive governance system. Mechanisms and functions have been improved since start up and in general are adequate to support the project cycle and decision making process. The evaluation of NIF processes focuses on specific aspects that deserve reinforcement, including the definition of a procedures manual and the strengthening of the project assessment and consultation process. Aspects of coordination and stakeholders' involvement are dealt with in C9.

Remuneration of Finance Institution appears proportionate to needs;; Relevance of Finance Institutions remuneration for TA for technical assistance for pipeline development and feasibility studies is arguable. Pipeline development should be co-financed by Finance Institutions.

Measurability of NIF efficiency should be accrued through better-defined outputs, particularly products and services delivered by TA.

### **C.8 SUBSIDIARITY AND DECONCENTRATION**

Subsidiarity principle and the deconcentration process are instrumental of the increasing involvement and accrued responsibilities for the Delegations. These have been progressively associated to the assessment of the proposals and implementation follow-up. However their involvement and capacities to follow up NIF needs to be strengthened. In general Delegations are involved late in the project development cycle and few synergies are developed to address coordination, complementarities, policy reform and visibility.

Often Delegations manifested a limited ownership of NIF supported projects. National coordination is weak, limiting the scope of Delegations support (see C9).

### **C.9 STAKEHOLDERS CONSULTATION AND COORDINATION**

Blending mechanisms and NIF have significantly increased and improved interactions amongst Finance Institutions and between Finance Institutions and the EC. Consultation and coordination mechanisms at National and Regional level are too limited.

Formal coordination mechanisms across blending facilities were missing up to 2012, a factor hampering harmonization, coordination and aid effectiveness (note: The EU Coordination platform for blending, EUBEC, was established in December 2012). Mechanisms to avoid duplications with FEMIP in the South are established;. No mechanisms are established for Civil Society Consultation.

## **SPECIFIC TOPICS**

### C.10 CLIMATE CHANGE

The opening of the Climate Change Window is highly relevant to the new commitment of the Commission to global challenges. Finance Institutions process of project design and procedures do take into account domestic climate change policies and sectoral analysis of beneficiaries. NIF reviews proposals and accounts for Climate Change contributions through RIO markers; NIF assessment is weakened by: a) the limited amount of information made available through the project fiche, b) lack of internal procedures for climate change assessment and c) limited resources to assess proposals. The opening of the CCW in NIF has positively contributed to the process of mainstreaming Climate Change debate, establishing mechanisms to support visibility and accounting of NIF finance for CC action.

Rio markers are used by the NIF, but they remain a blunt instrument with no granularity to seize projects contributions to Climate Change.

### C.11 REPORTING

Relevant reporting requirements are established. Reporting quality varies, but in the majority of cases quality is good. The flow of information does not allow a result-based follow up. Information gaps include the achievement of cross-cutting objectives. Reporting is not specifically adapted to NIF follow up requirements.

### C.12 MONITORING AND EVALUATION

Pertinent project monitoring mechanisms are included. However NIF is lacking of a result-based framework to support steering of portfolio and pipelines and projects' follow up.

Result-Oriented Monitoring is an important tool for the follow up and assessment of NIF projects although the process needs to be specifically tailored to NIF and blending requirements; its scope is limited to its application only to a limited sample of projects.

Evaluations mechanisms at project level are weak. In general feed-back mechanisms (for NIF portfolio, pipelines and projects) need to be reinforced.

Evaluation reports in general are not shared with the EC and Delegations.

### C.13 VISIBILITY

Visibility actions have been implemented and visibility clauses are included in NIF contracts. However communication actions have been fragmented. A communication and visibility strategy and plan have not been developed. Few communication tools are developed and NIF does not have a specific website.<sup>87</sup> In general visibility is low over the neighbourhood as well as amongst Member States.

## 3.2 RECOMMENDATIONS

Recommendations have been developed from conclusions; text refers for further details to the relevant chapters of the Evaluation Questions.

## THE INSTRUMENT

Overall: NIF is an efficient blending facility and is working well for the current volume of investments, financing projects in general well-prepared and relevant. Recommendations are meant to address specific aspects that deserve to be strengthened; While improving it should be

<sup>87</sup> As mentioned in § 2.6.5 NIF information is partially displayed in EUROPAID website; [http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment\\_en.htm](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment_en.htm)

avoided to overdo, as radical changes may affect the quality the efficiency and the effectiveness of the instrument.

### R.1 STRENGTHENING RELEVANCE AND STRATEGY OF INTERVENTION

Recommendations addressed to reinforce relevance and the strategic approach of the instrument embrace the following points:

- Increased definition and focus of objectives;
- Increased relevance to regional interconnectivity (EQ 1)
- Strategy Board should adapt NIF strategy to new ENP strategies (EQ1);
- Prioritize projects according to their relevance and apply selection criteria (details in EQ2);
- Strengthen relevance of the facility to cross cutting objectives, including policy dialogue(see R3)

### R.2 GOVERNANCE

In case of significant increase of the scale of NIF operation, governance mechanisms will need to be adjusted to take into account the number and volume of interventions. **Strategy Board**

- Improve definition and focus of objectives (see R.1)
- Improve and specify eligibility criteria, including criteria for prioritization;
- Mechanisms to open to views of Civil Society;
- Develop feedback mechanisms from project monitoring and evaluation;

#### Operational Board and FIG

- FIG strengthened role to assess and prioritize projects according to design quality and selection and preference criteria set by NIF general framework.
- Improve specification of EU steering role in FIG;
- Increase transparency of governance, publication of boards minutes and decisions.

**EUBEC:** Issues to be discussed by EUBEC in view of harmonization across blending facilities include: i) Improved quality of the Project Fiche format ii) Improved verification of project proposals; iii) Criteria for increasing selectivity; iv) Representation of Civil Society in EU blending governance mechanisms; v) Development of result-based framework; vi) Monitoring of all projects supported by blending; vii) Visibility and communication; viii) Reporting; ix) climate change action;

### R.3 CROSS-CUTTING GOALS

- Maintain effectiveness toward additionality (with improved measurability and monitoring)
- Improve NIF contributions to:
  - a) Policy dialogue and reform; Includes: Action plans focused on reform key priorities, with clear benchmarks; project selection criteria according to policy responsiveness; policy indicators in Project Fiche; monitoring focused on policy reform; contributions to climate changes national policies;
  - b) Increased focus on inclusive growth and poverty reduction;
  - c) Complementarities (including to AP, NIP, RIP, other EC and MS cooperation instruments, complementarities to National Climate policies)

## DELIVERY

### R.4 PROJECT QUALITY

- Result-based framework applied to all NIF projects
- Improved Project Fiche (see detailed recommendations in EQ 4.1);
- Improved definition of eligibility and project selection criteria;
- Strengthened verification of project proposals;



- Internal review of projects by EC services before FIG;
- Selection and prioritization of best projects.
- Reinforced consultation process, including Civil Society
- Justification of grant component;
- Project Fiche to specify eligibility to ODA criterion;
- Specific information supporting the lack of alternative potential sources of financing;

## R.5 INTERVENTIONS EFFECTIVENESS

- Maintain effectiveness toward transport, energy, water and sanitation;
- Maintain effectiveness toward economic growth and job creation;
- Improved effectiveness toward inclusive growth, poverty reduction and policy dialogue; tools to be developed for gender mainstreaming and attention to human right issues
- Additionality: Maintain effectiveness toward additionality; Mechanisms should be established to follow up level of additionality after disbursements (particularly for NIF support to pipeline development and feasibility studies).
- TA: Increased TA effectiveness with specification of TA outputs and adherence to backbone strategy; improved specification of TA services, with quantified definition of products and services to be delivered;
- Feasibility studies: Requests for feasibility studies should be based on specific Terms of Reference and budget; Monitoring the outcomes of feasibility studies. Their results should be shared with other FIs and with EU Delegations.

## R.6 IMPACT AND SUSTAINABILITY

### Impact:

- Improved focus on key objectives;
- Prioritize projects according to impact opportunities;

### Sustainability

- Improve involvement of Civil Society in assessment of social and environmental impacts;
- Strengthen verification of critical sustainability factors;
- Monitor systematically sustainability issues;
- Specify operation and maintenance arrangements for public infrastructures;
- Improved support to national management capacities;
- TA should reinforce national ownership and fully adhere to the backbone strategy.

## NIF OPERATION

### R.7 EFFICIENCY

NIF is efficient in its operations. A few recommendations address specific areas where performances and cost / benefit ratios should improve:

- NIF procedures manual to be developed;
- Strengthening verification and consultation processes;
- Measurability of NIF efficiency accrued through better-defined outputs, particularly products and services delivered by TA.
- FI to allocate resources for closer coordination with Delegations;
- When Projects Funds are transferred to Beneficiaries, FI remuneration should be adjusted accordingly;
- TA support for pipeline development: co-participation of FI;
- Strengthened transparency of the Instrument;

### R.8 SUBSIDIARITY AND DECONCENTRATION

The following set of recommendations supports a strengthened role of Delegations and the application of the subsidiarity principle to NIF:

- Early involvement of Delegations in pipeline and project cycle development;
- Strengthened Delegation role in leveraging policy dialogue and reform;
- Strengthened coordination and consultation mechanisms at national level;
- Delegations to offer an entry point to Civil Society to offers insights on project proposals
- Access of Delegations and EC services to preparatory documents and feasibility studies;
- Strengthen Delegations capacities to support NIF projects;
- Promote dialogue FIs – Delegations – National Authorities on strategies, medium term planning and coherence with national priorities;
- Whenever possible increase subsidiarity of NIF project management
- Following the transfer of responsibilities to Delegations, derogations eventually needed should be submitted for agreement to “Finance and Contracts” services and the Secretariat, to ensure coherence across geographical zones.

## **R.9 STAKEHOLDERS CONSULTATION AND COORDINATION**

The following actions address a stronger and inclusive coordination and consultation:

- Significantly strengthen existing National and Regional coordination mechanisms in support of NIF projects;
- Sharing NIF pipeline with EU Delegations and EC services
- Pipelines should be harmonized with NIP and RIPs through coordination of EU Delegations and Finance Institutions.
- Inclusion of Civil Society in NIF consultation mechanisms;

## **SPECIFIC TOPICS**

### **R.10 CLIMATE CHANGE**

- Support a progressive process of improvement of NIF quantitative accounting and reporting tools with a) operationalization of Rio markers and b) alignment to MDB reporting standards;
- Development of specific set of procedures for climate change action in NIF; the evaluation recommends on continuing current efforts for strengthening the harmonization, specification and measurability of climate change action; The EU platform should contribute to develop specific proposals;
- Support verification of NIF projects for Climate Change issues (see EQ 2.1), including vulnerability assessment for Climate Change;
- Involve partner countries and Delegations in the Climate Change mainstreaming, promoting their contributions to strategy definition, project design, monitoring and evaluation;
- Include specific Climate Change criteria to the approach of monitoring of NIF interventions ;
- Introduce measures for strengthening EC staff and Partner Countries stakeholders understanding and know how on Climate Change action;
- Build complementarities with national plans and strategies on Climate (LEDs and NAMAs) and Action Plans focused on clear benchmarks for Climate Change actions;
- 

### **R.11 REPORTING**

Improved reporting should not significantly accrue the cost and the time for Financing Institutions and partners, but may help to structure the information for an improved understanding and assessment of NIF achievements.

- Harmonize and detail reporting format (result-based); Need for a result-based framework for the overall project and for NIF grant component. NIF financed products and services should be

detailed and quantified. Outcomes related to outputs specified; Templates for reporting should be adapted to the type of intervention

- Reporting should inform about contributions to EC objectives;
- Frequency adapted to projects requirements;
- Project reports should be made accessible to stakeholders;
- A system of impact and performance indicators should be developed to allow data management and analysis.

## **R.12 MONITORING AND EVALUATION**

- Develop a result based framework for all NIF projects with harmonized impact and performances indicators;
- Monitor and measure NIF induced changes at project, regional and portfolio levels
- Monitoring and ROM to be adapted to NIF and blending;
- Strengthen evaluation arrangements at project level;
- Evaluations of NIF projects should be made available to the EC (at least relevant sections);

## **R.13 VISIBILITY**

- Development of a communication and visibility strategy and action plan for NIF; the strategy should develop a visibility framework for all NIF interventions with possible identification of specific communication products (i.e.: logo, communication concepts).
- Development of a broader range of communication tools and techniques, including and good website;
- NIF financing agreements should specify results (products and services) to be developed as part of the intervention communication and visibility plan, in coherence with the overall strategy. Adequate resources should be set for this purpose<sup>88</sup>.
- Strengthen EU Delegations role in supporting NIF visibility;
- Delegations and Financing Institutions should work in partnership to support EC visibility at level of Partner Countries.

<sup>88</sup>EUROPEAID, communication and visibility manual, section 2.3.2

***Mid-Term Evaluation of the Neighbourhood  
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2007-2013***

Final Report

Volume 2 - Annexes

May 2013

*Evaluation for the European Commission*







Development  
Researchers'  
Network

**FRAMEWORK CONTRACT FOR MULTI-  
COUNTRY THEMATIC AND SECTOR  
EVALUATION STUDIES,  
REGIONAL/COUNTRY LEVEL EVALUATION  
STUDIES, SYNTHESIS AND ANALYSIS IN  
THE AREA OF EC EXTERNAL  
COOPERATION – EVA 2011**

Italy



The Netherlands

**LOT 4: EVALUATION OF EC GEOGRAPHIC  
COOPERATION STRATEGIES FOR ASIA, LATIN  
AMERICA AND THE NEIGHBOURING  
COUNTRIES EUROPEAID/129907/C/SER/MULTI**



The Netherlands

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**Final Report**

**Volume 2 - Annexes**

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## LIST OF ACRONYMS

AA	Association Agreement
AAA	Accra Agenda for Action
AECID	Agencia Española de Cooperación Internacional Para el Desarrollo
AFD	Agence Française de Développement
AM	Armenia
BSS	Baltic Sea Strategy
CCW	Climate Change Windows
CEB	Council of Europe Development Bank
COM	Commission Communication
COREPER	European Union Committee of Permanent Representatives
CSP	Country Strategy paper
CCW	Climatic Change Window
DAC	Development Assistance Committee (of the OECD)
DG	Directorate-General
DG DEVCO	Directorate-General Development and Cooperation – EuropeAid
DG Clima	Directorate-General for Climate Action
EaP	Eastern Partnership
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EEAS	European External Action Service
EG	Egypt
EIB	European Investment Bank
EMP	Euro-Mediterranean Partnership
EQ	Evaluation Question
ENBF	European Neighbourhood Fund
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Policy Instrument
EU DEL	Delegation of the European Union
FEMIP	Facility for Euro-Mediterranean Investment and Partnership
FI	European Public eligible Finance Institution
FIG	Finance Institution Group
GE	Georgia
GHG	Green House Gas
IL	Intervention Logic
IWSP	Improved water and waste water service programme
JC	Judgement Criterion
KfW	Kreditanstalt für Wiederaufbau Entwicklungsbank
LAIF	Latin America Investment Facility
LB	Lebanon
MA	Morocco
MD	Moldova
MENA	Middle East / North Africa
MS	Member State



MSME	Micro Small and Medium-size Enterprise
MTE	Mid-Term Evaluation
MW	Megawatt
NIB	Nordic Investment Bank
NIF	Neighbourhood Investment Facility
NIP	National Indicative Programme
OECD	Organisation for Economic Co-operation and Development
OeEB	Osterreichische Entwicklungsbank AG (Development Bank of Austria)
PCA	Partnership and Cooperation Agreement
PPPs	Public Private Partnerships
REG	Regional
SANAD MENA	MENA Fund for Micro-, Small and Medium Enterprises
SEMED	Southern and Eastern Mediterranean
SIMEST	Società Italiana per le imprese all'estero
SMEs	Small and Medium-sized Enterprises
SO	Strategic Objective
SOFID	Sociedad para o Financiamento do Desenvolvimento
TA	Technical Assistance
TEN-T	Trans-European Transport Network
TN	Tunisia
UA	Ucraina
UfM	Union for the Mediterranean

## **ANNEX 1:**

### **Specific Terms of Reference**

Mid-Term Evaluation of  
**the Neighbourhood Investment Facility**  
under the European Neighbourhood and Partnership Instrument (ENPI)  
2007-2013  
**FWC EVA 2011**

1. BACKGROUND
2. DESCRIPTION OF THE ASSIGNMENT
  - Global objective
  - Specific objective(s)
  - Requested services, including suggested methodology
  - Required outputs
3. EXPERTS PROFILE OR EXPERTISE
  - Number of requested experts per category and number of man-days per expert
  - Profile or expertise required (education, experience, references and category as appropriate)
  - Working language(s)
4. LOCATION AND DURATION
  - Starting period
  - Foreseen finishing period or duration
  - Planning
  - Location(s) of assignment
5. REPORTING
  - Content
  - Language
  - Submission/comments timing
  - Number of report(s) copies
6. ADMINISTRATIVE INFORMATION
  - Interviews if necessary indicating for which experts/position
  - Other authorized items to foresee under 'Reimbursable'
  - Operational conditionality for intermediary payment if any
  - Tax arrangements
  - Others

## 1 BACKGROUND FOR THE EVALUATION

### 1.1 Description of the programme to be evaluated

#### 1.1.1. Objectives

To achieve the objectives of the European Neighbourhood Policy (ENP), reduce the social, economic and political barriers between the EU and its neighbours and extend EU policy initiatives to countries covered by the ENP, financial assistance foreseen under the European Neighbourhood and Partnership Instrument (ENPI) seeks to promote essential reforms, capacity building and modernisation measures in partner countries. Vital capital investments must be made to rehabilitate, modernise or build essential infrastructure needed for safe and efficient transport of goods and people; for an efficient, secure and safe production and transport of energy; for effective environmental protection, in particular to ensure the quality of water, air and soil, and climate change related issues. In addition, capital is also needed for the provision of basic social services such as health and education; and to develop private sector, in particular small and medium enterprises (SMEs).

In this context, the European Commission has established the Neighbourhood Investment Facility (NIF) through the European Neighbourhood and Partnership Instrument. Six EU Budget contributions to this facility have already been approved from 2007 to 2011 after positive opinion of the ENPI committee for a total amount of €395 million (€17 million from ENPI South budget line, €163.3 million from ENPI East budget line). In addition, during the same period, 15 Member States with total pledges of €70 million to the NIF Trust Fund managed by the EIB.

An additional request for endowment for an amount of €150 million will be launched in 2012, which will fall under Priority Area 4: "Promoting Investment projects in ENP Partner countries" of the 2011-2013 indicative ENPI Interregional programme.

The NIF overarching objective is to mobilise additional investments to support the establishment of an area of prosperity and good neighbourliness involving the EU and neighbouring countries. In particular, in view of the new challenges faced by the Mediterranean countries and especially the need to address unemployment which was one of the roots of the recent upheavals, the NIF can strongly contribute to job creation, while co-financing big, job intensive infrastructure projects and supporting the development of SMEs. In complementarity with other EU-funded programmes, the NIF can foster a sustainable, inclusive growth and a favourable investment climate in our partner countries.

Within this framework, the NIF pursues three Strategic Objectives, notably:

- Establishing better energy and transport infrastructure interconnections between the EU and neighbouring countries and among neighbouring countries themselves;
- Addressing threats to our common environment including climate change;
- Promoting smart, sustainable and inclusive growth, in particular through support for small and medium size enterprises.

Addressing climate change issues, both mitigation and adaptation, requires a significant amount of funds. According to the EU Communication of September 2009 "Stepping-up international climate finance", financial needs for developing countries amount per year €23 billion up to 2012 and will reach €100 billion in 2020. This means for Europe to find some

additional €7.5 billion per year. For the EU to meet its commitments, specific "climate change windows" (CCWs) have been created in the EU regional blending mechanisms. These "windows" indicate the financing and enable tracking of all climate change related projects funded by the EU, the European Investment Bank (EIB) and other European Finance Institutions through these facilities and their main purpose is to promote additional investments in projects which have climate change as their principal objective. According to the OECD DAC categories, these projects should be earmarked as Rio Marker 2. They can target either mitigation or adaptation or both of them and should contribute to the objective of stabilization of greenhouse gas (GHG) concentrations in the atmosphere. Operations could address all relevant fields in line with the ones of the facilities.

The NIF therefore also includes since beginning 2011 a Climate Change Window to support the implementation of projects helping partner countries tackle climate change through mitigation and/or adaptation measures.

### 1.1.2. Governance

The decisions on NIF's operations are taken by a board ('NIF Board'). The Commission chairs the NIF Board, which is composed of representatives of the Commission, Member States and other donors. The NIF Board sets the overall strategy and takes operational decisions. The Board is served by a Secretariat managed by the Commission.

#### *Strategy meetings of the Board*

The NIF Board meets once yearly to discuss strategic issues and define the overall orientations and priorities of the NIF. Observers of each eligible partner country and of each eligible finance institution attend these meetings.

During these meetings, the NIF Board discusses and defines the strategy and sectoral priorities for the Facility and verifies the Facility's consistency and compatibility with the Neighbourhood Policy, the Action Plans, the Strategy Papers and the National Indicative Programmes in force.

The NIF Board also studies and exchanges information on the needs and situation in the various priority intervention sectors in the partner countries and examines the Facility's effectiveness and results based on the annual activity reports.

#### *Operational meetings of the Board*

The NIF Board in principle meets four times yearly, and if necessary, more frequently, to deal with operational issues. Observers from each eligible finance institution attend these meetings.

The Board approves the operational pipeline (South and East) on the basis of the proposed pipeline submitted by the Finance Institution Group (FIG).

Each year, during its first meeting, the Board also decides, on the basis of the NIF resources available (EC contribution and Member States and other donors direct contribution), the indicative proportion of funding that will be granted to each individual operation based on a pari-passu proposal from the FIG.

It approves each eligible individual operation presented by the corresponding lead Finance Institution and fixes the type, composition and amount of the NIF contribution to each operation.

It examines the studies, monitoring and/or evaluation reports.

It adopts the annual accounts and financial reports.

It issues any recommendations as to the operational follow-up.

It fixes its own internal working rules.

### *Finance Institutions Group (FIG)*

The FIG is an informal technical group chaired by the Commission, which also acts as Secretariat. It is composed of all eligible Finance Institutions.

The FIG is convened in Brussels by the Commission when needed and in any case before each Board meeting to prepare its deliberations.

The FIG prepares and gives a technical advice on the pipeline of operations which is established on the basis of the different lists of operations submitted by the Finance Institutions for an eventual financing from the Facility. The *proposed pipeline* is presented to the Board for approval at least once a year.

Each individual operation included in the *approved pipeline* and ready to be presented to the Board by the lead corresponding Finance Institution, is studied in detail by the FIG in order to deliver a technical advice to the Board.

When appropriate the FIG, on its own initiative or upon request of the Board, may give technical advice on any other matter related to the management or implementation of the Facility.

In order to ensure full transparency and avoid potential conflicts of interest, all requests of support from NIF resources submitted to the FIG by eligible Finance Institutions are sent to Board members by the Commission's Secretariat before each Board meeting.

### 1.1.3. Implementation

The NIF operates by providing grants to support loans to partner countries from eligible European, multilateral and national, development finance institutions. Since the official launch of the NIF in May 2008 until December 2011, 51 projects were supported representing a total investment cost of around €14 billion. The NIF contribution to these projects totalled € 418 million.

Both multilateral and national European development finance institutions are the only ones eligible as lead partners to propose lending operations that could benefit from a NIF support.

Multilateral finance institutions such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank (CEDB) or the Nordic Investment Bank (NIB), are eligible to the NIF. Eligibility of other multilateral finance institutions is examined on a case by case basis.

National European development finance institutions (such as the Agence Française de Développement (AFD), the Kreditanstalt für Wiederaufbau (KfW) and similar institutions belonging to other Member States) are eligible provided that the Member State concerned gives a direct contribution to the Facility.

Regarding the NIF CCW, this is managed in a streamlined way and has in general the same rules and the same financing and implementation modalities as the NIF. Based on the pipeline of operations, an endowment with € 17.3 million has already been adopted by the Commission on the 21st December 2011 (C(2011)9538), to be shared with the Latin America Investment Facility.

#### 1.1.4. Beneficiaries

The final beneficiaries of the Facility are the Partner countries, either directly or indirectly through their central, regional and local administrations or semi-public institutions.

Other final beneficiaries can be the private sector and in particular SMEs for categories of operations dedicated to the private sector development.

Countries benefiting from the ENPI instrument are eligible for NIF financing following the signature of an ENP Action Plan<sup>1</sup>. This does not apply to countries that do not qualify for ENPI support because of their level of development<sup>2</sup>. Other countries may be eligible for NIF funding, under certain conditions, to be decided on a case-by-case basis (e.g. regional interest etc.).

## **2 DESCRIPTION OF THE ASSIGNMENT**

### **2.1 Global objective**

The founding documents of the NIF envisaged an independent evaluation contracted by the European Commission, in line with the mid-term review of the EU's external activities. Since the NIF started its activities in May 2008, it was decided to postpone the evaluation of the NIF in order to cover at least three years of activities and be able to cover a significant number of projects already in their implementation phase.

The purpose of the mid-term evaluation is to assess the performance of the NIF over the period 2008-11 against key OECD/DAC evaluation criteria and to make recommendations for the future work of the NIF.

The evaluation will cover all NIF activities and all NIF projects approved from 2008 until 31 December 2011. It will look not only at the grant operations portfolio but also at NIF strategic directions, rules, procedures and ways of working in practice. In particular, it will also make recommendations about future strategic directions and financial instruments to be offered by NIF, considering the changing context in which the facility operates (see point 2.2(a) below).

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<sup>1</sup> Presently Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Republic of Moldova, Occupied Palestinian Territory, Morocco, Tunisia, Ukraine

<sup>2</sup> For example Israel because of its status as developed country.

## 2.2 Specific objectives

The framework of the evaluation will include:

- a) an evaluation of the eligible Finance Institutions' financing activities in NIF eligible countries, in the framework of the NIF, including both quantitative aspects (commitments, disbursements) and qualitative aspects (development impact);
- b) an assessment of the policy coherence and complementarity between the NIF's activities in the NIF eligible countries with EU national and regional indicative programmes in the Neighbourhood region (South and East);
- c) an assessment of the additionality that NIF brought to the operations that it supported and its demonstration;
- d) an assessment of the wider impact of the NIF operations on the availability of finance within beneficiary countries in the framework of the sectors covered by the NIF strategic orientations;
- e) an assessment, to the extent possible, of the direct and indirect impact of NIF operations on job creation;
- f) an assessment and comparison of the effectiveness, in terms of impact and additionality, of the different instruments available under NIF (such as investment grants, technical assistance and risk capital);
- g) an assessment of the attention to "EU Visibility" in the context of NIF operations;

The focus will be on NIF as a mechanism of the European Neighbourhood and Partnership Instrument, which aims at mobilising additional funding to cover the investment needs of the EU Neighbouring region for infrastructures in sectors such as transport, energy, the environment and social issues, and private sector (SMEs) support.

Without being subject to the evaluation itself, the Evaluator will need to be cognizant of the overall and evolving context in which the NIF was set-up and operates:

- (a) The changing context, including
  - i) the evolution of the European Neighbourhood Policy, the ENPI Cross-Border Cooperation, the Eastern Partnership, the Euro-Mediterranean Partnership, the Joint Communication Partnership for Democracy and Shared Prosperity with the Southern Mediterranean, the Joint Communication "A new response to a changing Neighbourhood" and the increasing attention to private sector development (SME support) to achieve the objective of inclusive growth;
  - ii) the effects of the global financial crisis;
  - iii) the political context in eligible countries;
  - iv) the evolution of EU experience with grant-loan blended funding mechanisms;
  - v) the financial instruments available under the Commission's 2014-2020 multiannual financial framework (such as loans, guarantees, equity or quasi-equity, investments or participations, and risk-sharing instruments).

- (b) The views of a range of stakeholders, including different services of the Commission involved (within EuropeAid and other line DGs), the EU Delegations, the European External Action Service, members of the Strategic and Operational Board, Finance Institutions Group (FIG) members and promoters of NIF-supported projects.

The evaluation will also assess the efficiency, effectiveness and awareness-raising and communication activities by the NIF Secretariat, Financiers and Donors in line with the Paris Declaration and the Accra Agenda for Action.

In each of the areas listed under a) to g) above, the evaluation will provide recommendations, where applicable, on possible improvements and future strategic directions.

## 2.3 Requested services, including suggested methodology

### 2.3.1 Evaluation Tasks

The Evaluator will undertake the following tasks:

- a) Construct the chain of results: inputs/outputs/results(outcomes)/ impacts
- b) Create “the framework” for monitoring of inputs, activities, outputs and possible
- c) outcomes
- d) Adapt and propose, if necessary, the methodological approach for evaluation;
- e) Identify a set of evaluation questions (taking as a starting point the suggestions in Annex D), linked on one hand to the expected effects (outputs, outcomes, specific impacts) and on the other hand to objectives specified under §7-10, appropriate judgement criteria for each question and relevant quantitative and qualitative indicators for each criterion;
- f) Collect and analyse primary and secondary data for the period 2008-2011 necessary to
- g) answer the above questions;
- h) On the basis of these data collection propose a baseline for the subsequent evaluation and any necessary strengthening of monitoring systems;
- i) The conclusions must be justified and based on the findings;
- j) Formulate recommendations based on conclusions;

### 2.3.2 Evaluation criteria

The evaluation will be based on the following criteria:

- a) **Relevance** in relation to the Neighbourhood national and regional programmes (including but not limited to coherence between NIF-supported projects and other projects targeting closely related objectives) and in relation to the contributing Donors’ objectives.
- b) **Effectiveness** in achieving the NIF objectives (including but not limited to the extent to which NIF has leveraged project finance, facilitated co-financing by FIG members, or has been a critical factor in allowing projects to proceed).
- c) **Efficiency** in the use of resources, which primarily are NIF grant funds, but also staff time, including but not limited to timeliness of project processing.
- d) **Impact** and **sustainability** are two additional important evaluation criteria to be considered by the mid-term evaluation in relation to NIF-supported projects. But for



most of these projects, it is likely too early to make an assessment of impact and sustainability. The mid-term evaluation will assess the adequacy of project monitoring (including, but not only, in relation to impact and sustainability) and make appropriate recommendations if necessary.

### 2.3.2 Methodological approach

For methodological guidance please refer to the EuropeAid's Evaluation methodology website [http://ec.europa.eu/europeaid/how/evaluation/methodology/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/methodology/index_en.htm) where guidance is available for both evaluation managers (Commission staff) and evaluation teams (consultants).

It is expected that the mid-term evaluation will use a range of evaluation methods including:

- a) Review of NIF documentation (including rules, procedures, Operational and Strategic Boards documentation and minutes, annual reports, website material, FIG documentation);
- b) Analysis of information on the full portfolio of projects (i.e. operations approved by the Operational Board);
- c) Interviews (face-to-face, by telephone, in focus groups or by other means) with key stakeholders, including representatives of different services of the Commission involved (within EuropeAid and other line DGs), the EU Delegations, the European External Action Service, members of the Strategic and Operational Board, FIG members, project promoters, key regional institutions;
- d) Case study analysis of up to 10 projects, to be proposed by the Evaluator as representative. The following three non-mutually exclusive criteria must be used to ensure the representation of the selected projects:
  - i. Sectors: at least one project in each of the transport, energy, water and sanitation, private and social sectors.
  - ii. Type of grant support: at least two operations providing Technical Assistance grants, at least two operations providing investment grants and two risk capital projects.
  - iii. Co-financing and coordination among the FIG members and other agencies: at least one operation involving one FIG member, at least two operations involving more than one FIG Members and at least two involving parallel or joint financing with non-EU financiers.
- e) Field visits to three countries in each region covered by the NIF, for four days per country, should be carried by the consultant and should be quoted, including the days of travel. If the visits are required to more than three countries, an addendum to the Specific contract will be considered.

The NIF Secretariat will facilitate Evaluators' contacts with stakeholders and access to relevant documentation.

### 2.3.3 Management and steering of the evaluation

The evaluation will be managed by a task manager from the European Commission, Directorate-General Development and Cooperation – EuropeAid, Unit C3 (Financial Instruments) with the assistance of a reference group. It will be carried out by an evaluation

consultant team (“the Evaluator”). The European External Action Service – Division IV.1 (ENP Policy and Coordination) will be closely associated throughout the process.

A total of five meetings (for kick off note, the presentation of the inception report, at the presentation of the draft Findings Conclusions and Recommendations level, the discussions of the draft and final report to the Operational or Strategy Board) will be organised in Brussels for the Reference Group, the Operation or Strategy Board, as detailed in below ch. 4. The Consultant is offered the possibility of requesting an additional “orientation meeting” at the outset of the assignment, to clarify specific points of the TORs. (see point 4 below).

The purpose of the Reference Group is to assure the overall quality and usefulness of the evaluation and the adherence of the evaluation process to the OECD/DAC Evaluation Principles, by advising the Evaluation Coordinator at key stages in the evaluation process. The ToRs for the Reference Group are attached as Annex A to these ToR.

For detailed information on the role of the reference group see the following link:

[http://ec.europa.eu/comm/europeaid/evaluation/methodology/methods/mth\\_stg\\_en.htm](http://ec.europa.eu/comm/europeaid/evaluation/methodology/methods/mth_stg_en.htm)

### **3 EXPERTISE PROFILE OR EXPERTISE**

The evaluation team will be composed of experts with the following profiles and qualifications:

- a) advanced knowledge and experience in evaluation methods and techniques in general and of evaluation in the field of EU external relations;
- b) advanced knowledge and experience in the development field and financing of infrastructure projects, as well as private sector projects (MSMEs) in the European Neighbourhood region (East and South);
- c) advanced knowledge and experience of the European Neighbourhood Policy and the European Neighbourhood and Partnership Instrument;
- d) knowledge and experience in other cross-cutting areas, including institutional development and capacity building, environmental and social impacts of infrastructure projects, economic development and regional integration in the Neighbourhood region (East and South);
- e) The team must be fluent in French and English. Written documents and presentations must however be in English. The team must possess strong interpersonal skills (communication, interviewing, analytical, quick learner, neutral and objective attitude) and excellent drafting skills and proficiency in standard computer technology packages (MS Office, internet...)
- f) The team leader must have a master’s degree in economics, finance, international development or similar related fields and a minimum of 15 years of relevant work experience, out of which 8 years in international development. Strong knowledge of blending mechanisms and funding is a requirement.

The distribution of work between the experts and the allocation of working days among them, in line with the required inputs and deliverables set out in these terms of reference, is left to the Consultant's judgement. The total number of days is estimated to 220 person-days (see below chapter 4 Location and duration).

Consultants must be strictly neutral and conflicts of interests must be avoided.

It is highly recommended at least for the team leader to be fully familiar with the methodological approach set by the Commission (cf. Joint Evaluation Unit's website: [http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/introduction/introduction_en.htm)).

#### 4 LOCATION AND DURATION

The evaluation should commence before the end of May **2012** and should be completed in accordance with the indicative calendar within 28 weeks. The final report is anticipated to be validated by the Commission by **15 January 2013**. After the signature of the contract, the schedule of activities will be set according to the following **indicative work plan**. An orientation meeting, with the participation of the Reference Group or representatives of Europeaid and the EEAS only, may be organised, soon after the signature, at the request of the Consultant, to clarify specific points of the TORs and assist in focusing the evaluation on the most relevant aspects of the assignment.

- a) Kick Off Note: presentation to meeting of Reference Group (2 weeks from commencement)
- b) Draft Inception Report: (4 weeks from commencement)
- c) Presentation of the Draft Inception Report to a meeting of Reference Group: (5 weeks from commencement)
- d) Final Inception Report: (6 weeks from commencement)
- e) Presentation of Draft Findings Conclusions and Recommendations to a meeting of Reference Group: (17 weeks from commencement)
- f) Draft Report (21 weeks from commencement).
- g) Draft Report presentation to the NIF Operational Board in Brussels (anticipated for 19th
- h) October 2012). This potential presentation is to be confirmed at a later stage; the venue could be in the EU or NIF eligible countries.
- i) Final Report: (c. 26 weeks from commencement).
- j) Final Report presentation to the NIF Strategy Board in Brussels (c. 28 weeks from commencement). The date and location of this potential presentation are not yet determined and will need to be communicated at a later stage.

#### 5 REPORTING

The consultant will submit the reports identified in above chapter 4, i.e. Kick-off Note, Draft Inception Report, Final Inception Report, Draft and Final Evaluation Report. The deadlines for submission of the reports are also as the above indicative calendar. All reports shall be in English, while the Final Report shall be also submitted in French. The content of the reports and outputs is discussed below:

##### **Kick Off Note presentation to meeting of Reference Group**

At this meeting the Evaluator will propose, and the Reference Group will discuss and validate:

- (a) draft evaluation questions and possible judgement criteria based on logical framework and linked to objectives covered under §7-10;
- (b) methodological approach;
- (c) NIF projects proposed as case studies;
- (d) proposed work plan including field work

### **Draft Inception Report**

The Draft Inception Report will contain:

- (a) The validated evaluation questions. Each question should be accompanied by explanatory comments, judgement criteria, quantitative and qualitative indicators;
- (b) Methodological approach to data collection and analysis;
- (c) Detailed work plan, including field missions.

### **Final Inception Report**

Provided that the Final Inception Report responds adequately to Reference Group comments on the draft, the Evaluation Coordinator will issue a formal letter of acceptance of the Final Inception Report to the Evaluator. The final inception report should be presented within 15 working days from the receipt of the reference group's comments.

### **Presentation of Draft Findings, Conclusions and Recommendations to a meeting of the Reference Group**

At this meeting, the evaluator will present, and the Reference Group will discuss provisional findings, conclusions and recommendations, including the field mission findings.

### **Draft Report**

The draft Report will comply with the format at Annex B to these ToR. The quality of the draft Report will be assessed by the Reference Group, including using the Quality Assessment Grid at Annex C to these ToR. The minimum requirements are that

- (a) Findings are based on reliable data, which has been cross-checked,
- (b) Conclusions are clearly and unambiguously based on evaluation findings, which themselves flow logically from, and are justified by sound analyses and interpretations based on carefully described assumptions and reasoning.
- (c) Recommendations flow directly from the conclusions and provide a realistic basis for addressing weaknesses and/or reinforcing strengths.

The draft report will contain main text of maximum 50 pages excluding annexes. The report should synthesise all findings and conclusions into an overall assessment of the NIF. The draft report will be distributed in paper (5 copies) and electronic version to the contracting authority.

### **Draft Report presentation to the NIF Operational Board**

The Evaluator will make an audio-visual presentation of the Draft Report findings, conclusions and recommendations to the NIF Operational Board.

### **Final Report**

The Final Report must take account of comments on the draft Report from the Reference Group, the Evaluation Coordinator and the Members of the Operational Board. The Evaluator may either accept or reject the comments but in case of rejection they must justify in the main report (or an annex) the reasons for rejection. The final report should be presented within 15 working days from the deadline for receiving the Operational Board's comments.

The final report will be distributed in paper (5 copies) in both English and French with corresponding electronic versions to the contracting authority. The consultant will include as an Annex the DAC Format for Evaluation Report Summaries (see Annex B).

The report is to be disseminated under the full responsibility of the Commission.

The evaluation manager shall prepare (1) a "fiche contradictoire" summarising the recommendations (column 1), the comments of the addressees (relevant services) of the recommendations (column 2), and any actions taken one year later (column 3).

The report, the DAC summary model (see Annex B), the quality assessment grid (see Annex C) and the two documents above may be published on the Commission's website.

### **Final Report presentation to the NIF Operational or Strategic Board**

The Evaluator will make an audio-visual presentation of the Final Report findings, conclusions and recommendations to the NIF Strategy Board.

The length of the report should be as per the provisions in Annex B, with Arial 11 as size of font.

**Annex A****Mid-Term Evaluation of the Neighbourhood Investment Facility (NIF)  
Terms of Reference: Reference Group**

1. The Reference Group (RG) for the Mid-Term Evaluation (MTE) of the EU Neighbourhood Investment Facility (NIF) comprises representatives of Members and Observers of the NIF Operational Board and is chaired by the Commission.
2. The purpose of the RG is, on behalf of the Operational Board, to assure the overall quality and usefulness of the MTE, and the adherence of the evaluation process to the OECD/DAC Evaluation Principles of impartiality, independence, transparency, credibility and partnership and the OECD/DAC Quality Standards for Development Evaluation.
3. The RG's role is to advise the Evaluation Coordinator who will be managing the day-to-day relationships with the evaluation consultant (the Evaluator).
4. Key RG tasks are
  - a) to agree Terms of Reference for the MTE;
  - b) to provide expert advice and comment on the Evaluator's outputs at the following stages
    - Reference Group meeting to discuss Kick Off Note
    - Draft Inception Report
    - Reference Group Meeting to discuss Draft Findings, Conclusions and Recommendations
    - Draft Final Report
  - c) to pay particular attention, in providing comments, to
    - appropriateness of the evaluation framework
    - relevance of the evaluation questions
    - appropriateness of the evaluation methodology
    - appropriateness of the evidence used
    - rigour of analysis
    - accuracy of interpretation
    - credibility of findings
    - validity of conclusions
    - usefulness of recommendations
    - clarity of presentation
  - d) to support the evaluation process by facilitating Evaluators' access to information and officials within their organisations;
  - e) to provide ad hoc guidance through the RG Chairman to evaluators on request;
  - f) to report periodically to the Operational Board on progress of the MTE, through the RG Chairman;
  - g) to advise to the Operational Board on possible next steps after the evaluation has been completed.

In addition, at least one member of the RG should participate in evaluation of consultants' bids to undertake the MTE.

5. After the Evaluator has started, it is envisaged the RG will hold two meetings (one to discuss the Kick Off Note and the other to discuss draft Findings, Conclusions and Recommendations).

Other business will be conducted mainly by email and teleconferences as needed. The NIF Secretariat will provide administrative support to the RG as required.

6. In undertaking the tasks in paragraph 4, members of the RG commit to provide timely comments (or nil returns) to the Chairman and Evaluation Coordinator, so as not to delay the MTE process. In particular, comments on the draft Inception Report and the draft Report should be submitted within 2 weeks. To assist them in their work, RG members are expected to consult as appropriate with the evaluation specialists of their own organisations. Evaluation specialists may also participate in RG meetings or teleconferences if this will be helpful. If a member of the RG is unable to participate in a RG meeting or teleconference, they should nominate a substitute.

## **Overall Structure of Final Report**

### **Format**

Title page

Table of Contents

Executive Summary

Introduction

Methodology

Evaluation Results

Conclusions and recommendations

Annexes.

### **Length**

Main Report (not more than 50 pages) excluding Executive Summary (not more than 5 pages)

### **Annexes**

These should at least include

- Methodological approach
- List of institutions and persons interviewed
- List of documents consulted
- Details of the project case studies



## Annex C

## Quality Assessment Grid

Concerning these criteria, the evaluation report is:	Unacceptable	Poor	Good	Very good	Excellent
<b>1. Meeting needs:</b> Does the evaluation adequately address the information needs of the commissioning body and fit the terms of reference?					
<b>2. Relevant scope:</b> Is the rationale of the policy examined and its set of outputs, results and outcomes/impacts examined fully, including both intended and unexpected policy interactions and consequences?					
<b>3. Defensible design:</b> Is the evaluation design appropriate and adequate to ensure that the full set of findings, along with methodological limitations, is made accessible for answering the main evaluation questions?					
<b>4. Reliable data:</b> To what extent are the primary and secondary data selected adequate. Are they sufficiently reliable for their intended use?					
<b>5. Sound analysis:</b> Is quantitative information appropriately and systematically analysed according to the state of the art so that evaluation questions are answered in a valid way?					
<b>6. Credible findings:</b> Do findings follow logically from, and are they justified by, the data analysis and interpretations based on carefully described assumptions and rationale?					
<b>7. Validity of the conclusions:</b> Does the report provide clear conclusions? Are conclusions based on credible results?					
<b>8. Usefulness of the recommendations:</b> Are recommendations fair, unbiased by personnel or shareholders' views, and sufficiently detailed to be operationally applicable?					
<b>9. Clearly reported:</b> Does the report clearly describe the policy being evaluated, including its context and purpose, together with the procedures and findings of the evaluation, so that information provided can easily be understood?					
Taking into account the contextual constraints on the evaluation, the overall quality rating of the report is considered.					

**Additional Documentation to be attached to MTE ToRs**

2011 Annual Report (if available 2012 Annual Report)

Framework agreement

List of approved projects as at 31.12.2011

**Additional Documentation to be provided to Evaluator (not exhaustive)**

European Neighbourhood Policy

European Neighbourhood and Partnership Instrument

Eastern and Euro-Mediterranean Partnerships

Joint Communication "Partnership for Democracy and Shared Prosperity with the Southern Mediterranean"

Joint Communication "A new response to a changing Neighbourhood";

Action Fiches of the NIF

NIF Strategic Orientations

Rules of Procedure of the NIF Board

NIF Framework Arrangement

Project Documentation submitted to the NIF Board.

Summary of Decisions and Conclusions of the NIF Board and the FIG meetings.

NIF Annual Reports (2008, 2009, 2010, 2011)

Agreements signed to implement the decisions of the Board

The final report of the EC Working Group on the Additionality of Grants in the Framework of Blending Mechanisms (December 2009)

**Annex D****Mid-Term Evaluation of the Neighbourhood Investment Facility****Possible Evaluation Questions**

1. How far has NIF assisted in achieving the expected outcomes of the Eastern- Mediterranean Partnerships on infrastructure, fight against climate change and private sector support (SMEs)?
2. How far have NIF's ways of working (including rules, governance structures, procedures, strategic direction, and how they have operated in practice) been optimal in channelling NIF grant resources to where they add most value?
3. How adequate are the monitoring arrangements instituted and required by NIF for facilitating the final evaluation of NIF?
4. How critical have NIF grants been for allowing NIF-supported projects to proceed? How such additionality is measured and reported?
5. How adequate has been the liaison between the FIG and other financiers of related projects (for instance in the context of regional programmes such as power pools or transport corridors)?
6. How adequate has been NIF's engagement with regional organisations responsible for regional infrastructure?
7. How adequate is the level of "EU visibility" provided by the FI's during project implementation.
8. Is it possible to measure the direct and indirect impact of NIF Operations on job creation (especially of NIF operations in support of SMEs)? If this is the case, what is the impact of NIF operations on job creation?

# ANNEX 2

## LIST OF PEOPLE INTERVIEWED

NAME	INSTITUTION / ORGANISATION	ROLE	LOCATION	SUBJECT / PROJECT
<b>EC - BRUXELLES</b>				
Marcus Cornaro	DG DEVCO F	RG and Board	Bruxelles	NIF operation and governance
Jaime Reis Conde	DG DEVCO C3	RG	Bruxelles	NIF operation
Jose Baiges Planas	DG DEVCO C3	RG	Bruxelles	RG
Eleftherios Tsiavos	DG DEVCO C3	RG	Bruxelles	Several, NIF
Sarah Rinaldi	DG DEVCO C3	RG	Bruxelles	NIF operation and governance
Malin Elander	DG DEVCO C3	RG	Bruxelles	
Pierre Ewencyk	DG DEVCO C3	RG	Bruxelles	
Soraya Ceschin	DG DEVCO C3	RG	Bruxelles	
Raquel Jimenez	DG DEVCO C3	RG	Bruxelles	
Grazyna Bogusz	DG DEVCO C3	RG	Bruxelles	Several, NIF
Antongiulio Marin	DG CLIMA A2	RG	Bruxelles	CCW
Aneil Singh	DG ECFIN	RG	Bruxelles	NIF operation and governance
Jean Martial Marenne	DG ECFIN	RG	Bruxelles	
Sergio Marinelli	EEAS	RG	Bruxelles	Strategies
Raquel Torres Ruiz	EC, F2	RG	Bruxelles	Briefing
José Jimenez		RG	Bruxelles	Briefing
Serena Vitale		RG	Bruxelles	Briefing
Ingrid Schwaiger	DEVCO		Phone/ email	Geocoordination - NIF
Philip Mikos	DEVCO F3		Bruxelles	NIF operation
Jean Luis Lavroff	DEVCO F4		Bruxelles	NIF operation
Marc Thill			Bruxelles	NIF operation
Fernando Nino Page	DEVCO F4		Bruxelles	NIF operation
Simone Rave	DEVCO F3		Bruxelles	NIF operation
Lara Beltrame	DEVCO C3		Bruxelles	FEMIP
José Jimenez Sanchez	EC / Inv. facilities		Bruxelles	NIF operation
Françoise MILLECAM	EUD Tunis	Head of Operations	Tunisia	NIF-project identification
Monica PEIRO-VALLEJO	EU Devco	Policy Officer	Brussels	NIF-Procedures
Isabelle JAGIELLO	EU Devco	Chargée de dossier	Brussels	NIF Activities South
<b>FINANCE INSTITUTIONS</b>				
Cristoph G. Krieger	KfW	RG	Frankfurt	KfW projects South
Stefanie Ewerbeck	KfW	RG	Bruxelles	Briefing
Benoit Maudit	AFD	RG	Paris	AFD projects
Arnaud Desmarchelier	AFD	DTO /ENE	Paris	Design of NIF projects
Jean Marc Bellot	AFD	RG	Paris	AFD projects
EEfje Schmid	EIB		Luxemburg	EIB projects
Luciana Tomozei	EIB	RG	Luxemburg	EIB projects
Clare Denvir	EIB	RG	Luxemburg	EIB projects
Catherine Collin	EIB	RG	Luxemburg	EIB projects
Matthias Zoellner	EIB	ECISO	Phone / email	Design of NIF projects
Eleni Kyrou	EIB	Social Development	Phone / email	Design of NIF projects
Rugile Balzekaite	EIB	CC	Phone / email	Design of NIF projects
Eva Maria Mayerhofer	EIB	Env. specialist	Phone / email	Design of NIF projects
Luca Schio	CEB	RG	Bruxelles	
Alexander Burr	EBRD	Analyst	Phone / email	Design of NIF projects
Holmquist Erik	EBRD	RG	Bruxelles	
Auboeck Alexander	EBRD	RG	Bruxelles	
Petit Etienne	France, Ministry of Finance	RG	Paris	NIF operation and governance

Alberto Castronovo	SIMEST	RG	Roma	SIMEST and NIF
Alessandra Mariani	SIMEST	RG	Roma	SIMEST and NIF
Henri Martin	Consultant, DEVCO		Bruxelles	NIF operation and governance
<b>CLIMATE CHANGE ACTION</b>				
Chris Dodwell	AEA	CCW study	Bruxelles	CCW
Emly Le-Cornu	AEA	CCW study	Bruxelles	CCW
Sonja Schmidt	ADELPHI	CCW study	Email / Phone	CCW
Adarsh Varma	AEA - Ricardo	Team leader – CCW study	Email / Phone	CCW
Anna Maria Domenici	Rappresentanza Italiana in Belgio		Bruxelles	Member states and NIF
<b>CASE STUDIES</b>				
Jean Pierre MARCELLI	AFD	Director	Cairo	NIF – 200 MW Wind Farm in Gulf of El Zayt
Mahmoud Atia MOSTAFA	NREA	V.Ch.	Cairo	NIF – 200 MW Wind Farm
Moustafa Abdel MONEM YOUSSEF	NREA	Head	Cairo	NIF – 200 MW Wind Farm
Ahmed Nady	NREA	Eng.	Cairo	NIF – 200 MW Wind Farm
Omney EL GOWAINY	NREA	Eng.	Cairo	NIF – 200 MW Wind Farm
Ahmed ELBELTAGUI	EUD	Task Manager	Cairo	NIF – ISWP projects
Ivano BRUNO	EUD	Task Manager	Cairo	NIF – 200 MW Wind
Kakha SEKHNIASHVILI	ENERGOTRANS	Director	Tbilisi	Black Sea Transmission System
Maia GIKOSHVILI	ENERGOTRANS	Deputy Director	Tbilisi	Black Sea Transmission System
Mariam VALISHVILI	Ministry of Energy	First Deputy Minister	Tbilisi	NIF – Black Sea Transmission System
Jemal Akhalaia	ENERGOTRANS	Deputy Director	Tbilisi	NIF – Black Sea Transmission System
	ENERGOTRANS	Deputy Director	Tbilisi	NIF – Black Sea Transmission System
David MANAGADZE	EBRD	Associate banker, Power and Energy	Tbilisi	NIF – Black Sea Transmission System
Enrico SPILLER	KfW	Director	Tbilisi	NIF – Black Sea Transmission System
Nino SHANIDZE	KfW	Senior project coordinator	Tbilisi	NIF – Black Sea Transmission System
Sergiy Ladnyy	Delegation, Ukraine		Ukraine	NIF and EUD
Walter Tretton	Delegation, Ukraine		Ukraine	NIF and EUD
Miroslava Didukh	Delegation, Ukraine		Ukraine	NIF and EUD
Gabriel Blanc	Delegation, Ukraine		Ukraine	Energy
Gunnar Walzholz	KfW Ukraine		Ukraine	FI / Ukraine
Zhanna Gutina	Energy Company Ukraine		Ukraine	Energy projects
Volodymyr Motyl	Dreberis Kiev		Ukraine	Municipal support
Natalia Rudenko	EGIS BCEOM		Ukraine	Municipal support
Daria Kochubinskaya	EBRD Ukraine		Ukraine	FI / Ukraine
Lionel Rapaille	EIB Ukraine		Ukraine	FI / Ukraine
Lilya Chernyavska	EIB Ukraine		Ukraine	FI / Ukraine
Maya Koshman	Ministry of Economy	Head of TA	Ukraine	NIF – Hydropower rehabilitation
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## **ANNEX 4:**

### **NIF MID TERM EVALUATION:**

### **METHODOLOGY**

## INTRODUCTION

The overall methodological approach of the evaluation is on the detailed European Commission evaluation guidelines<sup>1</sup>. This Annex presents the main features of the approach, with particular attention to: (i) the evaluation process, and (ii) data collection tools.

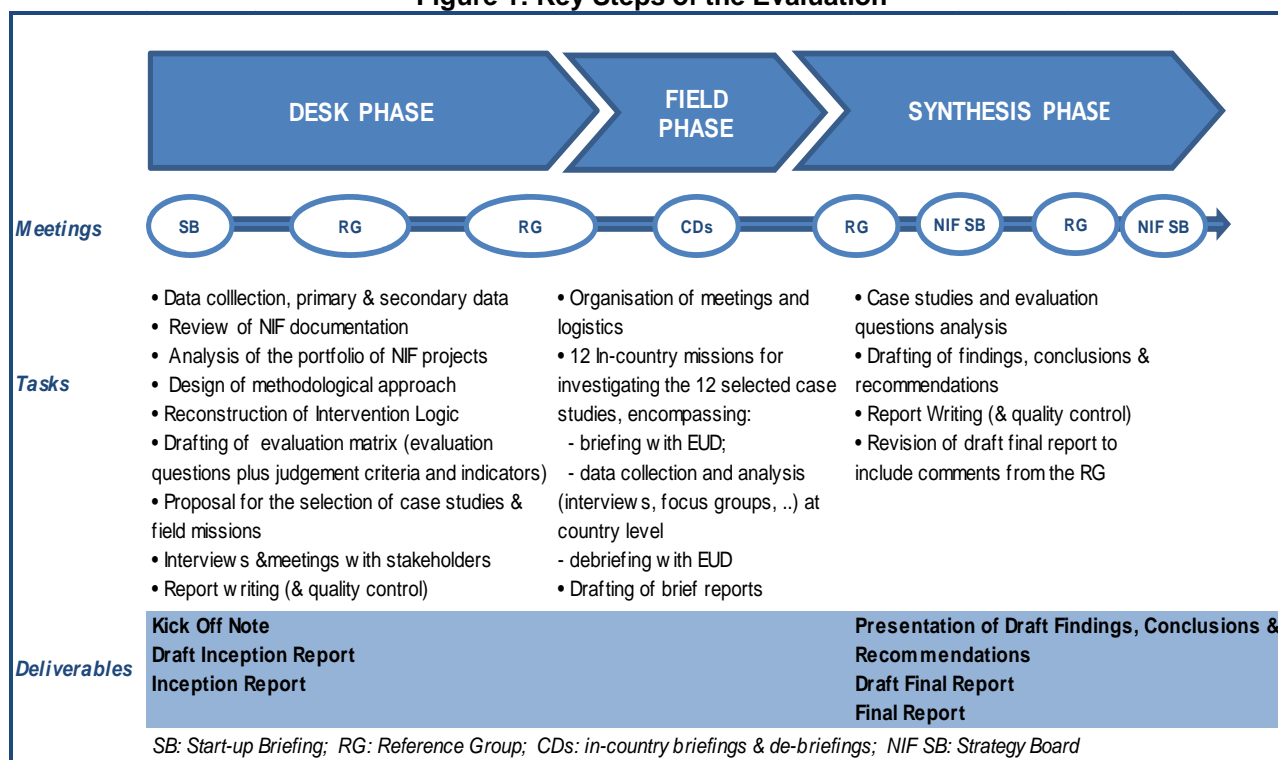
### The evaluation process

In line with the ToR, the evaluation process has been structured in three main phases:

- **The Desk Phase.** The desk phase was designed to structure the whole evaluation by proposing the logic of intervention, the evaluation questions (EQs) and related judgment criteria (JCs) as well as the description of the main thrust of the methodological design including indicators to be used, strategy of analysis and detailed work plan.
- **Field Phase.** This phase supported the collection of information on the selected case studies in the national contexts; the analysis of the information gathered was intended to lead to the validation or reformulation of the hypotheses done during the desk phase.
- **Synthesis Phase.** The synthesis phase is the final phase where the evaluation team has drafted the Final Report, bringing together the results of the desk and field phases and coming up with conclusions and recommendations for the future of the Neighbourhood Investment Facility.

The following figure summarises the main steps for each phase.

**Figure 1: Key Steps of the Evaluation**

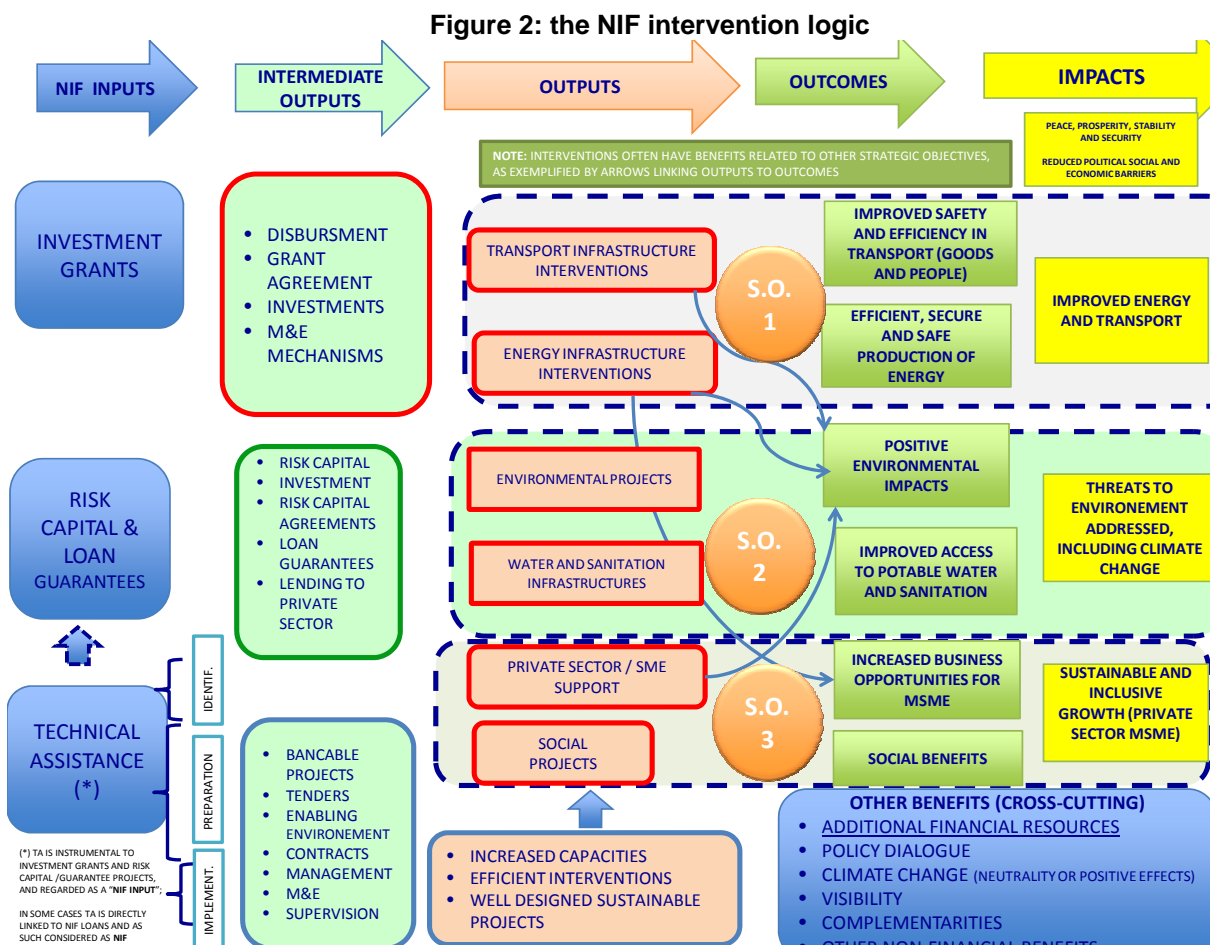


<sup>1</sup> <http://ec.europa.eu/europeaid/evaluation/methodology>

❖ The Desk Phase

One of the first task of the evaluation team was the elaboration of the intervention logic (IL) which aims at reflecting the EC overall approach and interventions of the NIF in an aggregate form and is based on the official documents that set out the EC strategies for the NIF. As such, it represents the backbone for the evaluation, and outlines the set of objectives against which the EC intervention will be assessed.

Based on the NIF documents<sup>2</sup> the evaluation team has reconstructed the following logic of intervention, based on the cause – effects relationship that relates NIF resources to the facility goals.



The logic behind the graph is further detailed in the table below.

**Table 1 – NIF: strategic objectives, cross-cutting objectives and expected outcomes**

Intervention logic level	Definition	Description
<b>IMPACT</b>	Long-term objectives, related to ENP and EU Regional strategies and policies. NIF will contribute only partially to these objectives; other contributions will derive from other policy and financial instruments;	Peace, prosperity, stability and security of EU and Neighbourhood countries  Reduced political social and economic barriers  Extend EU policy initiatives to neighbouring countries

<sup>2</sup> Essentially ENPI Commission decision, Action Fiches for NIF, ENPI Revised Strategy Paper 2007-2013 and Indicative Programme 2011-2013,

<p><b>OBJECTIVES (STRATEGIC)</b></p>	<p>Facility objectives, define the scope of the intervention and the eligibility of the interventions to be financed.</p>	<p><b>Strategic objective1</b> Establish and enhance access to energy and transport and in particular interconnections between the EU and ENP partners and between ENP partners themselves;</p> <p><b>Strategic objective 2</b> Address threats to our common environment including climate change</p> <p><b>Strategic objective 3</b> Promote equitable socio -economic development and job creation through the support for small and medium size enterprise and the social sector.</p>
<p><b>OBJECTIVES (CROSS CUTTING)</b></p>	<p>Cross cutting medium-term goals embracing the three strategic objectives; These are at a lower level of strategic objectives as they contribute to their achievement, for example through providing additional financial resources (leverage)</p> <p>The additionality is often referred in NIF strategic documents as an “overarching objective”</p>	<p>Additional financial resources</p> <p>Policy dialogue</p> <p>Climate Change positive effect (project neutrality or project positive environmental impact)</p> <p>Complementarities</p> <p>Other non-financial benefits</p>
<p><b>OUTCOMES</b></p>	<p>The outcomes correspond to the benefits (<u>sustainable changes</u>) derived from the implementation of the projects co-financed through NIF;</p> <p>These are structured according to the three Strategic Objectives.</p>	<p><b>Strategic Objective 1</b></p> <ul style="list-style-type: none"> <li>• Better transport infrastructure, within beneficiary countries and between them.</li> <li>• Faster and cheaper transit of people and goods on the main transport corridors linking EU and its neighbours</li> <li>• Increased security of energy supply for the EU and for the Neighbours.</li> <li>• Increased production and use of renewable energy</li> <li>• More efficient use of energy and improved safety and security of energy infrastructure.</li> </ul> <p><b>Strategic Objective 2</b></p> <ul style="list-style-type: none"> <li>• Cleaner environment and reduced environmental impact of population growth and economic development</li> <li>• Integrated waste management</li> <li>• Reduced level of air and water pollution in particular for common marine spaces and freshwater basins</li> <li>• Introduction of integrated water management</li> <li>• Better focus and control of climate changes impacts</li> </ul> <p><b>Strategic Objective 3</b></p> <ul style="list-style-type: none"> <li>• Better access to financing for SMEs (availability of a larger range of financial products)</li> <li>• Resources of SME facilities under the Eastern Partnership are reinforced</li> <li>• SME financing facilities are created or reinforced in the ENPI South area</li> <li>• Investments in public infrastructure projects are co-financed through PPP</li> <li>• Selected social aspects of development addressed.</li> </ul>
<p><b>OUTPUTS</b></p>	<p>Two level of outputs can be identified:</p> <p>a) products and services delivered by the overall project and</p> <p>b) products and services related to NIF contributions;</p> <p>To the effects of the evaluation</p>	<p><b>Strategic Objective 1</b></p> <p>Transport and energy infrastructures</p> <p><b>Strategic objective 2</b></p> <p>Water infrastructures</p>

	<p>the focus will be on the latter.</p> <p>NIF outputs are also structured according to the three Strategic Objectives</p>	<p>Sanitation infrastructures</p> <p><b>Strategic objective 3</b></p> <p>Private sector/SME support</p> <p>Note: NIF outputs may have effects on other strategic objectives; i.e.: Energy or transport infrastructures may have positive effects on the environment and / or private sector development</p>
<b>NIF INTERMEDIATE OUTPUTS</b>	<p>Intermediate products and services that contribute to NIF final products and services;</p> <p>Technical Assistance is considered to this effect as an intermediate output</p>	<p>Technical assistance services including:</p> <ul style="list-style-type: none"> <li>• Project preparation services</li> <li>• Project Management services</li> <li>• Capacity building</li> <li>• Pipeline development</li> </ul>
<b>NIF INPUTS</b>	<p>Financial resources allocated to Projects;</p> <p>These are structured according to different types of products.</p>	<ul style="list-style-type: none"> <li>- Investment co-financing in public infrastructure projects; <i>Direct grants to final beneficiaries for project components which have substantial demonstrable social or environmental benefits or to project components mitigating negative</i></li> <li>- Loan guarantee cost financing; <i>Cost of loan guarantee financed as part of a specific investment operation or as an envelope made available to eligible financial institutions.</i></li> <li>- Interest rate subsidy; <i>Provision of a lump-sum amount to participating FIs to enable them to make long-term loan finance available at reduced interest rates</i></li> <li>- Technical assistance (TA); <i>Provision of a grant to finance TA related to preparatory work for eligible projects including environmental impact assessments, project supervision, and targeted capacity building aimed at reinforcing the technical and administrative capacity of final beneficiary institutions (financed as part of a specific investment operation or as a global envelope made available to eligible financial institutions),</i></li> <li>- Risk capital operations; <i>Provision of grants to increase investment capacities of risk capital institution</i></li> </ul>

On the basis of the intervention logic, the team has designed the Evaluations Questions (EQs) that have been formulated to represent and address the fundamental issues in respect to the strategy, objectives and implementation of European Commission's Support through the Neighbourhood Investment Facility (NIF) and to assess the extent to which the Commission's intended objectives have been achieved as planned, and how they were achieved.

The process has been guided by the official OECD evaluation standards and the analysis structured around a set of 7 evaluation criteria that have framed the skeleton of the evaluation work; for each of them specific evaluation questions (EQ) have been developed (table 2).

**Table 2 – Evaluation Criteria and Evaluation Questions**

Evaluation criteria	Evaluation questions
1. Relevance	EQ1 - To what extent is NIF portfolio relevant to NIF and ENP objectives?
2. Quality of Design	EQ 2 - Are adequate mechanisms established to ensure a good project design and selection process?
3. Effectiveness	EQ 3 - To what extent the Facility, through its strategy, design and

	implementation mechanisms, is effective to achieve its objectives?
4. Efficiency	EQ 4 - Is NIF an efficient instrument to achieve its goals?
5. Impact and Sustainability	EQ 5 - Is the system geared to achieve long-term positive impact and sustainability?
6. Coherence to Paris Declaration and Accra Agenda for Action	EQ 6 - Is NIF designed and implemented in full coherence with Paris Declaration and Accra Agenda for Action?
7. Community Added Value	EQ 7 - How does NIF contribute to the wider EU policy Agenda?

The table below summarizes the structure of the evaluation questions (EQ), including the number of sub-questions, judgement criteria (JC) and indicators, while the subsequent table presents the approach and methodology devised for each Judgement Criterion, when relevant the tools for data collection and analysis are specified.

**Table 3 – The structure of the selected EQs**

EVALUATION CRITERION and main EQ	Sub-questions	Judgement Criteria	Indicators
1. Relevance	6	11	20
2. Quality of Design	4	4	9
3. Effectiveness	12	22	42
4. Efficiency	5	12	29
5. Impact & Sustainability	3	4	10
6. Aid Effectiveness agenda	2	2	8
7. Community Added Value	3	3	6
<b>Total</b>	<b>35</b>	<b>58</b>	<b>124</b>

**Table 4 – Judgement criteria and indicators**

Judgment Criteria	Indicators	Evaluation Approach and methodology
JC1.1.1 Coherence of NIF projects' <b>logic and sequence of inputs =&gt; activities =&gt; results =&gt; objectives;</b>	<ul style="list-style-type: none"> <li>Internal coherence of projects</li> </ul>	<ul style="list-style-type: none"> <li>The assessment will involve the desk analysis of the sequence of results - objectives for the 51 PROJECTS. <i>The Summary table of objectives is being developed.</i></li> <li>Sector experts should carry out the analysis of relevance to NIF sector objectives.</li> <li>EC internal monitoring;</li> </ul>
JC1.2.1 NIF maintained its <b>strategic relevance through changes</b> since 2008;	<ul style="list-style-type: none"> <li>Strategic choices approved by Board;</li> <li>Changes to which NIF managed to adapt or not to adapt;</li> </ul>	<ul style="list-style-type: none"> <li>A <i>matrix will be developed with key changes since starting of NIF, showing if and how NIF adapted to them (i.e.: Arab spring, EU crisis etc)</i></li> <li>Check other evaluations of financial instruments.</li> <li>Interviews to NIF, FIG and EU Delegations;</li> <li>EC internal monitoring;</li> </ul>
JC 1.2.2 satisfactory mechanisms are designed to support NIF adaptation to changing policy environment;	<ul style="list-style-type: none"> <li>Mechanisms designed and inbuilt in NIF to accrue flexibility;</li> <li>Evidence (or lack of) of flexibility in NIF</li> </ul>	<ul style="list-style-type: none"> <li>Analysis of strategy boards reports (3),</li> <li>Risk analysis mechanisms,</li> <li>Interviews to RG and NIF secretariat;</li> <li>Check evaluations of other financial instruments</li> </ul>

<p>JC 1.3.1 Sound relevance of NIF portfolio to strategic objectives and ENP objectives;</p>	<ul style="list-style-type: none"> <li>• Relevance to objectives (an objective matrix with relevance scoring proposed by sector experts)</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Desk analysis of specific objectives =&gt;ENP / NIF objectives; similar to JC 1.1.1 only focusing on ENP / NIF objectives; One issue for infrastructures and energy: strategic objectives specifically mention INTERCONNECTIVITY (EU - Neighbourhood and within Neighbourhood); explore this issue (for infrastructures and energy)</i></li> <li>• <i>Interviews to FI, RG, EU Delegations.</i></li> <li>• <i>Case study analysis.</i></li> <li>• <i>EC internal monitoring;</i></li> </ul>
<p>JC 1.3.2 NIF projects are selected with a satisfactory level of <b>complementarities with NIP</b>; action plans are consistent with NIPs and RIPs</p>	<ul style="list-style-type: none"> <li>• Complementarities (or lack of) within NIPs and RIPs are identified;</li> <li>• Mechanisms to support complementarities are established</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Development of a matrix for the 51 projects detailing connections (or lack of) to NIP;</i></li> <li>• <i>Check involvement of Delegations (during field work) on project pipeline to ensure coherence to NIP (check whether Delegation are fully involved in the identification / preparatory phase);</i></li> <li>• <i>Interviews with Delegations</i></li> </ul>
<p>JC1.3.3 Projects selected match well <b>beneficiaries' and Country' sector needs</b></p>	<ul style="list-style-type: none"> <li>• Beneficiaries needs matched;</li> <li>• Beneficiary satisfaction</li> <li>• Projects contributions and potential impacts on Countries sector needs</li> </ul>	<p><i>Case study analysis and assessment of matching to beneficiary needs. To verify through:</i></p> <ul style="list-style-type: none"> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Evaluation of NIF projects if available (always ask for them)</i></li> <li>• <i>Interviews with Beneficiary institution and</i></li> <li>• <i>Experts' assessment.</i></li> </ul>
<p>JC 1.3.4 NIF projects are selected according to criteria of <b>relevance and priority</b>;</p>	<ul style="list-style-type: none"> <li>• Assessment and selection criteria established within NIF;</li> <li>• Assessment and selection criteria consistently applied for Project selection</li> </ul>	<p><i>This is a key issue, raised both by RG meeting.</i></p> <ul style="list-style-type: none"> <li>• <i>The impact of NIF is likely to be correlated to this issue. Analysis of mechanisms of project selection; a) how projects are identified by FI (criteria of highest relevance and priority?) and</i></li> <li>• <i>b) how are selected by FIG and then by Strategy Board.</i></li> <li>• <i>Are projects scored / graded according to priority / relevance level?</i></li> <li>• <i>Interviews to NIF, RG, FI; it would be interesting to look at projects discarded and score them for relevance and priority;</i></li> <li>• <i>Analyse minutes of meetings and evaluation grids for projects</i></li> </ul>
<p>JC1.4.1 <b>Geographical differentiation criteria</b> are applied, favoring priority areas and needs;</p>	<ul style="list-style-type: none"> <li>• Geographical differentiation criteria are existing and applied;</li> <li>• Volumes and % of targeted resources</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Check NIF mechanisms;</i></li> <li>• <i>Issues raised by RG;</i></li> <li>• <i>Are differentiation criteria applied?</i></li> <li>• <i>Would the instrument improve with their application?</i></li> <li>• <i>Interviews to NIF secretariat, EU delegations, FI; check other evaluations of financing instruments</i></li> </ul>
<p>JC 1.4.2 Mechanisms in place to support <b>debt sustainability</b></p>	<ul style="list-style-type: none"> <li>• Mechanisms are existing and applied;</li> <li>• % of NIF resources to indebted Countries</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Check mechanisms;</i></li> <li>• <i>Interviews to secretariat and FI;</i></li> <li>• <i>Interviews with EU Delegations and Beneficiaries during field work;</i></li> <li>• <i>Summary table of resource allocation to indebted Countries</i></li> </ul>
<p>JC1.4.3 Targeting takes into account Beneficiary Countries <b>absorption capacities</b>;</p>	<ul style="list-style-type: none"> <li>• Targeting and selection mechanisms consider Country' absorption capacities;</li> <li>• Projects implementation is not delayed by inadequate absorption capacities</li> </ul>	<p><i>This is a very interesting issue and should check whether projects may have implementation bottlenecks due to inadequate absorption capacities; This aspect should be covered mostly through Case Studies:</i></p> <ul style="list-style-type: none"> <li>• <i>Interviews to EU delegations and beneficiaries.</i></li> </ul>



		<ul style="list-style-type: none"> <li>• <i>EC internal monitoring;</i></li> <li>• <i>NIF projects evaluations;</i></li> </ul>
JC1.5.1 <b>Domestic climate change policies sectoral analysis</b> of beneficiaries countries are consistently taken into account in NIF.	<ul style="list-style-type: none"> <li>• % of projects taking into account climate change policies</li> </ul>	<p><i>Assessment of the project pipeline;</i>  <i>Case studies;</i>  <i>Procedures for projects environmental assessment</i></p>
JC 2.1.1 Adequate mechanisms are inbuilt in NIF project pipeline to support <b>satisfactory standards of project design</b> ;	<ul style="list-style-type: none"> <li>• Mechanisms established and applied all through the pipeline;</li> <li>• Quality of design as per expert assessment;</li> <li>• Quality of design by stakeholders assessment</li> </ul>	<p><i>Systematic check of the project pipeline for quality of identification and preparation process:</i></p> <ul style="list-style-type: none"> <li>• <i>How projects are prepared by FI,</i></li> <li>• <i>Do we have ex ante assessments?</i></li> <li>• <i>How well the FIG and strategy board assess proposals (time allocated for each project for instance);</i></li> <li>• <i>For case studies carry out analysis of quality of preparation;</i></li> <li>• <i>To prepare a matrix from EC internal monitoring with conclusions on quality of preparation;</i></li> </ul> <p><i>Tools:</i></p> <ul style="list-style-type: none"> <li>• <i>Interviews to RG, FI, EU Delegations, beneficiaries; evaluations.</i></li> <li>• <i>Are guidelines for TD-preparation developed and applied?</i></li> </ul>
JC 2.1.1 climate risks are systematically assessed and the CCW has an impact on improving climate resilience of NIF investments	<ul style="list-style-type: none"> <li>• % of climate risks assessed</li> <li>• Qualitative assessment of resilience of investments</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Review of project pipeline;</i></li> <li>• <i>Detailed analysis of procedures for environmental assessment;</i></li> <li>• <i>Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</i></li> </ul> <p><i>ECinternalmonitoring;</i></p> <ul style="list-style-type: none"> <li>• <i>Environmental assessment matrix</i></li> <li>• <i>Analysis of Rio Markers;</i></li> </ul>
JC 2.2.1 climate risks are systematically assessed and the CCW has an impact on improving climate resilience of NIF investments	<ul style="list-style-type: none"> <li>• % of climate risks assessed</li> <li>• Qualitative assessment of resilience of investments</li> </ul>	
JC 2.3.1 Selection criteria take adequately into account climate change mainstreaming	<ul style="list-style-type: none"> <li>• Selection criteria in place and used for Climate Change mainstreaming</li> </ul>	
JC 2.4.1 Mechanisms established for climate resilience of all investments, with positive impacts on GHG emission reductions, avoiding investments leading to high environmental costs in terms of carbon emissions	<ul style="list-style-type: none"> <li>• Mechanisms in place</li> <li>• Projects with high negative impacts avoided</li> <li>• Appropriate mitigation measures are included in design and implementation</li> </ul>	
JC 3.1.1 <b>NIF investments</b> satisfactorily contribute to the achievement of <b>NIF and ENP objectives</b> ;	<ul style="list-style-type: none"> <li>• Achievement of objectives of Investment Grants</li> </ul>	
		<p><i>This is a critical aspect of the evaluation; This calls for sector analysis and assess how NIF investments grants for each sector are conducive to contribute to NIF strategic objectives and ENP.</i>  <i>Each expert should develop a summary table for investments grants and effectiveness.</i></p> <p><i>Tools:</i></p> <ul style="list-style-type: none"> <li>• <i>Review of sector projects portfolio,</i></li> <li>• <i>Experts judgment,</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Evaluations of NIF projects.</i></li> <li>• <i>In depth analysis for Case Studies;</i></li> <li>• <i>Interviews to FI, EU delegations and beneficiaries.</i></li> </ul> <p><i>Analysis should include the study of % of NIF investment to overall investment.</i></p>

<p>JC 3.1.2 NIF investment grants contribute effectively to Strategic Objective 1, supporting <b>interconnectivity</b> with Member States and within Neighbouring Countries;</p>	<ul style="list-style-type: none"> <li>• Number and % of Projects (investment grants) supporting interconnectivity;</li> </ul>	<p><i>As above, but with focus on interconnectivity (see also JC 1.3.1). The summary table could have a column dedicated to interconnectivity contributions, to support the analysis.</i></p> <p><i>Tools: as in JC 3.1.1</i></p>
<p>C 3.1.3 NIF investment grant contribute significantly to the achievement of environmental objectives (SO 2)</p>	<ul style="list-style-type: none"> <li>• Number and % of investment grants contributing to environmental objectives;</li> <li>• Mechanisms established in NIF for achievement of environmental objectives</li> </ul>	<p><i>As above, but with focus on Strategic Objective 2</i></p> <p><i>Tools: as in JC 3.1.1</i></p>
<p>C 3.1.4 NIF investment grant contribute significantly to the achievement of social development objectives (SO 3)</p>	<ul style="list-style-type: none"> <li>• Number and % of investment grants contributing to social objectives;</li> <li>• Mechanisms established in NIF for achievement of social objectives</li> </ul>	<p><i>As above,</i></p> <p><i>with focus on Strategic Objective 3</i></p> <p><i>Tools: as in JC 3.1.1</i></p>
<p>JC 3.2.1 <b>TA services</b> significantly contribute to the achievement of NIF goals, support institutional strengthening in partner Countries good standard of design and effective project delivery.</p>	<ul style="list-style-type: none"> <li>• Assessment of TA services by ROM;</li> <li>• Beneficiary' satisfaction of TA services;</li> <li>• Score (by sector experts) to effectiveness of TA services</li> </ul>	<p><i>An important issue.</i></p> <p><i>About 36% of resources are spent on TA.</i></p> <p><i>Are we getting the bang for the buck?</i></p> <p><i>Very little documentation provided so far on TA.</i></p> <p><i>Should TA to FI be co-financed by FI?</i></p>
<p>JC 3.2.2 TA has a <b>Value Added</b> proportioned to NIF investment in TA services;</p>	<ul style="list-style-type: none"> <li>• TA cost / benefit ratio (qualitative comparison of TA costs and services delivered)</li> <li>• Beneficiaries' assessment of Value Added;</li> </ul>	<p><i>How are these resources contracted?</i></p> <p><i>Do we have tenders according to ODA procedures? Is there a sound cost - benefit contribution with TA services?</i></p> <p><i>Are TA services in accordance to EC backbone strategy and Paris declaration principles? –</i></p> <p><i>During desk phase we should start learning how TA is contracted, check ToR, check costs, check mechanisms...</i></p> <p><i>Tools</i></p> <p><i>a) Each expert should develop a summary table on TA contributions;</i></p> <p><i>b) develop a table of summary recommendations of EC Internal Monitoring on TA by Res. Assistant for field / synthesis phase;</i></p> <p><i>c) interviews with FI, secretariat, EU Delegations, Beneficiaries; d) Interviews with TA during case studies; e) review TA ToR and outputs for case studies;</i></p>
<p>JC3.3.1 NIF investments in <b>risk capital</b> and <b>loans guarantees</b> are effective to contribute to NIF objectives and support private sector and SME development.</p>	<ul style="list-style-type: none"> <li>• Beneficiary' assessment;</li> <li>• Sector expert scoring on effectiveness of risk capital and loan guarantees projects;</li> </ul>	<p><i>This question is specific to strategic objective 3 and SME.</i></p> <ul style="list-style-type: none"> <li>• <i>Assessment of risk capital and guarantee projects;</i></li> <li>• <i>Summary table for these projects;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Review of evaluations;</i></li> <li>• <i>Specific interviews to FI, secretariat, EU delegations, beneficiaries;</i></li> <li>• <i>Check other evaluation reports of financial instruments;</i></li> </ul>

<p>JC 3.4.1 NIF contributions managed to <b>leverage significant resources</b>, avoiding replacement of private financing and without creating distortions in the financial markets;</p>	<ul style="list-style-type: none"> <li>• Ratio of resources leveraged through NIF;</li> <li>• Mechanisms established to prove that NIF contributions are critical for financing the projects;</li> <li>• Lack of evidence of distortions in the financial market;</li> </ul>	<p><b>Additionality is one of the most important objectives of NIF and should have a close assessment;</b></p> <p><i>To start with the analysis of the table of the ratio "total projects / NIF".</i></p> <p><i>However the key question is: <u>how do we know that without NIF the project should NOT have been financed?</u></i></p> <p><i>Is NIF contribution REALLY necessary? Could it be argued that the burden of proof should lay on FI? Does exist NIF mechanisms for a verification (external) on additionality? Could this be recommended? Develop a summary table of list of projects with PPP established;</i></p> <p><i>Tools:</i></p> <ul style="list-style-type: none"> <li>• Analysis of portfolio;</li> <li>• Specific questions to FI;</li> <li>• Questions to FI not part of FIG (analysis of potential distortion to financial market);</li> <li>• Interviews to delegation and beneficiaries (case studies);</li> <li>• Check methodology and approach for other evaluations of financial instruments;</li> <li>• EC internal monitoring;</li> </ul> <p>• Check, if possible, if there are <u>comparable projects on going or realised without (in this case) NIF support</u></p>
<p>JC 3.4.2 NIF has been instrumental to <b>leverage new loans</b> and to establish effective <b>Public- Private Partnerships</b> in the neighbouring area</p>	<ul style="list-style-type: none"> <li>• Number and % of new PPP</li> <li>• Number of co-financing promoted through NIF;</li> </ul>	
<p>JC 3.4.3 <b>Significant non-financial gains</b> have been derived from NIF negotiation and implementation</p>	<ul style="list-style-type: none"> <li>• Assessment of non-financial gains by stakeholders;</li> <li>• Assessment of non-financial gains by sector experts;</li> </ul>	<ul style="list-style-type: none"> <li>• A summary table of non - financial gains to be developed for all projects (or only for case studies?) by sector experts to support the analysis;</li> <li>• Detailed analysis of non financial gains for case studies;</li> <li>• EC internal monitoring;</li> <li>• Check evaluations of NIF projects;</li> </ul>
<p>JC 3.5.1 Climate risks are systematically assessed</p>	<p>System for assessing climate risk in place and adequate; Number of projects (%) screened for climate risks;</p>	<p><i>Specific analysis of strategic objective 2.</i></p> <p><i>Initial perplexity for lack of specification of these objectives, which may lead to dilute / nullify impact opportunities at national / regional level;</i></p> <p><i>Analysis should be specific for:</i></p> <ul style="list-style-type: none"> <li>• Mitigation measures (SUMMARY TABLE)</li> <li>• Adaptation measures (summary table) ;</li> <li>• Division of projects for Rio marker 1 and 2; Impact on GHG emission (is this possible within the scope of our evaluation?); Eventually develop a cost - benefit analysis on this aspect (for instance costs of projects and benefits in terms of tons of CO2 saving on carbon credit market?; CCW south and east regions;</li> </ul> <p>• Check ENPI evaluation;</p>

		<ul style="list-style-type: none"> <li>• <i>Other environmental impacts evaluations for large financial instruments;</i></li> <li>• <i>Interviews with Environmental stakeholders in RG (prepare a list);</i></li> <li>• <i>For the large projects there should be SEA's.</i></li> </ul>
JC 3.5.2 Rio Markers for tracking volume of climate change finance are being used consistently	% of projects with Rio Markers;	<ul style="list-style-type: none"> <li>• <i>Review of project pipeline;</i></li> <li>• <i>Detailed analysis of procedures for environmental assessment;</i></li> <li>• <i>Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Environmental assessment matrix</i></li> </ul>
JC 3.5.3 Selection criteria address climate change mainstreaming and climate resilience of investments	Selection criteria in place;	
JC 3.5.4 Comparable methodologies have been adopted by EFIs to assess Climate Change issues(e.g. "carbon footprint" with harmonized definitions and reporting system on Rio Markers;	Comparable methodologies in place and used; Comparable reporting systems established and adopted;	
JC 3.6.1 NIF has been effectively contributing to its <b>strategic objective 3</b> , promoting smart, sustainable and inclusive growth	<ul style="list-style-type: none"> <li>• Beneficiary assessment on projects contributions to SO 3;</li> <li>• Sector experts assessment on projects contributions to SO3</li> </ul> Qualitative and quantitative assessment of social and economic benefits;	<i>Contributions to social objectives;</i> <i>Analysis of change of strategic objective 3;</i> <i>why SO3 modifications in 2011?;</i> <i>Why so few "social interventions"? No education and no health projects;</i> <i>Is NIF appropriate instrument for social intervention?</i> <i>Focus on employment and SME development.</i>  <i>Tools:</i> <ul style="list-style-type: none"> <li>• <i>Summary table on social implication of 51 projects;</i></li> <li>• <i>Review of monitoring reports for social benefits;</i></li> <li>• <i>Review of evaluations;</i></li> <li>• <i>Evaluation of 1 case study for social project (Ukraine, support to municipalities);</i></li> <li>• <i>Analysis of social implications for other evaluations of financial instruments;</i></li> </ul>
JC 3.7.1 NIF has contributed to improve national and <b>regional coordination, policy dialogue, aid delivery and financial support</b> ;	<ul style="list-style-type: none"> <li>• Mechanisms established to promote national, regional coordination, policy dialogue, aid delivery and financial support;</li> <li>• Instances of regional and national coordination promoted by NIF;</li> <li>• Evidence of policy dialogue promoted through NIF;</li> <li>• Number of interventions with evidence of aid delivery and financial support coordinated and promoted through NIF;</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Interviews with FI, EU delegations, MS;</i></li> <li>• <i>Coherence with regional programmes;</i></li> <li>• <i>Check approach of other evaluations;</i></li> <li>• <i>EC internal monitoring;</i></li> </ul>
JC 3.7.2 Adequate coordination mechanisms have been established with <b>FEMIP</b> .	<ul style="list-style-type: none"> <li>• Coordination mechanisms with FEMIP established;</li> <li>• Number of projects coordinated with FEMIP;</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Specific analysis of Coordination mechanisms with FEMIP (EIB);</i></li> <li>• <i>Interview with FEMIP responsible persons (Commission / EIB);</i></li> <li>• <i>Review of FEMIP evaluation</i></li> </ul>

JC 3.8.1 NIF contributes significantly supporting project development through out the project cycle;	NIF support mechanisms evidence at level of project identification, project formulation, implementation, evaluation and programming	<ul style="list-style-type: none"> <li>• Detailed assessment of the project cycle;</li> <li>• Analysis NIF pipeline</li> <li>• Analysis of Case Studies</li> <li>• RG and FI interviews</li> <li>• Project beneficiaries</li> <li>• Delegations</li> </ul>
JC 3.9.1 Eligibility criteria have been applied by the FIG and the Operational Board to strengthen the instrument effectiveness;	Number of instances (% of projects) of implementation of eligibility criteria; Improvement of coherence to NIF objectives due to application of eligibility criteria	<ul style="list-style-type: none"> <li>• Analysis of procedures</li> <li>• Operational board minutes;</li> <li>• Interviews RG and FI</li> </ul>
JC 3.10.1 Economic viability of proposal is taken into account by NIF project preparation pipeline	Economic analysis of NIF projects; Ex ante assessment for economic viability and IRR of NIF projects;	<ul style="list-style-type: none"> <li>• Analysis of procedures</li> <li>• Operational board minutes;</li> <li>• Interviews RG and FI</li> </ul>
JC 3.11.1 Institutional and non-economic aspects of project proposals are considered in the projects approved by NIF	Mechanisms in place to take into account institutional analysis, capacity building, social and organizational issues in NIF project design and ex-antes assessment of proposals; Number of observations by NIF board to improve institutional and non-economic aspects of project proposals;	<ul style="list-style-type: none"> <li>• Analysis of procedures</li> <li>• Operational board minutes;</li> <li>• Interviews RG and FI</li> </ul>
JC 3.12.1 NIF contributes positively to coordination amongst European actors and EFIs	Coordination mechanisms in place; Instances of coordination for case studies;	<ul style="list-style-type: none"> <li>• Review of coordination mechanisms</li> <li>• Interviews with stakeholders;</li> <li>• EC internal monitoring;</li> </ul>
JC 4.1.1 NIF <b>governance and implementation mechanisms</b> are adequate to support efficient (cost effective) and timely delivery.	Governance and implementation mechanisms established to promote efficient (cost effective) and timely delivery; Result-based management applied through NIF; Expected cost overruns Delays (or expected delays) in implementation; Other benefits to EFI project cycle related to NIF support (i.e.: quality of preparation, improved coordination, other)	<ul style="list-style-type: none"> <li>• Detailed review of operating mechanisms;</li> <li>• Check evaluations and analysis of operating mechanisms of other financial instruments;</li> <li>• Question: why with so large resources NIF is not financing a sort of PIU to overview NIF and support FIG, secretariat and boards;</li> <li>• in depth analysis of working of NIF (at least 2 - 3 days in Brussels);</li> </ul>
JC 4.1.2 the facility supports a project cycle duration shorter than alternative mechanisms of EC aid delivery	Average project delivery time (also compared to EFI projects not receiving NIF support); Stakeholder assessment of timeliness of response; Sector expert assessment of timeliness of delivery;	<ul style="list-style-type: none"> <li>• Check with FI, Commission, EU Delegation, beneficiaries;</li> <li>• Summary table of projects of urgency and "quickness" of response.</li> <li>• EC internal monitoring;</li> </ul>
JC 4.1.3 Inclusive and effective <b>consultation and participation mechanisms</b> are established allowing stakeholders to join in the decision making process along the project pipeline	<ul style="list-style-type: none"> <li>• Number and scope of consultation mechanisms established;</li> <li>• Stakeholders assessment of level of consultation and participation;</li> <li>• EC internal monitoring assessment of participation and consultation;</li> </ul>	<ul style="list-style-type: none"> <li>• Are Delegations and geographic units adequately involved in the early stages of project pipeline?;</li> <li>• Stakeholder assessment table should be developed to support the analysis of this point;</li> <li>• Interviews with FI, Commission, EU Delegations. Also eventually interviewing FI</li> </ul>

		<p><i>NOT part of the FIG.</i></p> <ul style="list-style-type: none"> <li>• <i>Think of potential stakeholders not included in the process.</i></li> <li>• <i>Review evaluations of other financial instruments. Synthesis of EC internal monitoring;</i></li> <li>• <i>recommendations of consultation and participation process.</i></li> </ul>
JC 4.2.1 NIF has achieved satisfactory levels of <b>efficiency for each intervention type</b>	<ul style="list-style-type: none"> <li>• Efficiency (cost – benefit, timeliness of delivery) scores by sector experts per projects and intervention type;</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Cost - benefit analysis for investments, TA, risk capital and guarantees;</i></li> <li>• <i>Whether NIF has established mechanisms to monitor cost effectiveness of each of these instruments.</i></li> <li>• <i>Efficiency of TA resources;</i></li> <li>• <i>Result-based management applied to TA contracts?</i></li> </ul>
JC 4.3.1 The governance of the facility is effective to ensure the quality check with regards to climate change tracking and assessment of impact under the CCW. The setting of specific benchmarks to compare projects: eg. GHG reduction/Euro is necessary (or not necessary) to this effect	<p>Mechanisms in place for quality check related to climate change tracking and assessment under the CCW</p> <p>Project comparability under CCW and impact on climate</p> <p>Assessment of need for specific benchmarks</p>	<ul style="list-style-type: none"> <li>• <i>Review of project pipeline;</i></li> <li>• <i>Detailed analysis of procedures for environmental assessment;</i></li> <li>• <i>Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Environmental assessment matrix</i></li> </ul>
JC 4.3.2 Quantitative accounting and reporting of the climate change mitigation and adaptation potential of projects in NIF is needed, especially in case of projects already receiving funding from different EU sources;	<p>Lack of data for quantitative accounting and reporting on mitigation and adaptation of NIF projects</p> <p>Existing demand;</p>	
JC 4.3.3 The on-going process to define Low Emission Development Strategy and National Appropriate Mitigation Actions are taken into account in NIF project design;	<p>Mechanisms in place to take into account Low Emission Development Strategy and National Appropriate Mitigation Actions;</p>	<ul style="list-style-type: none"> <li>• <i>Review of project pipeline;</i></li> <li>• <i>Detailed analysis of procedures for environmental assessment;</i></li> <li>• <i>Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Environmental assessment matrix</i></li> </ul>
JC 4.3.4 Rio Markers for tracking volume of climate finance are used consistently by the different IFI;	<p>% of NIF projects using Rio Markers for tracking volume of climate finance:</p>	<ul style="list-style-type: none"> <li>• <i>Review of project pipeline;</i></li> <li>• <i>Detailed analysis of procedures for environmental assessment;</i></li> <li>• <i>Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Environmental assessment matrix</i></li> </ul>
JC 4.3.5 Improvement and harmonisation of definitions of climate actions, eg. 'operationalization' of Rio Markers is appropriate and desirable	<p>Need, demand and feasibility for operationalization of Rio Markers</p>	<ul style="list-style-type: none"> <li>• <i>Review of project pipeline;</i></li> <li>• <i>Detailed analysis of procedures for environmental assessment;</i></li> <li>• <i>Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Environmental assessment matrix</i></li> </ul>
JC 4.3.6 Harmonisation of IFIs methodologies to assess carbon footprint is appropriate and feasible;	<p>Need, demand and feasibility for harmonized methodologies for assessment of carbon footprint</p>	

<p>JC 4.4.1 <b>M&amp;E arrangements</b> allow transparency, result-based management adherence to Paris Declaration Principles and lesson learning.</p>	<ul style="list-style-type: none"> <li>• M&amp;E mechanisms established (yes or no, qualitative assessment)</li> <li>• Performance measurement systems applied;</li> <li>• Full transparency of NIF operations;</li> <li>• Evaluations carried out (number, % of NIF projects) and lessons used to improve interventions;</li> </ul>	<ul style="list-style-type: none"> <li>• Review M&amp;E mechanisms of NIF;</li> <li>• Does monitoring deserve to be reinforced? Recommendation to apply EC Internal monitoring tools to all NIF projects;</li> <li>• Standardized monitoring?</li> <li>• Are evaluation mechanisms of projects adequate? Does NIF and delegations receive reports on evaluation of projects?</li> <li>• Are evaluations external?</li> </ul> <p>Tools:</p> <ul style="list-style-type: none"> <li>• Review of M&amp;E arrangements;</li> <li>• Summary table on evaluation and M&amp;E systems;</li> <li>• EC internal monitoring recommendations on M&amp;E;</li> <li>• Approach of other evaluations of financial instruments.</li> </ul> <p>Note: The Evaluation Manager, as specialized M&amp;E expert, will look closely on this aspect;</p>
<p>JC 4.4.2 NIF achieves levels of <b>communication</b> and <b>visibility</b>, proportionate to the importance of the financial instrument</p>	<ul style="list-style-type: none"> <li>• Communication and visibility mechanisms established (yes or no, qualitative assessment);</li> <li>• Stakeholders and expert assessment of communication and visibility of NIF;</li> <li>• Budget allocations for communication and visibility</li> <li>• EC Internal monitoring assessment on communication and visibility</li> </ul>	<ul style="list-style-type: none"> <li>• Review communication and visibility arrangements (start from NIF annual reports);</li> <li>• Analysis for case studies; is visibility commensurate to the 500 M size of the instrument?</li> <li>• Lack of a website.</li> <li>• Check resources spent on communication and visibility.</li> <li>• Check visibility during case studies at country level.</li> </ul>
<p>JC 5.1.1 Acceptable (*) positive impact opportunities may be expected for key intervention sectors (* Note: the "acceptability" of the impact will be related to the amount of resources invested and the sustainable benefits to be derived from project implementation</p>	<ul style="list-style-type: none"> <li>• Impact opportunities identified (quantitative and qualitative assessment);</li> <li>• EC Internal monitoring assessment on impact;</li> <li>• Stakeholders' assessment on impact opportunities</li> </ul>	<p>Impact analysis to be carried out following:</p> <ul style="list-style-type: none"> <li>• Analysis of project portfolio,</li> <li>• Sector analysis,</li> <li>• Assessment of case studies." Impact opportunities" is a question that may be raised to FI, NIF and Delegations.</li> <li>• EC internal monitoring; EC internal monitoring; Ratings and observations on impact.</li> <li>• Check evaluation of NIF projects.</li> <li>• Check approach and recommendations used for assessment of ENPI and financing instruments;</li> <li>• An "impact table" could eventually be devised for sectors and geographic areas.</li> </ul>
<p>JC 5.2.2 Adequate mechanisms are established within NIF to take into account potential negative social and environmental impact, to internalize them through adequate mitigation / corrective measures;</p>	<p>Mechanisms established; Number of projects assessed with negative impacts; Number of mitigation / corrective measures proposed;</p>	<ul style="list-style-type: none"> <li>• Review of project pipeline;</li> <li>• Detailed analysis of procedures for environmental assessment;</li> <li>• Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</li> <li>• EC internal monitoring;</li> <li>• Environmental assessment matrix</li> </ul>
<p>JC 5.2.3 Adequate mechanisms are established to foresee, avoid, mitigate and or correct negative impacts</p>	<ul style="list-style-type: none"> <li>• Mechanisms established to foresee, mitigate, correct / avoid negative impacts</li> </ul>	<p>Detailed analysis of procedures for environmental assessment;</p>

<p>JC 5.3.1 Institutional, policy, political, institutional, financial, economic, market, social and environmental aspects of sustainability have been adequately taken into account in the design and implementation of NIF project</p>	<ul style="list-style-type: none"> <li>• Feasibility studies / ex antes assessment carried out to proof sustainability of NIF projects;</li> <li>• Financial allocations available for operation of NIF investments;</li> <li>• EC internal monitoring assessment of sustainability;</li> </ul>	<p><i>Analysis of sustainability should check if adequate mechanisms exist in NIF project pipeline (identification, preparation, ex antes assessment, implementation, TA, evaluation) to ensure sustainability.</i></p> <p><i>All dimensions of sustainability should be specifically explored, including:</i></p> <ul style="list-style-type: none"> <li>• Institutional,</li> <li>• Policy,</li> <li>• Political,</li> <li>• Institutional,</li> <li>• Financial,</li> <li>• Economic,</li> <li>• Market,</li> <li>• Social and</li> <li>• Environmental sustainability.</li> </ul> <p><i>Sector experts should assess sustainability for their projects. In-depth analysis for case studies;</i></p> <p><i>Tools:</i></p> <ul style="list-style-type: none"> <li>• EC internal monitoring conclusions on sustainability,</li> <li>• Review of preparatory studies,</li> <li>• Analysis of evaluations of NIF projects.</li> <li>• Check approach of similar studies.</li> <li>• Interviews to stakeholders;</li> </ul> <p><i><u>Understanding of sustainability will rely mostly on field visit.</u></i></p> <p><i>The capacity of beneficiaries to pay for operation costs is one of the key aspects to be understood.</i></p>
<p>JC 6.1.1 NIF consistently applies through its operation and projects the principles for aid effectiveness.</p>	<ul style="list-style-type: none"> <li>• NIF M&amp;E mechanisms established to follow up implementation of Paris Declaration principles;</li> <li>• National ownership of interventions;</li> <li>• Mutual Responsibility principles specified in NIF contracts;</li> <li>• Performances measurements in NIF projects;</li> </ul>	<p><i>As a start to check the approach used by similar evaluations and results of EC internal monitoring;</i></p> <p><i>The issue of subsidiarity should be explored in detail, as it seems Delegation are involved only perfunctorily in the decision-making process pre-financing.</i></p> <p><i>It will be interesting to know whether subsidiarity principles also involve final beneficiaries.</i></p> <p><i>Issues of partnerships and additionality are explored with other EQ (respectively JC 3.4.2 and 3.4.1)</i></p>
<p>JC 6.2.1 Issues of environmental sustainability and climate change are followed up with the consistent application of principles of aid effectiveness, particularly ownership, alignment, mutual responsibility and management by results.</p>	<p>Performance management system applied to Climate Change issues; Evidence of national ownership, alignment and harmonization for CCW projects; Mutual responsibility principle application (evidence)</p>	<ul style="list-style-type: none"> <li>• Review of project pipeline;</li> <li>• Detailed analysis of procedures for environmental assessment;</li> <li>• Case studies and questionnaire for Case studies (Delegations, local offices for IFI, Ministry for Environment) ;</li> <li>• EC internal monitoring;</li> <li>• Environmental assessment matrix</li> </ul>



JC 7.1.1 NIF is satisfactorily complying with EU policy agenda and community added value, consistently taking into account principles of subsidiarity, partnership and additionality	<ul style="list-style-type: none"> <li>• Adequate delegation of responsibilities to stakeholders at local level;</li> <li>• Stakeholders and beneficiaries assessment on their participation to the decision making and management of NIF interventions</li> <li>• Number of partnerships established</li> <li>• Additionality indicators (see JC 3.4.1)</li> </ul>	<p><i>Summary table on complementarities and Instruments developed to seek complementarities (for instance with other financial instrument).</i></p> <p><i>Sector complementarities will be explored by sector experts (energy, transport, water and sanitation, environment, private sector support)</i></p>
JC 7.2.1 NIF is consistently developing complementarities with Member States, Country and Regional policy instruments	<ul style="list-style-type: none"> <li>• Complementarities with policy instruments and Member States identified (quantity and quality)</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Review of coordination mechanisms</i></li> <li>• <i>Interviews with stakeholders;</i></li> <li>• <i>EC internal monitoring;</i></li> <li>• <i>Case studies: analysis of PIN and PIR</i></li> <li>• <i>Interviews with Delegations</i></li> </ul>
JC 7.3.1 NIF has a positive transformational impact on sectoral policy and overall emission strategies	Evidence of changes in sectoral policies and emission strategies	<ul style="list-style-type: none"> <li>• <i>Interviews with Delegations;</i></li> <li>• <i>Ministries of Environment</i></li> <li>• <i>Stakeholders for environmental impact</i></li> </ul>

The Desk phase included various meetings with the Reference Group and FIs; its two main outputs were:

- i. A Kick-off Note, where the team presented the main proposals for the methodological approach. Particular attention was drawn to the proposed Evaluation Questions (EQs), with their respective judgement criteria and indicators along with the identification of sources and tools to be used.
- ii. A Draft and Final Inception Report, structured around three main chapters
  - Chapter 1 providing a brief overview of the **subject** and the **general purpose** of the evaluation;
  - Chapter 2 presenting the **overall context** against which the NIF was developed. More specifically it included : (i) a description of overall framework under which the Neighbourhood Investment Facility operates: the ENP policy and the ENPI instrument; (ii) the reconstruction of the Commission's intervention strategy and the logic underlying the Commission's strategic objectives and priorities for the NIF in the years 2008-2011; a detailed analysis of the NIF's projects portfolio in terms of sectoral coverage, timeframe evolution over 2008-2011, types of interventions and split between various components (overall investments, FIs leveraged resources and NIF resources);
  - Chapter 3 outlining the main features of the **evaluation methodology**. In this context reference was made to: (i) the **overall methodological approach of the team** towards the evaluation work and the approved **Evaluation Questions and Judgment Criteria**; (ii) the key steps in the various evaluation phases (desk, field and synthesis phases); (iii) The NIF's projects selected as case studies ;(iv) a detailed **work schedule**, including a proposal for the timing of the field mission.

## ❖ The Field Phase

The approval of the Inception Report in September 2012 paved the way for the undertaking of the fieldwork in relation to the selected case studies during between September and October 2012.

The case studies have been selected by the evaluation team, with the agreement of the Reference Group, during the desk phase with the idea of providing examples that could be representative of NIF operations.

Out of the 51 projects approved by the Board over the period 2008-2011, 12 have been selected for Case Study Analysis.<sup>3</sup>The full list is provided below, with information related to Country, FI involved, sector, total cost, amount of NIF contribution, type of support financed by NIF. All the projects were visited by members of the evaluation team in order to provide an illustration supporting some of the findings of the evaluation.

**Table 5 – The 12 selected case studies**

N.	Country	Year	Project	FI	Sector	Total (€m)	NIF (€m)	Type of support
<b>SOUTH</b>								
1	Egypt	2008	Improved water and waste water service programme - IWSP 1	KfW, EIB, AFD	Water & Sanitation	295,1	5	TA
		2010-2011	IWSP 2	KfW, EIB, AFD	Water & Sanitation	300	13	TA
2	Egypt	2008	200 MW Wind farm in the Gulf of El Zayt	KfW, EIB	Energy	340	10	Inv. Grant
3	Tunisia	2008-2009	Extension and Rehabilitation of Wastewater Treatment Plants and Pumping Stations (STEP)	KfW, AFD	Water & Sanitation	127	8	Inv. Grant
4	Morocco	2008	Second National Programme of Rural Roads	EIB, AFD	Transport	397	9,8	TA / Inv Grant
5	Regional	2011	Southern and Eastern Mediterranean Project Preparation Framework	EBRD	Private /SME	15	15	TA
6	Regional	2011	SANAD-MENA	KfW	Private /SME	132	10	TA/Inv Grant
<b>EAST</b>								
7	Georgia	2010	Georgia East-West Highway	EIB	Transport	400	4	Grant
8	Georgia	2008	Black sea Energy Transmission Project	KfW, EIB, EBRD	Energy	280	8	TA / Inv. Grant
19	Moldova	2008	Chisinau airport modernization project	EBRD, EIB	Transport	46,25	1,75	TA
10	Ukraine	2008	Technical Assistance Support for Ukrainian Municipalities	EBRD	Multisector	135	5	TA
11	Ukraine	2009	Hydropower Rehabilitation project	EBRD, EIB	Energy	398,6	3,6	TA
12	Regional	2009	European Neighbourhood Fund	KfW, OeEB	Private /SME	70	10	Risk Capital

During the field phase **semi-structured interviews** constituted the main method to collect information. Individual interviews or group interviews with a limited number of people from the same category (i.e. EU Delegation staff, project staff), were organised. Interviews aimed at:

- appreciating the perceptions of the results and relevance of the EC cooperation strategy to country/sector, and the efficiency of the implementation mechanisms;
- understanding internal and external mechanisms of coordination and communication;
- validating, reviewing, and completing the findings and hypotheses of the desk phase.

Interviews were organised with a view to gain information at four different levels:

<sup>3</sup>IWSP project in Egypt includes 2 NIF interventions: Phase I and Phase II; therefore although the analysis will cover 13 NIF operations, the number of projects assessed will be of 12.

- Policy and strategic level. National counterparts as well as EUD officials involved in policy definition.
- Implementation level. Interviews with the various Ministries, Public institutions, non-state actors organisations, including social partners, and specialised agencies in charge of the implementation as well as the managers of the EUD. These interviews will focus on the above-mentioned sample of programmes.
- Beneficiary level. Again interviews aimed at gathering more detailed information at the level of the selected programmes.
- Other donors and civil society. Interviews with key external actors (business sector, trade unions, academic world, think tanks etc.) who are not directly involved in EC cooperation but who can provide valuable information. Moreover, EU Member States and other donors' officials will be interviewed to complete the policy analytical framework of the main sectors of EC support in a given country.

On this basis the main objective of the field phase was to complete the data collection process and, thereby, to provide the necessary evidence to validate or revise the preliminary hypothesis formulated during the desk phase to the answering of the evaluation questions

### ❖ The Synthesis Phase

During the synthesis phase the team brought together the results of the desk phase and field phase in a draft final report. During this step all information collected was analysed and cross-checked with a view to provide evidence-based answers to the evaluation questions, sound conclusions and useful recommendations. The analysis was structured according to the three-tiered logic from Indicator, to Judgement Criteria (JC), to Evaluation Question (EQ). As a result, activities carried out during this phase can be grouped in the following five subsequent steps:

- Informing the indicators: sharing of information between the team members, updating, comparing, confirming and cross-checking the information gathered through the different sources;
- Identifying the limits of the analysis: data quality and unavoidable information gaps;
- Validating, integrating or amending the judgement criteria;
- Providing answers to the evaluation questions based on the combination of the answers at the level of the JCs;
- Drafting of conclusions and recommendations.

This step included the presentation of Draft Findings, Conclusions and Recommendations to a meeting of the Reference Group and Strategy Board, and the preparation of the Draft Final Report that was submitted to the attention of the task manager within the European Commission<sup>4</sup> in January 2013 and that will need to be validated by relevant services and NIF Authorities.

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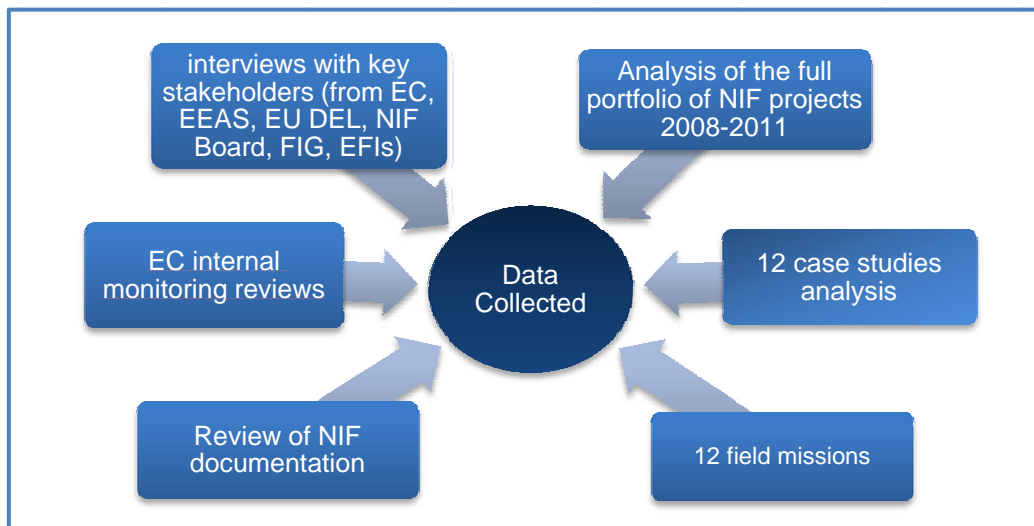
<sup>4</sup> At the Directorate-General Development and Cooperation – EuropeAid, Unit C3 (Financial Instruments).

## **Data collection sources**

As indicated by the previous paragraphs, the evaluation has built up considerable evidence from a variety of sources, most notably:

- The review of existing documentation, including NIF and ENPI Strategic documents, Regional and National indicative programmes, National and Sectoral strategies and plans; NIF procedures, guidelines and strategies; Projects portfolio and relevant documentation; Documentation about eligible Financing Institutions and FIG; Minutes from Steering and Operational Boards; Existing assessments; etc.);
- Interviews with key informants, including representatives of different services of the Commission involved (within DEVCO and other line DGs), the EU Delegations, the European External Action Service, members of the Strategic and Operational Board, FIG members, project promoters, key regional institutions;
- the Analysis of the full portfolio of 51 operations approved by the Operational Board between 2008 and 2011;
- in-depth analysis of 12 selected case studies;
- 12 field visits.

**Figure 1 – Data collection sources**



Source: Evaluation Team Analysis



Investment Component	Description of the Investment Component
	<p>The proposed Project is the last stage of the rehabilitation of the Engat PDP units and will allow the safe operation of Engat PDP at full capacity. The rehabilitation of the two bus units at Engat will provide 62 MW additional capacity that will replace more expensive thermal generation and imports in winter. Additional revenues will come from summer exports that will be guaranteed under the Black Sea Transmission line presently under construction and co-financed by the AIF. As a result of the Phase II investment, the production volume of Engat PDP is expected to increase by approximately 200 GWh per year.</p> <p>Rehabilitation of the Engat Varroli cascade will also increase the safety in the Engat power plant operation providing for the safe release of water, sand for electricity.</p>
	<p>It is expected that the project will show final energy savings estimated at 24,000 MWh/year and annual CO2 reductions estimated at 8,000 tCO2e.</p> <p>Through MAREEF, the Organization intends to achieve the following objectives:</p> <ul style="list-style-type: none"> <li>• exploit the existing potential of energy efficiency, carbon reductions and sustainable energy investments in the residential sector of Moldova in line with the EU Member State Plan;</li> <li>• support the efforts of the Moldovan Government to enhance national energy security;</li> <li>• provide an effective vehicle for financing energy efficiency rehabilitation of the housing stock by enhancing financial intermediaries' capacity for such financing;</li> <li>• reinforce the environmental and social management of Moldova's ongoing provision of the Energy Performance of Buildings Directive 2010/18/EC.</li> </ul> <p>Through MAREEF, the Organization will support 12,000 to 18,000 residential energy efficiency projects.</p>
	<p>The expected results of the Investment Component are:</p> <ul style="list-style-type: none"> <li>- Increase in the percentage of coverage in the programme area to reach 50% in the drinking water supply, and to reach 40% in wastewater and sanitation services;</li> <li>- Water supply and wastewater infrastructure is improved so that quality of the services provided is more effectively, economically and in a sustainable manner;</li> </ul> <p>Achievements of the results will be measured by the successful commissioning of the rehabilitation of newly constructed facilities and by the availability of the required operational manuals, trained personnel and systems and procedures, such as Operations and Maintenance handbooks.</p> <p>The expected results of the Capacity Development Component are:</p> <ul style="list-style-type: none"> <li>- Improved organisational capacity of the Affiliated Companies (ACs) and PCWU to carry out their mandated tasks in an effective, economic and sustainable manner;</li> <li>- More efficient budget and financial management in the water supply and sanitation sector;</li> <li>- Improved governance framework for water supply and sanitation</li> </ul> <p>Achievements of the results will be measured by the successful implementation of an efficient budget mechanism by training operators an effective financial management system and through an efficient governance structure.</p>
	<p>The results of phase II will include: "The sector framework should provide defined roles, functions, and responsibilities for the sector, at central and local level for the</p>
	<p>Le Plan Solare Moldova vise la réalisation de projets intégrés. Le développement de ces projets s'accompagne avec l'offre d'activités d'éducation, de formation, de conseil aux clients. Les plans de mise en place d'un faisceau de services de développement de la demande. L'accompagnement au niveau de formation. L'objectif pour le premier projet solaire est d'atteindre un taux d'adoption minimale estimée de 30 %.</p> <p>Sachant que le Maroc dépend à 97 % des importations pour son approvisionnement en énergie.</p> <p>Économie de combustibles provoquée par la centrale solaire, estimée à 36,5 MUSD par an, basé sur un report positif sur la balance des paiements et réalisé en conséquence le budget (l'importation d'énergie du gouvernement) (71 milliards de dirhams en 2010).</p>

Country	Year of Final Approval	Title	Sector	DAC Code	Consortium of European Finance Institutions	Total amount (€million)	Total NIF amount	NIF amount from EC Budget (€million)	NIF amount from TF	Total EIFs financing	Type of Support	Management Mode	CRIS nr	General objective	Specific Objectives	Expected results
Ukraine	2008	TA Support for Ukrainian Municipalities	Multisector	410	EBRD	135	5	5		108	TA	Joint mng	<a href="#">ENPI/2008/164-720</a>	<p>Together, the investment and technical assistance programmes will provide:</p> <p>Demonstration effect in Ukraine to new products and processes highlighting significant cost-savings potential and environmental benefits and new ways of financing activities.</p> <p>Project contributions to market-based conduct, skills and innovation through the physical investments and Corporate Development Programmes, improving financial and operational management of the Company, enabling metering of actual consumption and ensuring long-term financial viability of the Company. As part of the corporate development, the Company and the City will enter into Service Agreement including corporate governance provisions and will undertake a Municipal Management and Information System Improvement Programme will provide substantial training for the key staff of the Company and the City enabling substantial market skill transfer.</p> <p>Framework for markets: Tariff setting policies will be developed and adopted to ensure: (i) cost recovery; (ii) increase of metering and billing according to actual consumption (taking advantage of the installation of individual heating sub-stations with meters through the project) (iii) predictability through a process of formalised, regular and transparent adjustment of rates and (iv) removal of cross-subsidies, in a phased approach, between residential and industrial users.</p> <p>Transfer of Skills: Involvement of International consultants under the TC assignments and through development of Carbon Credit transaction with Multilateral Carbon Credit Fund will provide the City and the Company with a training-on-the job access to international financial, corporate, managerial, procurement and engineering skills and knowledge transfer.</p> <p>Energy Efficiency: providing significant savings of natural gas and electricity. The savings will be generated directly, by decreasing the losses in the district heating systems and indirectly, through installation of equipment that enables better energy management at the building level and by setting tariff system that would incentivise energy saving by end-users. It is expected that the energy savings will result in great reduction of greenhouse gases emissions and these reductions will be purchased by Multilateral Carbon Credit Fund.</p>		

Country	Year of Final Approval	Title	Sector	DAC Code	Consortium of European Finance Institutions	Total amount (€ million)	Total NIF amount	NIF amount from EC Budget (€ million)	NIF amount from TF	Total EftS financing	Type of Support	Management Mode	CRS nr	General objective
Moldova	2010	Filière du vin Upgrading	Private	321	EIB	391,3	2		2,00	75,00	TA	na	na	
Regional	2008	Framework for support Financial Intermediaries	Private	250	EBRD	38,25	2,88	2,88		34,6	TA	Joint mngt	ENPI/2009/211-504	The objective of the Framework and its associated individual TC activities for the Financial Institutions sector in the region are the following: a) Improving efficiency, effectiveness and transparency of the financial sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs; b) Creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices, thus supporting sustainable financial intermediaries.
Regional	2009	ENBF - European Neighbourhood Small Business Growth Facility	Private	321	Kw, OeE	70	10	5	5	14	Grant	Centr. ind	ENPI/2009/228-707	
Regional	2009	Financial sector Institutional building and crisis response	Private	250	EBRD	12	12	0	12		TA	na	na	
Regional	2010	SME Finance Facility	Private	321	EBRD, EIB, KIW	150	15	15		135	TA/Grant	Joint mngt	ENPI/2010/255-386 + ENPI/2010/255-366	Through the regional SME Finance Facility, the following objectives will be achieved by the EIB, the EBRD and KIW, working in collaboration with the EU: rebuild financial intermediaries' confidence to extend financing to SMEs, including micro-enterprises, following the financial crisis; promote continued development of market-based financial institutions and contribute to institution building; enhance financial intermediaries' capacity to assess and monitor the related risks and manage their SME financing; strengthen and deepen the SME credit markets; expand financing options table to the real economy; support expansion of private and entrepreneurial initiatives, working with local and international financial intermediaries.
Regional	2011	SANAD - MENA Fund for Micro-, Small and Medium Enterprises	Private	321	KIW	132	10	10		20	TA/Grant			a) Objectives In order to ensure Responsible Finance and Sustainable Growth, the supported financial institutions in MENA region are in great need of complementary Technical Assistance (TA). The Fund will provide preparatory technical assistance to selected FIs and put them on a path of growth and graduation by an affiliated TA facility. It will be managed at arm's length from the Fund's Management and include tendering of the individual TA interventions. b) Specific activities The main focus of the TA Facility will be the direct TA support to PI. Many local financial institutions, especially new ones accepted as PI by the Fund, may not (yet) be fully qualified to perform as effective and efficient intermediaries between the Fund and the MSME. They require capacity building in the form of advisory services, training, product and systems development. In addition, the TA Facility engages (to a limited extent) in facilitating sector dialogue, promotion of sector infrastructure, dissemination of knowledge and capacity development for different sector stakeholders to serve its objective of building inclusive financial systems in the Fund's target countries
Regional	2011	Implementation of EBRD Turnaround Management and Business Advisory Services in Egypt	Private	250	EBRD	5	5	5			TA			A strong support has been given by the Commission, the EEAS and the EU council in March 2011, as well as by the G8 at the last Deauville summit in May 2011 to an extension of the EBRD's investments to the Middle East and North Africa. In the first instance the Bank is preparing operations in Egypt, Morocco and Tunisia, but in due course this list of countries could be expanded or changed. The funding from the NIF contribution is for technical assistance to enterprises through the TAM/BAS programme. TAM/BAS combines direct assistance to the private sector at the enterprise level with systemic market development and capacity building interventions, such as training for Micro-, Small and Medium Enterprises ("MSMEs") and consultancies and dissemination of market economy best practices. It seeks to achieve enterprise level change and the development of a sustainable infrastructure of business advisory services in Egypt, Morocco and Tunisia. TAM supports substantial managerial and structural changes, including the introduction of international best practices, in small and mid-sized companies by engaging experienced international executives and industry experts as advisors. BAS enables MSMEs to access a range of consulting services by facilitating projects with local consultants on a cost-sharing basis. Direct assistance to improve enterprise performance is combined with systemic market development activities to create sustainable and commercially viable infrastructure for SME support in the markets. The TAM/BAS programme has demonstrated its efficiency in promoting good management in MSMEs sector since its inception (1993/1995) and more than 12,000 projects have been supported in EBRD current countries of operations. This valuable experience will obviously be used to develop new operations in the Mediterranean region. It will enable EBRD to rapidly start operations and leverage future investments. The overall objective of the programme is to support economic transition and to achieve enterprise change in viable MSMEs across a broad range of sectors. Both TAM and BAS provide support to MSMEs through consultancy services provided on a cost sharing basis. These grants are complementary to MSME investments both indirectly by enhancing enterprise competitiveness and growth and directly by improving access to finance at both pre and post investment stages. BAS uses grants to stimulate improvements in management quality and competitiveness by encouraging usage of consultancy services. Without interventions, most MSMEs in transition economies do not access international and/or local consultants to foster growth. BAS enterprises are often too small to be able to afford consultants; they may not necessarily have access to the consulting market (especially in rural areas) and may not be aware of the services available. A strong support has been given by the European Commission, the EEAS and the EU council in March 2011, as well as by the G8 at the last Deauville summit in May 2011 to an extension of the Organisation's activities to the Southern and Eastern Mediterranean region (SEM region). The activities covered by this NIF contribution will prepare several investment operations in prospective countries of operation of the Organisation in the SEM region. In the first instance, preparations are under way for projects in Egypt, Morocco and Tunisia, but in due course this list of countries could be expanded or changed. The funding is for technical assistance for the preparation of investment projects that reflect the operational themes for the Bank that emerged from the Bank's operational assessment trips to Egypt, Morocco and Tunisia. Some projects, particularly in the infrastructure sector will require significant policy dialogue, including agreement to implement significant structural changes, before they can be implemented. In selecting early projects for the infrastructure sector, the Bank has selected those that address other operational themes such as energy efficiency or aspects of operational themes such as widening access that can be achieved in advance of necessary structural changes. The Organisation is in discussion with other International Finance Institutions (IFIs) in the SEM region, and will consider the operations of other IFIs and of the Contracting Authority when defining individual technical co-operation sub-actions ("TC Activity") under this Action to ensure full complementarity. Already existing initiatives will also be considered (e.g. "solar plans") to avoid duplication. In that respect, Egypt, Morocco and Tunisia have been informed by the Organisation on the specific set of competencies, comparative advantage and transition mandate of the Organisation; the overall directions set in the context of the Deauville Partnership; and the collaborative framework among finance institutions active in the region. The operational themes identified and the corresponding specific objectives are as follows: A. modernising the agribusiness value chain to improve food security, enhance the efficiency of farming techniques including water usage, strengthen the distribution chain, and develop a sector that accounts for a high share of employment. The specific objective of this component is to provide professional training and advice to agribusiness companies to improve and upgrade their methods of operation in order to be able to access the financing they need for modernising and expanding their businesses. This advice will help companies be more 'bankable' and improve their access to finance. B. modernising the financial sector so that it can contribute more fully to economic growth by enhancing its capacity and diversifying the range of financial products offered in order to enhance financial sector efficiency and promote economic growth. More specifically, the Action will support preparation of the Organisation financing projects with clients and stakeholders in Egypt, Morocco and Tunisia. Technical assistance together with projected or active underlying financing facilities will help improve access to finance for specific target groups, deepen financial markets and develop financial infrastructure in respective countries. It is envisaged that individual TC Activities will include: (i) Provision of advisory assistance to banks and non-bank financial institutions, including microfinance organisations, with which the Organisation is planning or will already have had an approved, outstanding or disbursing financing transaction(s); (ii) Advisory assistance in support of establishment and operations of important financial infrastructure players such as financial institutions and other industry associations, self-regulated organisations, credit information bureaus, and such other institutions; (iii) Project enabling policy dialogue measures; support to government bodies and non-governmental organisations with formulation of regulatory and legal frameworks for effective financial sector. C. increasing the role of clean sources of energy and improving energy efficiency so as to improve energy security and enhance economic competitiveness with a cleaner environment. The
Regional	2011	Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD su	Private	321	EBRD	15	15	15			TA			



Expected results					
Specific Objectives					

Country	Year of Final Approval	Title	Sector	DAC Code	Convention of European Finance Institutions	Total amount (€million)	Total NIF amount	NIF amount from EC Budget (€million)	NIF amount from TF	Total EFRs financing	Type of Support	Management Mode	CRS nr	General objective	Specific Objectives	Expected results
Moldova	2008	Capacity assessment and modernisation of the Republican Clinical Hospital (RCH)	Social	160	CEB	1	3	3		9	TA/Grant	Decentr.	<a href="#">ENPI/2008/170-804</a>	The general objective of the project is to improve the efficiency of health and social assistance systems in Republic of Moldova by supporting the component "Capacity Assessment and Modernisation of the Republican Clinical Hospital" of the Health Service and Social Assistance Project (HSSAP) included in the National Health Strategy 2007-2017.	The specific objective is to contribute to the realisation of Phases 1 and 2 of the Modernisation of the Republican Clinical Hospital located in Chisinau.	Thanks to a better quality of care and higher utilisation of medical services, the health of population should improve with direct consequences on health expenditure per capita at the national level. In the meantime, the strong commitment by the Government and local authorities during the design of the project argue for ownership and increase the chances for sustainability of activities. More specifically, by strengthening the surgical profile and a better integration of different specialities, the RCH will become a centre of performance of surgery at regional level, and thus, in the best interest of the 25,000 in-patients and some 100,000 out-patients per year.
Morocco	2009	Education	Social	160	AFD, EIB	1900	15	15		250	TA/Grant	Decentr.	<a href="#">ENPI/2009/226-111 - ENBI/2010/248-139</a>	L'objectif du programme est de soutenir la réforme du système éducatif marocain et d'accompagner la mise en œuvre du programme d'urgence.	Le programme d'urgence comprend quatre grandes composantes: 1. Rendre effective l'obligation de scolarité jusqu'à l'âge de 15 ans : programme de construction et de réhabilitation d'infrastructures scolaires ; programme de formation des enseignants et développement de l'enseignement préscolaire. 2. Stimuler l'initiative et l'excellence au lycée et à l'université : programme de construction de lycées et d'internats. 3. Affronter les problématiques transversales du système pour notamment améliorer la qualité des enseignements (renforcement des compétences des enseignants et de la gestion des ressources humaines, parachèvement de la déconcentration, maîtrise des langues). 4. Se donner les moyens de réussir en optimisant et en pérennisant les ressources financières et en mobilisant les acteurs du système (renforcer la contractualisation, développer l'offre privée, etc.).	

### ANNEX 5: OBJECTIVES AND RESULTS' CHAIN FOR 51 NIF PROJECTS

Country	Year of Final	Title	Sector	Consortium of Eurofund	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	FROM	PROJECT	GRANT
Georgia	2008	Black Sea Energy Transmission System	Energy	EBRD, EIB, KfW		Facilitating large scale trade of electric power between Georgia, the other South Caucasus countries, and the countries of the Black Sea Transmission Network, particularly Turkey.	(i) the construction of a new 500 / 400 kV substation with a "back-to-back" facility at the Turkish border, (ii) the construction of 315 km of a new 500 kV transmission line, (iii) the adaption of two further substations in Georgia	TA for project preparatory (pre-loan) activities	YES	YES	
Georgia	2010	Enguri / Vardnili Hydro Power Cascade Rehabilitation	Energy	EBRD, EIB	NOT DEFINED IN F.A. THESE SHOULD BE RELATED TO NIF - ENPI - ENERGY SECTOR, CCW OVERALL OBJECTIVES	Safe release of Enguri Hydro Power Plant (HPP) (1,300MW capacity after completion of the rehabilitation programme) tail water in the Vardnili cascade located downstream; ii) increased production capacity at Enguri HPP through efficiency measures that will provide 30% more energy from each unit without prejudice to the environment (i.e. without any change in the water reservoir operation). As a result of the Phase III rehabilitation, of the production volume of Enguri HPP is expected to increase by approximately 200 GWh per year.		i) Repair of access road to the Vardnili site; ii) Civil works on Vardnili channel; (b) Technical Assistance (TA) for an estimated amount of EUR 1 million to hire an IE to supervise the project implementation.	YES	YES	
Moldova	2011	2nd Phase of the Moldova Sustainable Energy Efficiency/Finance Facility (MoSEFF2)	Energy	EBRD	The following objectives for MoSEFF2 are intended to be achieved: - make further progress on energy efficiency and promote the use of renewable energy sources in Moldova in line with the strategic objectives of the EU Moldova Action Plan; - build on track record of the original MoSEFF to enhance sustainability of sustainable energy finance in Moldova by (i) further improving financial intermediaries' capacity to appraise and finance energy efficiency and small renewable energy investment projects, and (ii) supporting local engineers to improve their technical expertise to identify and prepare technically feasible and bankable projects; - provide project preparation support and financing to industry, SMEs, agribusiness and commercial services for their sustainable energy investment under still difficult credit conditions in Moldova. The Organisation intends to extend a EUR 15 million credit line to the Participating Banks (PB) to finance energy efficiency and small renewable energy investments by industry, SMEs, agribusiness and commercial services in Moldova as the second phase of MoSEFF, while the Contracting Authority's contribution will support the implementation of the MoSEFF2 credit line by financing the following components: Project Management Consultant, Verification Consultant, and Grant Support by payment of incentives to participating banks and sub-borrowers. The Technical Assistance (TA) financed by the grant is intended to improve the project quality by addressing specific barriers to financing for projects developed by the sub-borrowers, especially SMEs, such as lack of information on best available technologies, lack of energy management skills and planning capabilities and lack of appropriate financing mechanisms. The use of incentives financed by the grant has been introduced: • to counter the negative effect on implementing energy efficiency measures due to energy tariffs in Moldova being fixed below market rate; • to encourage attention to be given to energy management within companies; • to compensate for the high costs of financing of energy efficiency in Moldova; • to compensate the higher costs of Best Available Technologies (BAT) in markets of early transition countries. Investments totalling EUR 15 million are expected to generate a reduction in the	• make further progress on energy efficiency and promote the use of renewable energy sources in Moldova in line with the strategic objectives of the EU Moldova Action Plan;  • build on track record of the original MoSEFF to enhance sustainability of sustainable energy finance in Moldova by (i) further improving financial intermediaries' capacity to appraise and finance energy efficiency and small renewable energy investment projects, and (ii) supporting local engineers to improve their technical expertise to identify and prepare technically feasible and bankable projects;  • provide project preparation support and financing to industry, SMEs, agribusiness and commercial services for their sustainable energy investment under still difficult credit conditions in Moldova.	This assignment will provide a demonstration effect on the benefits of energy conservation. It will promote the expansion of energy efficiency and renewable energy lending in a largely energy inefficient economy.	TA (to improve project quality for projects submitted by SME) Incentives (grant) for i) energy efficiency measures, ii) energy management, iii) cover high costs of BATs (best available technologies)	YES	YES	

Country	Year of Final	Title	Sector	Consortium of European	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	CONTRIBUTION	ROLE	GRANT TO
Moldova	2011	Moldovan Residential Energy Efficiency Financing Facility (MoREEFF)	Energy	EBRD	MoREEFF aims to achieve environmental and social Improvements. Eligible projects are required to use high energy performing equipment and materials compliant with local, EU and internationally accepted standards. Increased efficiency in energy consumption and the reduction of heat transmission losses will lead to a reduction of air pollutants (e.g. SO2, NOx, CO2, particulates) resulting from heat and electricity generation.	Through MoREEFF, the Organisation intends to achieve the following objectives: <ul style="list-style-type: none"> <li>• exploit the existing potential of energy efficiency, carbon reductions and sustainable energy investments in the residential sector of Moldova in line with the EU Moldova Action Plan;</li> <li>• support the efforts of the Moldovan Government to enhance national energy security;</li> <li>• provide an effective vehicle for financing energy efficiency refurbishment of the housing stock by enhancing financial intermediaries' capacity for such financing;</li> <li>• reinforce the implementation of recent legislative development in Moldova transposing provisions of the Energy Performance of Buildings Directive 2010/31/EU.</li> </ul>	It is expected that the project will allow final energy savings estimated at 34,000 MWh/year and annual CO2 reductions estimated at 8,000 tCO2.	Grant resources of EUR 8.8 million, from the NIF and other donors, are proposed to be used to finance a combination of: <b>(a) Technical Cooperation (TC):</b> TC support provided to the local banks will address barriers related to lack of energy efficiency appraisal capacity and lack of experience of marketing energy efficiency. Further barriers are associated with low level awareness on energy efficiency, insufficient capacities of local professionals able to provide qualified advice and services. <b>(b) Incentives to sub-borrowers and administration fees to Participating Banks.</b> The NIF Contribution will be used to partially fund financial incentives to sub-borrowers as well as Administration Fees to Participating Banks. These account for € 6.1 million (€ 4.6 million from NIF, € 1.5 million from other donors) and aim to encourage them to prioritise investments which have a sustainable energy component. <b>(c) First Loss Cover Mechanism.</b> In order to stimulate PBs to lend to housing associations, MoREEFF will provide up to EUR 400,000 as a first loss cover mechanism, also funded through the NIF Contribution. The amount of the NIF Contribution is estimated at EUR 8.8 million.	YES	YES	
Regional	2009	Regional Energy Efficiency Programme for Corporate sector	Energy	EBRD	to enhance competitiveness of corporate enterprises through the optimal use of resources, technology innovation	to review the energy management structure and investigate the capability to coordinate energy-saving initiatives and procedures.		The technical assistance services provided under this Programme include <ul style="list-style-type: none"> <li>• Energy Audits</li> <li>• Energy Efficiency Management Systems assessment</li> <li>• Energy Management Training</li> <li>• Assess best practice and best available technologies</li> <li>• Benchmarking and energy management review</li> <li>• Capital Investment Appraisal</li> <li>• Development of performance indicators</li> <li>• market development assistance</li> <li>• Dissemination of information</li> <li>• Project Management Support</li> <li>• Specific energy optimisation analysis</li> </ul>	YES	YES	

Country	Year of Final	Title	Sector	Instrument of Finance	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROJECT	TO GRANT
Ukraine	2008	Ukrenergo Corporate Sustainable Development	Energy	EBRD, EIB		Supporting the National Energy Company Ukrenergo to <ul style="list-style-type: none"> <li>undertake an extensive study that includes recommendations on possible steps towards legal and commercial corporatization of Ukrenergo with economic justification of corporatization</li> <li>introduce modern management information systems</li> <li>help the new entity address and implement corporate sustainable development strategy in order to achieve high industrial supply-side energy efficiency.</li> </ul>		<ul style="list-style-type: none"> <li>Stage 1: Review the Ukrainian legal framework and the management corporate structure and Assess (and benchmark) to national and international peers Ukrenergo's current corporate and operational activities with regard to corporate social responsibility (CSR) issues; assess management information system (MIS) requirements for the corporatized company.</li> <li>Stage 2: Identification and definition of possible solutions from Stage 1.</li> <li>Stage 3: Recommendation and Implementation. <i>(Ci sono troppe attività da riassumere)</i></li> </ul>	?	?
Ukraine	2009	Hydropower rehabilitation project	Energy	EBRD, EIB		<ul style="list-style-type: none"> <li>Reconstruction, rehabilitation, expansion and upgrade of hydropower units</li> <li>Improvement of the environmental safety of the hydroelectric units by installing non-polluting turbines.</li> </ul>		<p>The TA assignment will:</p> <ul style="list-style-type: none"> <li>assist JSC UkrHydroEnergo to prepare a bankable investment programme</li> <li>advice on specific technical issues on project implementation</li> <li>assist the Banks in the required project monitoring activities.</li> </ul>	YES	YES
Ukraine	2009	Ukraine Power Transmission Network	Energy	EBRD, EIB		<p>construction of a new 190 km 750 kV line from Zaporizhzhia – Kakhovka substations and a new 750/330kV Kakhovka substation with two automatic transformers.</p> <ul style="list-style-type: none"> <li>construction of a new 140 km 330 kV line from Novoodeska to Artsyz and (ii) installation of a second 200 MVA autotransformer at Artsyz 330 kV substation</li> <li>de-bottleneck weak and obsolete regional high-voltage network in Crimea and its surrounding areas</li> <li>extension of the Zaporizhzhia – Kakhovka Line and the completion of the second 750 kV national backbone corridor from Southern Donbaska and Rivne.</li> </ul>		<p>The TA will assist NEC Ukrenergo to:</p> <ul style="list-style-type: none"> <li>undertake a feasibility assessment of the proposed second national UHV backbone</li> <li>strengthen capacity to undertake Power Network Planning and operation activities for Wind Power Integration.</li> <li>undertake route survey for the corridor for the proposed 330 kV line with social and environmental considerations</li> <li>implement of Wholesale Electricity Market Reform</li> <li>develop comprehensive regional power transmission network master planning.</li> </ul>	?	?
Ukraine	2010	Preparatory studies for modernisation of gas transit and storage	Energy	EBRD, EIB	The general objective of the Action is to assist the Government of Ukraine in order to modernise Ukraine's gas transit corridors and underground gas storage facilities as a key strategic Component of European neighbourhood interest.				YES	N.A.
Ukraine	2011	Power Transmission Efficiency Project	Energy	KfW	The project will improve energy security and reliability and will contribute to the energy interconnection of Eastern Europe with the EU as the upgrading of the Ukrainian power network is a precondition to link it with the rest of Europe. By reducing transmission losses, the project will entail substantial energy savings, thus addressing also climate change threats.	<ul style="list-style-type: none"> <li>Rehabilitation of 5 substations at the 220 kV and 330 kV level in the Dnepr and Donbas regions.</li> <li>Replacement of worn out equipment.</li> </ul>		<p><b>Phase A:</b></p> <ul style="list-style-type: none"> <li>Introduction into KfW Procurement Guidelines</li> <li>Detailed Design of the Project</li> <li>Prequalification of Contractors</li> <li>Introduction into the regulations regarding the coverage of Export Credit Agencies</li> <li>Qualification of Contractors</li> <li>Tendering of Contractors</li> <li>Evaluation of Bids</li> <li>Contract negotiations and contracting</li> </ul> <p><b>Phase B:</b></p> <ul style="list-style-type: none"> <li>At five substations:</li> <li>Supervision of Construction</li> <li>Specification Control of Delivered Components</li> <li>Factory Acceptance Testing</li> <li>Provisional Acceptance</li> <li>Final Acceptance</li> </ul>	YES	UNCLEAR
Egypt	2008	200 MW Wind Farm in Gulf of El Zayt	Energy	KfW, EIB	The project aims at further expanding power generation from renewable energy in Egypt and by so doing supporting the governmental objective of expanding electricity production from renewable energy sources.	to construct a wind farm of up to 200 MW on the West bank of the Gulf of Suez			YES	
Egypt	2010	Egyptian Power Transmission	Energy	KfW, EIB, AFD, WB	The project will: <ul style="list-style-type: none"> <li>strengthen the Egyptian electricity transmission network</li> <li>promote its development through the construction of new transmission lines and substations</li> <li>cater for the connection of new generation capacity (including renewables)</li> <li>provide possibilities for interconnections with the Gaza strip.</li> </ul>	Construction of 21 transmission infrastructure components (lines and substations) of the Egyptian 220-500kV transmission network. The Project sub-components can be categorised into: <p>(C1) components to reinforce the national grid and enable the future interconnection with Saudi Arabia;</p> <p>(C2) components to connect renewable energy generation facilities to the grid and;</p> <p>(C3) the interconnection to the Gaza strip.</p>		The NIF contribution will help assisting the Egyptian Electricity Transmission Company (EETC) with preparing, managing and monitoring the project implementation until the end of the project.	YES	YES

Country	Year of Final	Title	Sector	Consortium of Euroarea	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTION	PROJECT CLOSURE	GRANT TO PROJECT
Egypt	2010	Master plan (combined RE) + FS for CSP in Egypt	Energy	KfW, EIB, AFD		- to develop a sector framework for Wind and Solar (CSP&PV) Energies to support the economic and social development of Egypt by increasing the penetration in the national electric energy production. - to assess the Egyptian value added content to the economically optimal levels for wind and solar power plants projects.	<ul style="list-style-type: none"> <li>Formulation of legal and economic framework to support investments in wind and solar energies by public and private investors.</li> <li>Outline a policy for large scale implementation of electricity production capacity in Egypt based on grid-connected wind and solar energies.</li> <li>Identify /classify the sites to host wind and solar power projects</li> <li>Assess the wind and solar energies technologies and the optimum range of the project capacity.</li> <li>Social and Environmental impact assessment of wind and solar power projects/business over S-M-L terms.</li> <li>Identify technical measures necessary for large scale integration of wind and solar energies in the electricity generation system.</li> <li>Identify opportunities on the demand side promoting the market environment for RE technologies.</li> <li>Prepare risk mitigation matrix, including proposals to mitigate those risks.</li> <li>Financing schemes and costs.</li> <li>Identify the need and policy measures for technology transfer, education and R&amp;D policy required for achieving the policy targets for wind and solar energies.</li> <li>Action plan for development of wind and solar energies in Egypt including targets for short- medium</li> </ul>		N.A	N.A
Egypt	2010	1420 MW PV grid connected Power Plant	Energy	KfW, EIB, AFD		This project has been proposed by NREA with the objective to diversify the Egyptian energy-mix and to increase the country's production capacity.		This technical assistance aims at supporting NREA in all the preparation phases for the construction of a PV grid connected power plant.	YES	YES
Jordan	2010	Jordan Electricity Transmission	Energy	EIB, AFD	The target of the project is to strengthen the Jordanian electricity transmission network which is necessary in order to 1- cope with the foreseen significant growth in generating capacity over the next decade, 2- to enhance electric connectivity and transfer within the MENA region and with Europe and 3- to constitute an adequate electrical point to implement a strong connection with Palestine.		The The project includes the construction of new transmission lines, substations and connection lines to new generating units. More specifically, project components would include: <ul style="list-style-type: none"> <li>the reinforcement of the south-north high voltage transmission corridor from Aqaba to Amman</li> <li>connection to future renewable energy units (e.g. Kamsha and Fuijeii wind farms)</li> </ul>	The objective of this Technical Assistance (TA) is to finance a detailed feasibility study and comprehensive Environmental and Social Impact Assessment (ESIA) that will enable the Agence Francaise de Développement (AFD) and the EIB to consider financing of an investment project strengthening the Jordanian electricity transmission network.	YES	YES
Morocco	2011	Quarzazate Solar Plant	Energy	EIB, AFD, KfW, AIDB	Ce projet permettra de : <ul style="list-style-type: none"> <li>réduire la dépendance énergétique du Royaume et renforcer sa capacité de production électrique ;</li> <li>réduire l'impact négatif des importations d'énergie fossile sur le budget de l'État (via la Caisse de compensation) et sur la balance commerciale du Royaume ;</li> <li>maîtriser une ressource nationale: le Maroc bénéficie d'un taux d'ensoleillement exceptionnel ;</li> <li>favoriser la création d'une nouvelle filière solaire au Maroc ;</li> <li>réduire les émissions de gaz à effet de serre : le Plan Solaire Marocain (2 GW) permettra d'éviter l'émission d'environ 3,7millions de tonnes de CO2.</li> </ul>			The Plan will allow the KoM to: (i) optimize the generation mix whilst reducing dependency on primary energy imports; (ii) meet growing domestic demand; (iii) encourage the launch of a local renewable energy manufacturing industry; (iv) promote research & development and training related to these activities; (v) establish the country as the first North African developer of scalable solar generation; and (vi) minimize carbon emissions.	YES	N.A

Country	Year of Final	Title	Sector	Consortium of Institutions	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PRODUCTION	TO PROJECT	GRANT
Tunisia	2008	Feasibility Study for Solar Thermal Power Plant in Tunisia	Energy	KfW, AFD, EIB	To determine the feasibility of a CSP plant which would contribute to global climate protection by producing environmentally sound electrical energy and avoiding the generation of CO2 with a reasonable economic effort.	The objective is to carry out a feasibility study in order to broadening the knowledge of solar power as basis for energy production and as base for the decision to invest in solar power systems with a special focus on a power plant using concentrated solar power (CSP) technology to generate electricity in Tunisia.		NIF contribution is used for financing a feasibility study	YES	UNCL EAR	
Ukraine	2008	TA Support for Ukrainian Municipalities	Multisector	EBRD	The Overall Objective is Assistance to the municipalities/districts and concerned companies in preparation, adjustment and implementation of their capital expenditure programs and related components.		1- Demonstrate significant cost-savings potential and environmental impacts by employment of new products/processes; 2- Contribute to market based conduct, skills and innovation; 3- Setting up a framework for markets by development and adopting tariff policies to ensure cost recovery – metering/billing according consumption – introduction of formalized, regular and transparent adjustment of rates – removal of cross subsidies; 4 - Transfer of skills for Cities and Companies; 5 - Increase of Energy Efficiency by provision of significant savings of natural gas and electricity.	The TA assistance will take the form of: • Feasibility studies to assist the companies to prepare bankable investments based on long-term development plans. • Corporate development to assist the companies to identify and implement the necessary corporate, financial and operational improvements to meet covenants • Implementation assistance to assist the companies in the implementation of the investments as well as advice on specific technical issues.	YES	?	
Moldova	2010	Filière du vin Upgrading	Private	EIB				TA is required to support the absorption of the EIB loan and, possibly, of EBRD financing. The tasks of the TA would include: • Critical review and updating of Moldova's 2005-2020 wine sector masterplan with a view to establishing investment priorities for SMEs; • Support to the PIU (which has already been endorsed and will be staffed with local experts); • Support to the SMEs in the sector with regard to the development of business and investment plans for their companies to enable investments.	N.A	N.A.	
Regional	2008	Framework for support Financial Intermediaries	Private	EBRD		The objective of the Framework and its associated individual TC activities for the Financial Institutions sector in the region are the following: a) Improving efficiency, effectiveness and transparency of the financial sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs; b) Creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices, thus supporting sustainable financial intermediaries.		Specific tasks which will be carried out: • assistance with institution building programmes (IBP) • credit advisory services • trade finance advisory services • development of management skills • assistance with launch of new financial products • IT assessment, development and implementation.	YES	YES	
Regional	2009	ENBF - European Neighbourhood Small Business Growth Facility	Private	KfW, OeEB					N.A	N.A	
Regional	2009	Financial sector Institutional building and crisis response	Private	EBRD		The objectives of the Framework and its associated individual TC assignments are: a) provision of assistance to banks which have been particularly affected by the global financial crisis and in which EBRD has invested as part of a crisis response package. b) improvements in efficiency, effectiveness and transparency in the sector, resulting in the provision of better access to financing for enterprises, particularly MSMEs; b) maintenance or creation of successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices.		TC main activity will be to offer tailored assistance in managing the rescue packages provided by the EBRD to partner banks in the region.	YES	UNCL EAR	
Regional	2010	SME Finance Facility	Private	EBRD, EIB, KfW		the following objectives will be achieved: • rebuild financial intermediaries' confidence to extend financing to SMEs, including micro-enterprises, following the financial crisis; • enhance financial intermediaries' capacity to assess and monitor the related risks and manage their SME financing; • strengthen and deepen the SME credit markets; • expand financing options available to the real economy; • promote continued development of market-based financial institutions and contribute to institution building; • support expansion of private and entrepreneurial initiatives, working with local and international financial intermediaries.		targeted technical assistance for PFIs will: • introduce or reinforce lending methodologies and skills for the SME segment (including organisational restructuring where appropriate) • introduce best-practice risk management procedures (including strengthening portfolio monitoring and corporate recovery tools in these PFIs) • bring about improvements in automation and technology and introduction of tailored products to meet the needs of SMEs.	YES	YES	

Country	Year of Fiscal	Title	Sector	Consortium of Donors	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROJ. C1	PROJ. C2	GRANT TO PROJ.
Regional	2011	SANAD - MENA Fund for Micro-, Small and Medium Enterprises	Private	KfW	<p>The MENA Regional Fund for MSME financing SANAD aims to reach the following objectives:</p> <ul style="list-style-type: none"> <li>• Poverty reduction: promotion of self-employment and income generation to improve the livelihood of low-income households through Microfinance.</li> <li>• Employment objective: creating and maintaining employment, especially for youth through support for SME.</li> <li>• Building inclusive financial systems: building financial and institutional capacity by cooperating with financial services providers (MFIs, banks, other institutions).</li> </ul>	<p>The Fund approach pursues in particular the following specific objectives:</p> <ul style="list-style-type: none"> <li>• Improve access to finance for local MSMEs</li> <li>• Reduce shortage of medium- and long term financing and local currency lending</li> <li>• Strengthen financial intermediaries and encourage them to MSME lending</li> <li>• Foster responsible finance principles in the region</li> <li>• Further develop local financial markets on sustainable and market based principles</li> <li>• Mobilize local liquidity through risk-sharing approaches</li> <li>• Harmonize donor initiatives through a joint Fund approach</li> </ul>	<p>The recent events in the region have demonstrated that creation of employment is key to development and stability. Despite high liquidity throughout some parts of the region's financial markets, only an estimated 20% of the approximately 5.5 million MSMEs in the countries have access to capital. Medium to long-term finance, especially in local currency, is particularly hard to obtain. Due to this bottleneck their chances of making necessary investments and creating new employment is very limited. The fund will address these obstacles and thereby contribute to improving the employment situation thus economic and social living conditions of the people of the MENA region.</p>	<p>The main focus of the TA Facility will be the direct TA support to PI. Many local financial institutions, especially new ones accepted as PI by the Fund, may not (yet) be fully qualified to perform as effective and efficient intermediaries between the Fund and the MSME. They require capacity building in the form of advisory services, training, product and systems development.</p> <p>In addition, the TA Facility engages (to a limited extent) in facilitating sector dialogue, promotion of sector infrastructure, dissemination of knowledge and capacity development for different sector stakeholders to serve its objective of building inclusive financial systems in the Fund's target countries,</p>	YES	YES	
Regional	2011	Implementation of EBRD Turnaround Management and Business Advisory Services in Egypt, Morocco and Tunisia	Private	EBRD	<p>The overall objective of the programme is to support economic transition and to achieve enterprise change in viable MSMEs across a broad range of sectors.</p>	<p>Specific objectives and expected impact on MSMEs include:</p> <ul style="list-style-type: none"> <li>• Enhanced competitiveness of assisted MSMEs (as seen by increased exports, productivity and sales, new foreign contacts, new production line/technology, changes in product ranges and production processes);</li> <li>• Stimulated sectors with high growth potential (through disseminated best practices, shared successful models);</li> <li>• Strengthened and sustainable infrastructures of local business advisory services (as seen by increased supply of services, broadened range of services, improved quality, increased consolidation of the industry).</li> </ul>		<p><u>TAM assistance will involve:</u></p> <ul style="list-style-type: none"> <li>• Introduction of industry-specific management expertise by providing the advisory services of experienced senior executives from economically developed countries.</li> <li>• Seminar and training activities to disseminate successful case-studies, lessons learnt and best practices to a wider audience.</li> </ul> <p><u>BAS's assistance will provide:</u></p> <ul style="list-style-type: none"> <li>• project development services including enterprise diagnostics, matching enterprise needs (demand) with local consultancy offerings and support in defining consultant assignments as well as monitoring during project implementation.</li> <li>• Market Development Activities including: MSME and consultancy training in order to enhance access to local consulting as well as to improve professionalism and supply of services: Visibility</li> </ul>	YES	YES	



Country	Year of Final	Title	Sector	Consortium of EBRD	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROJ. OF	PROJ. TO	GRANT
Regional	2011	Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD support to the region	Private	EBRD		<p>1. Agribusiness value chain modernisation to improve food security, enhance the efficiency of farming techniques including water usage, strengthen the distribution chain, and develop a sector that accounts for a high share of employment.</p> <p>2. Financial sector modernisation so that it can contribute more fully to economic growth by enhancing its capacity and diversifying the range of financial products offered in order to enhance financial sector efficiency and promote economic growth.</p> <p>3. Sustainable energy so as to improve energy security and enhance economic competitiveness with a cleaner environment.</p> <p>4. Diversification of infrastructure funding that will accelerate development.</p> <p>5. Municipal infrastructure development to provide wider access to better quality of urban services for local people.</p>		<p>The funding is for technical assistance for the preparation of investment projects that reflect the operational themes for the Bank that emerged from the Bank's operational assessment trips to Egypt, Morocco and Tunisia.</p> <p>1. Agribusiness value chain modernisation: to provide professional training and advice to agribusiness companies to improve and upgrade their methods of operation in order to be able to access the financing they need for modernising and expanding their businesses.</p> <p>2. Financial sector modernisation: Technical assistance will help improve access to finance for specific target groups, deepen financial markets and develop financial infrastructure in respective countries.</p> <p>3. Sustainable energy: TA will help with identification of future investments in corporates and to assess the demand in all three countries for the Bank's Sustainable Energy Finance Facility.</p> <p>4. Diversification of infrastructure funding: to pave the way for the bank to provide financing for such projects that are already under way and 2) to</p>	YES	YES	
Moldova	2008	Capacity assessment and modernisation of the Republican Clinical Hospital (RCH)	Social	CEB	The general objective of the project is to improve the efficiency of health and social assistance systems in Republic of Moldova by supporting the component "Capacity Assessment and Modernisation of the Republican Clinical Hospital" of the Health Service and Social Assistance Project (HSSAP) included in the National Health Strategy 2007-2017.	The specific objective is to contribute to the realisation of Phases 1 and 2 of the Modernisation of the Republican Clinical Hospital located in Chisinau, which consist of the construction of a new surgery block (around 7000 sqm), the reconstruction of the 1st floor in the entrance block and the rehabilitation of the 14th and 15th floors (works on around 9500 sqm).	Thanks to a better quality of care and higher utilisation of medical services, the health of population should improve with direct consequences on health expenditure per capita at the national level. In the meantime, the strong commitment by the Government and local authorities during the design of the project argue for ownership and increase the chances for sustainability of activities. More specifically, by strengthening the surgical profile and a better integration of different specialities, the RCH will become a centre of performance of surgery at regional level, and thus, in the best interest of the 25.000 in-patients and some 100.000 out-patients per year.	<p>The TA activities are:</p> <ul style="list-style-type: none"> <li>- To elaborate the Terms of Reference for Design (functional description, quantitative and qualitative description and data) and Works starting from the results of the Feasibility Study;</li> <li>- to elaborate the technical specifications for equipment;</li> <li>- to elaborate the tender documentation for design, works and equipment;</li> <li>- to provide technical assistance for overall coordination of the Project and procurement procedures including clarifications, participation at committees and evaluation of bids, etc.</li> <li>- to reinforce Ministry of Health capacity for monitoring the design and especially the works.</li> <li>- to provide assistance to RCH Management for the re-organization of services and work-flows.</li> </ul>	YES	YES	
Morocco	2009	Education	Social	AFD, EIB	L'objectif du programme est de soutenir la réforme du système éducatif marocain et d'accompagner la mise en œuvre du programme d'urgence.	<p>Le programme d'urgence comprend quatre grandes composantes:</p> <p>1. Rendre effective l'obligation de scolarité jusqu'à l'âge de 15 ans : programme de construction et de réhabilitation d'infrastructures scolaires ; programme de formation des enseignants et développement de l'enseignement préscolaire.</p> <p>2. Stimuler l'initiative et l'excellence au lycée et à l'université : programme de construction de lycées et d'internats.</p> <p>3. Affronter les problématiques transversales du système pour notamment améliorer la qualité des enseignements (renforcement des compétences des enseignants et de la gestion des ressources humaines, parachèvement de la déconcentration, maîtrise des langues).</p> <p>4. Se donner les moyens de réussir en optimisant et en pérennisant les ressources financières et en mobilisant les acteurs du système (renforcer la contractualisation, développer l'offre privée, etc.).</p>		<p>1) à hauteur de 10 millions d'euros une partie du programme d'investissement ; L'intervention des différents bailleurs vise un appui direct au programme sectoriel qui comprend des dépenses d'investissement.</p> <p>2) à hauteur de 5 millions d'euros, des prestations d'assistance technique destinées au renforcement des capacités du Département de l'Enseignement Scolaire ("DES") à travers 3 grands axes :</p> <p>i) un plan de formation à la passation et au suivi des marchés. Le programme d'urgence consistera en grande partie à construire un nombre important d'infrastructures.</p> <p>ii) une assistance technique pour l'appui à la maîtrise d'ouvrage du volet « infrastructures scolaires »</p> <p>La mise en œuvre du plan d'urgence va entraîner un accroissement très important du volume des constructions scolaires (l'estimation porte sur un programme de 1 milliard d'euros).</p> <p>iii) un volet divers et imprévu, destiné à financer des études, des évaluations et de l'expertise court terme.</p>	YES	YES	
Armenia	2009	Yerevan Metro	Transport	EBRD, EIB	The purpose of Phase I of the project is to finance priority capital investments to renovate the metro system of the City of Yerevan (the "Project"). The Project would focus on the most immediate safety upgrade and renovation needs to restore reliable operations for the metro.		The result of these investments will lead to improved operational safety and comfort of the metro line.	The assistance will take the form of:	YES	YES	

Country	Year of Final	Title	Sector	Consortium of Donors	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROJ. COST	TO PROJECT GRANT
Georgia	2009	Tbilisi Railway Bypass Environmental Clean up	Transport	EBRD	The project main objective is to improve the efficiency and safety of rail operations through relocation and consolidation of the existing rail facilities presently located in the city centre of Tbilisi. The project will also provide an impetus to regeneration and urban redevelopment projects, as a result of railway infrastructure relocation.		The project entails the construction of a new 27 km long double track electrified railway line, From the junction point at Lilo towards Tbilisi, the Kakheti line will be upgraded to double track on a length of 10 km by refurbishment of the existing single track and adding a second new track. Near the junction of the new bypass route with the Kakheti line, the new freight station Lilo 1 is planned to be built. The NIF contribution aims at enhancing environmental and social management, including supporting some of the costs of the environmental mitigation measures, assessing environmental liabilities associated with potentially contaminated sites in Central Tbilisi and assisting Georgian Railway to meet regulatory requirements and best practice in the environmental and social management of the project.	The Project has two components: a) one investment co-financing grant - The Sanitary Protection Zone (SPZ) of the Tbilisi Sea: the NIF grant will support the financing of appropriate emergency response measures, including, but not limited to, physical structures such as catchment drains/facilities with oil separators, emergency response equipment (booms, pumps, consumables) and training (basics of emergency response, inter service coordination and drills). - Noise impact mitigation measures: the NIF will support the financing of the following mitigations measures: noise absorbent cladding of tunnel portals, noise screens or reduction of noise at the source (welded rails). Such mitigations will be included in the final design. (b) TA to hire consultants to carry studies on (i) land development component – Masterplan and (ii) environmental clean up component – Land Contamination Study.	YES	YES
Georgia	2011	Georgia East-West Highway	Transport	EIB, ADB & JICA	The general objective of the Project is to enhance Georgia's competitiveness by improving its transport corridors and to help position Georgia as the hub for regional trade and passenger movements.	The specific purpose of the Project is to upgrade and improve the most Western part of the East-West highway, from Zestaponi to Adjara region in Georgia for a total length of about 68 km. The highway is on the Pan-European corridor linking the EU with Central Asia through Georgia. Its rehabilitation will improve the conditions of the main road corridor available for transportation of goods between Asia and Europe.	The East-West Highway is the main artery for long distance road traffic in Georgia, being used by most traffic from Azerbaijan and Armenia to the Black Sea ports and Turkey, as well as long distance traffic to and from Tbilisi. The Project is complementary to the works that are being carried out on the Eastern part of the corridor between Tbilisi and the Rikoti Tunnel which are financed by the World Bank. On the Western part, Zestaponi-Kutaisi-Samtredia section is financed by the Japanese International Cooperation Agency (JICA) and the Kobuleti Bypass is financed by the Asian Development Bank (ADB). Most of the East-West Highway will hence have four lanes and a design speed of 120 km/h to accommodate the large volumes of traffic observed – including high percentages of heavy vehicles.	The Technical Assistance assignments are: (i) design preparation as well as tender documents for the works and supervision contracts; (ii) an independent road safety audit on the design; (iii) an internationally experienced consultant to assist the Project Implementation Unit (PIU); (iv) a specialised consultant to assist the PIU during the phases of procurement of all activities, assisting tender evaluations etc.	YES	YES

Country	Year of Final	Title	Sector	Instrument / Type of Finance	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PRODUCED	PROJECT	TO GRANT
Moldova	2008	Chisinau Airport Modernisation Project	Transport	EBRD, EIB	The objective of this assignment is to facilitate the timely and effective implementation of the Project, by procuring the services of a consulting firm to provide assistance and advice to the PIU on procurement, tender document review, tender evaluation, contracting and contract implementation and administration, reporting to the Lenders and general support for implementation of the works.			Sub-action 1: Assistance to Preparation of the Airport Master Plan Sub-action 2: Assistance to Project Implementation and Supervision Services	?	?	
Moldova	2008	Moldova Road Rehabilitation project (2nd Phase)	Transport	EBRD, EIB, WB	The general objective of the project is to facilitate economic growth and regional integration of the Republic of Moldova. The Project purpose is to halt the deterioration of the road network in the Republic of Moldova and ensure key road links are maintained. Therefore, the specific objective is to contribute to the realisation of the Phase 2 of the Project by directly contributing to one lot of roads to be rehabilitated.		The rehabilitation of the road network is a necessary improvement of basic public infrastructure in Moldova. It will allow better access to EU markets to encourage foreign direct investment in Moldova. The country's largely agriculture-based economy is highly dependent on good land transport infrastructure, and its deteriorating road network could constrain the country's ability to seize new trade opportunities.		YES	N.A.	
Moldova	2010	Chisinau Public Transport project	Transport	EBRD, EIB	The project aims to improve public transport services and to ensure sustainability of an energy efficient and environmentally friendly means of transport by upgrading Chisinau's trolleybus fleet.		The modernization of the trolleybus fleet will strengthen public transport alternatives, improve air quality, and reduce passenger congestion and noise pollution in Chisinau. It will also allow energy savings. This project will support introduction of the e-ticketing system and will facilitate institutional strengthening and will achieve introduction of a sound and sustainable regulatory framework based on the multi-year gross cost Public Service Contract (PSC) and the City's Public Transport Strategy. The PSC will increase transparency and accountability in the relationship between the City and "I.M. Regia Transport Electric", the Chisinau Trolleybus Company (the 'the Final Beneficiary') by establishing clear rights and obligations with a transparent procedure for operators' budget setting, incentives for the greater efficiency and higher quality in the provision of public transportation services provided on commercial principles.	1. co-finance up to 102 new trolleybuses and maintenance equipment for the Final Beneficiary, 2. restructure the Final Beneficiary, 3. provide advice on the restructuring of the Institutional and Regulatory Framework for public transport in Chisinau, and 4. assist the City of Chisinau in designing and procuring an integrated electronic ticketing system.	YES	YES	
Moldova	2011	Moldova Road Rehabilitation project (3rd Phase)	Transport	EBRD, EIB, WB	The general objective of the project is to facilitate economic growth and regional integration of the Republic of Moldova.	The specific purpose of the Project is to halt the deterioration of the national roads network in the Republic of Moldova, to ensure key road links are brought and maintained to acceptable standards to facilitate economic growth and regional integration, and to support reform of the road sector.	The rehabilitation and construction of new road networks is a necessary improvement of basic public infrastructure in Moldova. It will allow better access to EU markets to encourage foreign direct investment in Moldova.	The NIF contribution will help : (i) rehabilitate important cross-boundaries road network, (ii) improve local development capacities by upgrading road access to the markets and decrease transportation costs, (iii) implement a project with a positive sustainable environmental impact by reducing carbon and other emissions.	YES	YES	
Egypt	2011	Cairo Metro Line 3 Phase 3	Transport	AFD, EIB	The overall objective is the improvement of the transportation conditions of Cairo inhabitants.	Specific objectives are related to reduction of transportation time and congestion, air pollution the contribution to Cairo economic development.			YES	N.A.	
Morocco	2008	Programme National de Routes Rurales	Transport	EIB, AFD	The overall objective is the sustainable development of transport infrastructures and its relationship with the territory	Specific objectives are the transport cost reduction and the economic development.	Les résultats escomptés sont la réalisation de 15 500 km de routes rurales entre 2005 et 2012 à un rythme de 2 000 km par an ce qui permettrait d'augmenter le taux d'accessibilité de la population rurale de 54% en 2005 à 80% en 2012. Cela devrait permettre de desservir une population rurale de l'ordre de 3 millions de personnes.	La majeure partie de la contribution de la FIV viendra compléter les prêts apportés par les bailleurs de fonds à la Caisse pour le Financement Routier (CFR) pour la réalisation du PNRR2, et servira donc principalement à financer des marchés de travaux concernant la construction ou l'aménagement de routes rurales. Le lot précis de routes ou de sections de routes financé par la FIV sera défini ultérieurement par la CFR en coordination avec la BEI et la DR. La Commission devra donner son accord écrit préalable sur ce choix de lot. La contribution de la FIV servira également à renforcer l'unité de gestion du projet (UGP) mise en place au sein de la Direction des Routes (DR) du Ministère de l'équipement et des transports (MET) dont les activités englobent notamment : - La rédaction d'un manuel de procédures - La réorganisation des archives et des méthodes de travail de l'UGP - La participation à la mise en place d'une application de suivi des documents - La formation des techniciens de l'UGP à l'utilisation de l'outil informatique - La formation aux problèmes environnementaux à l'égard des chefs de service des directions décentralisées - La préparation d'un plan de formation pour les personnels de l'encadrement de la DR intervenants dans le PNRR2.	YES	?	

Country	Year of Final	Title	Sector	Consortium of Donors	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROJ. C/P	PROJ. FIVE	GRANT TO
Morocco	2009	Tramway de Rabat	Transport	AFD, EIB	L'objectif du projet concerné par la présente convention de financement est l'amélioration durable de la mobilité et de l'environnement urbain dans l'agglomération Rabat-Salé via la mise en place d'un réseau de tramway comprenant deux lignes d'une longueur totale d'environ 19 km dotées de 32 stations et d'un centre de maintenance et d'exploitation situé à Salé.	Objectif 1 : adapter le réseau de transports publics urbains à la demande, en proposant une offre de qualité aux populations à faibles revenus, notamment les populations captives du transport public, comme aux populations des classes moyennes et supérieures pouvant renoncer à la voiture particulière pour certains déplacements. Objectif 2 : améliorer l'environnement urbain, en termes de sécurité, de santé publique, d'efficacité énergétique, de réduction des gaz à effet de serre et de maîtrise de la congestion urbaine.	Ce projet permettra d'adapter la capacité des transports publics urbains à la demande, en proposant une offre de qualité aux populations à faibles revenus, notamment les populations captives du transport public, comme aux populations des classes moyennes et supérieures pouvant renoncer à la voiture particulière pour certains déplacements. Le projet améliorera également l'environnement urbain, en termes de sécurité, de santé publique, d'efficacité énergétique, de réduction des gaz à effet de serre et de maîtrise de la congestion urbaine. Les travaux d'infrastructures ont démarré en 2007 et 2008. La mise en service des deux lignes est prévue pour 2010-2011 avec un trafic envisagé à la mise en service de 180 000 voyageurs par jour.	a) Cofinancement des investissements (cinq millions d'euros) : Mise en place d'un système billettique ouvert à l'intégration tarifaire avec les autres modes de transport Mise en place de trois parkings d'échange Si nécessaire, mise en place d'un maximum de sept pôles multimodaux de correspondance "tramway-autobus-taxis" Ces investissements prendront la forme de contrats de travaux et d'équipements. b) Appui technique à l'intégration du tramway et à l'organisation générale du secteur (trois millions d'euros): études des pôles d'échanges multimodaux, études d'intégration tarifaire et billettique, appui à l'assistance à la maîtrise d'ouvrage pour la réalisation du tramway, etc.	YES	YES	
Morocco	2010	Programme National d'Assainissement	Transport	AFD, KfW, EIB	L'objectif du programme financé par les bailleurs de fonds européens est de contribuer à l'augmentation du taux de collecte et du taux d'épuration des moyennes et petites communes, en conformité avec les objectifs du Programme National d'Assainissement (PNA) approuvé par le gouvernement marocain en 2005 (60% de taux de traitement des eaux collectées et 80% de taux de raccordement aux réseaux d'assainissement dans les zones urbaines d'ici 2020). Ce programme devrait donc contribuer à la fois à l'amélioration des conditions sanitaires dans sa partie collecte et à l'amélioration de la qualité du milieu récepteur dans sa partie épuration.		Les résultats escomptés du programme qui découlent de ses objectifs concernent environ 29 centres urbains de taille moyenne (5 000 à 100 000 habitants) pour lesquels le programme permettra : Une amélioration du taux de raccordement des populations Une amélioration du taux de traitement des eaux usées La réhabilitation et l'extension de réseaux d'assainissement Le programme doit aussi permettre au niveau global de l'ONEP : La réalisation de pilotes de techniques d'épuration Le renforcement des capacités de l'ONEP concernant le processus de réalisation de systèmes d'assainissement La mise en place d'un suivi global des qualités de rejets et de la conformité des stations d'épuration et de pompage (STEP).	Le programme comprend deux volets principaux: 1) des investissements en infrastructures pour un montant estimé à 160 millions d'euros; Il s'agit de la réalisation d'extensions et de réhabilitations de réseaux et des stations d'épuration de communes gérées par l'ONEP (dans tous les centres concernés, l'ONEP assure déjà l'exploitation du réseau d'eau potable). Les études préliminaires ont été confiées à des bureaux d'études locaux et sont soit déjà disponibles, soit en cours de réalisation. Des pilotes de techniques d'épuration seront mis en place dans certains centres (lits plantés de roseaux, etc.) en cohérence avec le résultat des études prévues dans les mesures d'accompagnement. 2) des mesures d'accompagnement nécessaires pour sécuriser la bonne mise en œuvre du programme pour un montant estimé à 16 millions d'euros.	YES	YES	
Tunisia	2009	Réseau Ferié Rapide de Tunis	Transport	AFD, KfW, EIB	Le projet vise l'amélioration des conditions de vie des populations par un accès facilité aux opportunités économiques et sociales de la ville, la maîtrise des coûts économiques et sociaux de transport urbain, la réduction de la dégradation de l'environnement et de la dépendance énergétique.		Ce projet permettra la réalisation de deux tronçons prioritaires pour deux lignes d'une longueur cumulée de 18 kilomètres d'infrastructures nouvelles, à savoir les premières sections des lignes D et E, partageant un tron commun d'environ 2,3 km au départ de Tunis-Centre (Gare de Barcelone). Le système du RFR offrira une vitesse commerciale de 35km/h à 40km/h contre 18km/h pour le métro léger de Tunis, et 15 km/h pour les bus (moyenne du réseau, la vitesse des bus est plus faible au centre ville aux heures de pointes), ce qui est plus adapté à la couronne à 15km du centre de Tunis. Cette infrastructure permettra de répondre aux prévisions de trafic pour le sens le plus chargé (période de pointe) à la mise en service, à savoir : 17 000 voyageurs/heure/sens pour le tronçon le plus chargé de la ligne D, 13 500 voyageurs/heure/sens pour le tronçon le plus chargé de la ligne E, plus de 20 000 voyageurs/heure/sens sur le tron commun de la ligne D et E, tout en préservant des marges de manœuvre pour absorber la croissance du trafic sur le tronçon à l'avenir (extension du réseau RFR, croissance de la population et de la mobilité).	La contribution de la FIV vient en complément des financements des institutions financières européennes (AFD, BEI, KfW) à ce projet en ce qui concerne l'ensemble des composantes gérées par la société RFR. Bien que non affectée, cette contribution de la FIV est notamment justifiée par le besoin de financer les activités suivantes: - les prestations d'assistance à maîtrise d'ouvrage (c'est-à-dire appui à la structure de pilotage et d'exécution du projet, appui au lancement des appels d'offres, dépouillement des offres, suivi du pilotage de l'exécution); - les autres prestations d'assistance technique, notamment en ce qui concerne la maîtrise d'œuvre du projet ainsi qu'un certain nombre de formations du maître d'ouvrage et des études complémentaires nécessaires pour finaliser les modalités d'exploitation du RFR et pour évaluer son impact sur le tissu urbain de Tunis.	YES	YES	

Country	Year of Final	Title	Sector	Consortium of Euroarea	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROBLEMS	GRANT TO PROJECT
Armenia	2009	Armenia Small municipalities water project	Water/Sanitation	EBRD, EIB	The Project will improve municipal water supply in selected municipalities within Tavush, Lori, Shirak, Gegharkunik, Kotayk, Syunik, and Vayots Dzor Marzes and rehabilitate waste water treatment plants and sewerage collectors in the municipalities of Dilijan and Jermuk. The strategy is to rehabilitate reliable water services and provide waste water management improvements throughout the Project area.		The Project will finance: (i) rehabilitation of municipal water supply; and (ii) rehabilitation of the waste water treatment plants and sewerage collectors.	The technical assistance will comprise two broad components: - A preparatory technical review (project preparation) covering technical, environmental, operational, financial and economic assessment of the proposed project (already financed by EBRD for around EUR 216,000) - Implementation support in form of detailed engineering design, tendering support and contract awards, financial control, construction supervision and PIU support (project management and reporting support). The TA component will support the Project by providing the Armenian Water and Sewerage Company (the "Company" or "AWSC") with access to best international practice in the implementation of projects and procurement, as well as advice on specific technical issues. More specifically, this technical assistance will provide standard and proven support to the Company for engineering design, tender evaluation, contract awards and administration, financial control, project management, and reporting services.	YES	YES
Armenia	2011	Kotayk Solid Waste project	Water/Sanitation	EBRD	The overall objective of the Action is to address the low waste collection efficiency issue in order to improve solid waste management in Kotayk with an integrated solid waste management programme.	Construction of an EU compliant regional sanitary landfill for disposal of waste from all eight municipalities - shareholders of a landfill management company ("the Company"); Establishment of ordinary waste collection system supplemented with bring banks for recyclable materials: - Collection points to be planned and constructed by the municipalities, - Containers and vehicles for mixed household waste to be distributed to shareholding communities according to the defined needs, - Containers and vehicles to be used by the Company for collection of mixed household waste from rural communities, - Containers for collection of recyclables (at bring banks) to be distributed to shareholding municipalities; Establishment of the Company; Supply of collection and transport vehicles and equipment to the waste management company; Building institutional capacity of the Company via Corporate Development and Stakeholder Participation programmes, and Closure of existing dumpsites (not part of the project – just monitored by the EBRD).	Specific results would include: An efficient and transparent tariff setting and payment collection system is established for solid waste management services in Kotayk and Sevan municipality; Awareness on solid waste management issues is enhanced at various levels. This will inter alia include introduction of an information system for waste sources and facilities for treatment and disposal of waste, information campaigns, education on solid waste management issues at primary and secondary schools; An established organisation for inter-municipal waste management cooperation, covering at least the majority of municipalities of Kotayk and Sevan municipality. One regional sanitary landfill is constructed and competently operated by the Company; New waste collection and transportation equipment is purchased and taken into operation, increasing the collection coverage and efficiency.		YES	unclear
Georgia	2010	Water Infrastructure Modernisation (EIB Window)	Water/Sanitation	EIB	The Project concerns the preparation and implementation of much needed additional water sector investment schemes throughout the UWSCG's service area that will further improve water supply and sanitation and thereby support the ongoing consolidation process of water service provision. The Project's main interest derives from reducing public health risks and improving the quality of the environment. Energy efficiency will be another key driver for the scoping of individual schemes.			The components of the TA envelope are: 1- Feasibility studies, diagnosis of water systems and network modelling for the justification of schemes to be implemented under the Project and the identification of further investments needs; 2- Design supervision and revision, including provision of long-term expert to strengthen the Water Company in investment planning and project management; 3- preparation of procurement documents and procurement/implementation supervision; 4- Training of local experts and Water Company Staff in technical operational matters.	YES	YES

Country	Year of Final	Title	Sector	Instrument of Finance	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PRODUCTION	PROJECT	GRANT
Georgia	2010	Water supply and sewage of Batumi and surrounding villages	Water/Sanitation	KfW, BSTDB	The project's general objective is the rehabilitation of municipal infrastructure facilities in Batumi and surrounding villages, for the purpose of improving the water supply, sewerage and wastewater disposal situation.		<p>The expected result of the Project is to contribute to the socio-economic development of the region of Batumi and its surroundings by ensuring a 24-hour supply of hygienically sound water and by guaranteeing a controlled and improved disposal and treatment of wastewater for the population of this area.</p> <p>An expected outcome of the project is the protection of natural resources and reduction of the environmental impact on the Black Sea by reducing the pollution load transported to and accumulated in this ecosystem.</p> <p>Additionally, by reducing the negative environmental impacts caused by uncontrolled wastewater discharge, the degree of contamination in the Black Sea can be reduced and thus improved compliance with EU Bathing Regulations will be achieved.</p>	<p>The NIF contribution will be used for three villages (Chakvi, Mtsvane Kontskhi and Makhinjauri) situated close to and supplied by the transmission main serving Batumi. The objectives of these investments are:</p> <p>(i) to modernize the existing water supply infrastructure;</p> <p>To achieve the establishment of a sound water supply network for the villages that allows for their controlled connection to the Batumi water supply line, the measures will include the installation of devices to manage the uncontrolled extraction of water from the main Batumi transmission line and the provision of services by the local water utility Batumi Tskali.</p> <p>(ii) to provide a decentralised sewage system in the villages (Chakvi, Mtsvane Kontskhi and Makhinjauri) for an environmentally sound disposal of wastewater in order to reduce health risks for the population in the villages, and also to reduce the pollution load to the Black Sea.</p>	YES	YES	
Moldova	2008	Feasibility Study for Improvement Water/Sanitation Systems in Chisinau	Water/Sanitation	EBRD, KfW, EIB	<p>The aim of the programme is to improve the living conditions of the population of Chisinau and to reduce environmental impacts by;</p> <ul style="list-style-type: none"> <li>- Bringing much needed efficiency improvements in the provision of municipal water and sanitation services.</li> <li>- Supporting institutional strengthening</li> <li>- Introducing appropriate incentives for efficiency improvement at the level of the operating company, and encouraging outsourcing of certain activities (where appropriate) would contribute towards an improved framework for markets.</li> <li>- Improving the Company's financial transparency and the quality of financial information.</li> </ul>	<ul style="list-style-type: none"> <li>- To prepare a baseline study of the present status in Chisinau providing a description and appraisal of the present status of the water and sanitation services in the City.</li> <li>- to carry out a comprehensive technical review of the Company infrastructure and equipment components in terms of capacity, energy efficiency, performance, state of repair, maintenance practices, age, quality of materials and equipment, adequacy and environmental impact which can be used by the participating IFIs to assess the potential Programme;</li> <li>- to develop remediation, rehabilitation and replacement measures</li> <li>- Evaluate the tariff system, how tariff changes are decided and its impact on cash flow to the Company.</li> <li>- to carry out an affordability analysis of various consumer groups including the analysis of an existing social support mechanism;</li> <li>- to prepare a Long-term Investment Programme to describe strategic long-term investment plan of the Company</li> <li>- to prepare a Priority Investment Programme to focus on maximum operational and cash flow benefits.</li> <li>- to prepare a Procurement and Implementation Strategy for the contracting, financing and implementation of the</li> </ul>	<p>The study shall form the basis for a large scale phased investment programme (the "Programme") aimed at the improvement of water supply and sewage collection and treatment in Chisinau, the capital city of Moldova. Herewith, the living conditions of the population of Chisinau (approx. 800,000 inhabitants) will be improved and environmental impacts will be reduced.</p>	YES	?		

Country	Year of Final	Title	Sector	Consortium of Donors	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	EBRD	TO PROJECT C/	GRANT
Moldova	2010	Water Utilities Development Programme in the Republic of Moldova	Water/Sanitation	EBRD, EIB, WB	The objective is to promote reform of the water/wastewater utilities, creating models of self sustainable operators providing services at acceptable standards. The selected utilities will be supported to expand their services beyond the municipal boundaries in order to ensure efficiency of investment and operation costs with affordable tariffs. The Project will include 6 selected utilities across the country that each confirmed willing to restructure and expand their operations at regional level, around the major town of the area (as a first step towards a future, larger scale regionalisation). The project will also create the capacity within public institutions to prepare and supervise water supply and waste water projects.		The Project is expected to bring significant economic benefits as a result of policy changes which its approach entails. First, by introducing the use of credit financing of infrastructure investments in six major areas the project will improve the efficiency and allocation of resource use in those area and strengthen the role of credit for financing such investments in the Moldova as a whole. Second, the project embodies the principle of cost recovery for user charges of operating expenses, maintenance, and capital cost properly defined, again increasing efficiency in financing by linking costs and benefits more directly that under the former system of central budget grant financing. Third, by stimulating and assisting the institutionalisation of utility credit provision within Moldova, the project will stimulate regulatory changes which will lead to improved creditworthiness at the local level, facilitate access to credit across Moldova in all municipal services sector, and reduce the long term cost of capital for such investments.  The grant funding of EUR 1.5 million mobilised by the		YES	YES	
Egypt	2008	IWSP (Improved Water and Wastewater Services Programme)	Water/Sanitation	KfW, EIB, AFD	IWSP will provide support through both investment in infrastructure that will improve the performance of the Affiliate Companies (ACs), and through the provision of Technical Assistance (TA) that will improve the operational efficiency of ACs.	1. To improve water quality and output as well as wastewater services in four Governorates through a sector investment program. The target is to increase coverage up to 99% for water supply services and 40% for wastewater and sanitation services on both urban and rural areas. 2. To develop investment, planning, steering and monitoring capacities in the HCWW; 3. To strengthen planning, implementation and operation capabilities of the water- and wastewater management local companies; 4. To support the gradual introduction of a tariff system that assures a full coverage of operating and maintenance costs (including depreciation); 5. To improve technical and financial performance of the water- and wastewater management companies in the selected Governorates.	The expected results of the Investment Component are: - Increase in the percentage of coverage in the programme area to reach 99% in the drinking water supply, and to reach 40% in wastewater and sanitation services; - Water supply and wastewater infrastructure is improved so that quality of the services provided is more effectively, economically and in a sustainable manner. The expected results of the Capacity Development Component are: - Improved organisational capacity of the Affiliated Companies (ACs) and HCWW to carry out their mandated tasks in an effective, economic and sustainable manner. - More efficient budget and financial management in the water supply and sanitation sector. - Improved governance framework for water supply and sanitation.	The NIF Technical Assistance (TA) will provide improvement of the operational efficiency of ACs.	YES	YES	
Egypt	2010	IWSP II - Upper Egypt	Water/Sanitation	KfW, EIB, AFD, GTZ	The programme objective is to ensure appropriate, thoroughly hygienic, efficient and financially sustainable water supply and wastewater disposal in the programme area. The objective of the TA is to strengthen the organisational and human resource capacities of the ACs in such a way that they, under the new sector arrangements, are in a position to better operate and maintain the rehabilitated and new facilities and to better provide water and wastewater services to their customers in a sustainable manner. Together with the implementation of the physical improvements, the TA will serve the overall objectives of contributing to better living conditions for the beneficiaries in terms of health and the natural environment.		As a result of the IWSP II measures in the four Governorates, the existing water treatment plants and wastewater treatment plants as well as the WS and WWD systems will be refurbished and expanded and new WWD systems will be available (investment). As a result of the TA capacities of the ACs will be enhanced capacity with respect to:  • capital investment planning and implementation, i.e. programme and project management; • business planning, measurements and control, and • efficiency of technical, commercial and financial operations	See Overall Objective	YES	YES	

Country	Year of Final	Title	Sector	Consortium of Entities	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTIONS	PROJ. C/P	PROJ. F/P	GRANT TO
Lebanon	2009	Keswan Wastewater	Water/Sanitation	EIB, AFD	The overall objective of this grant contract is to help ensure that enterprises affected by the war in mid-2006 can gain access to credit.	The specific objective is to reduce the cost of credit to these enterprises by lowering the interest rate on their loans by 7 percentage points for the first two years of these loans.	The expected results of the project are: <ul style="list-style-type: none"> <li>Urgent financial needs of SMEs' (Small and Medium Enterprises) for economic reconstruction are addressed at concessional terms in relation to standard market levels.</li> <li>Access to long-term finance is facilitated to Lebanese enterprises affected by the July-August war through Lebanese commercial banks.</li> </ul>	The TA will be divided into three components and for each of them the TA's objectives are the follows: <ul style="list-style-type: none"> <li>Component 1 - Project preparation and supervision for CDR: To provide support to CDR in its task of project managing the design, procurement, construction and hand-over stages of the component of the Keswan Water and Wastewater project related to the development of wastewater services in Jounieh/Tabarja area.</li> <li>Component 2 - Institutional Strengthening for BMLWSE: • To provide institutional support to BMLWSE in setting up a wastewater division, recruitment and training of professional staff to manage the wastewater collection and treatment facilities in Keswan District and elsewhere</li> <li>To provide institutional support to BMLWSE and other WSE's to manage the completed WW facilities in Keswan District and elsewhere.</li> <li>To provide, if necessary, support to BMLWSE in the introduction of wastewater tariffs in the establishment's area, in coordination with the work currently being carried out by GTZ.</li> <li>To support BMLWSE and industries to improve quality of industrial waste discharges</li> <li>Component 3 - Horizontal Sector Support across the Water Sector in Lebanon: a) To provide support to other water supply establishments in Lebanon for strengthening wastewater management, recruitment and training of professional staff</li> </ul>	YES	?	
Morocco	2011	Drinking Water Efficiency Programme	Water/Sanitation	KfW, AFD	Les objectifs du programme sont de: - réduire les risques de santé liés à la consommation d'eau impropre; - assurer en continu une alimentation en eau potable suffisante et plus efficace dans les villes marocaines; - diminuer les pertes d'eau dans les réseaux et optimiser l'exploitation. Le programme vise également à l'adaptation au changement climatique et à la protection des ressources en eau.	- réduire les risques de santé liés à la consommation d'eau impropre; - assurer en continu une alimentation en eau potable suffisante et plus efficace dans les villes marocaines; - diminuer les pertes d'eau dans les réseaux et optimiser l'exploitation. Le programme vise également à l'adaptation au changement climatique et à la protection des ressources en eau.	Les résultats seront monitorés sur base des indicateurs suivants : Sur le plan qualitatif: Assurer la continuité du service dans les centres du programme 24h/24 et 7/7; Mettre la qualité de l'eau produite aux normes marocaines. Sur le plan des performances: Réduire les pertes à moins de 24 % dans les réseaux (un an après l'achèvement des travaux); Réduire les pertes à 5 % dans les adductions réhabilitées (un an après l'achèvement des travaux); Utiliser les capacités nouvellement construites à 75 % en pointe (trois ans après l'achèvement des travaux). Réduire l'utilisation d'énergie. Sur le plan économique: Obtenir un Taux de Rentabilité Interne de plus de 5 % - correspondant à un temps de retour de l'investissement inférieur à 14 ans - dans le cadre des mesures de réhabilitation des réseaux et de la télégestion.	Assistance technique a) Ingénierie-conseil - Préparer et vérifier le cahier de charges pour les études faites dans le cadre du programme - Conseil à la gestion et au suivi du programme - Support aux procédures de passation des marchés pour les travaux, les équipements et les services - Contrôle des factures et du progrès dans la réalisation du programme - Préparation du plan d'action pour les mesures d'accompagnement b) Mesures d'accompagnement - Évaluation des aspects concernant les résultats du comptage de l'eau, l'efficacité des opérations de maintenance ainsi que des relations commerciales et relations client de l'ONEP - Définition d'un plan d'action par l'ONEP en collaboration avec le consultant responsable de la mise en œuvre visant à améliorer les résultats de l'ONEP dans les domaines cités ci-dessus et assurer leur durabilité. - Mise en œuvre du plan d'action avec comme coordonnateur de l'aide, un consultant sélectionné via un appel d'offres non restreint.	YES	YES	



Country	Year of Final	Title	Sector	consortium of Euroarea	OVERALL OBJECTIVE	SPECIFIC OBJECTIVE	RESULTS (overall project)	ACTIVITIES (OUTPUTS) - NIF CONTRIBUTION	PROJECT PRODU	GRANT TO PROJECT
Tunisia	2008	STEP (Part I)	Water/Sanitation	KfW, AFD	La finalité du programme est la protection de l'environnement hydrique contre la pollution ainsi que l'amélioration des conditions de vie des populations concernées par le programme, soit environ 1,1 million d'habitants en 2021, auxquels s'ajoutent les habitants des zones aval concernés par l'amélioration de la qualité des rejets épurés.	L'objectif spécifique du programme est d'assurer une collecte et un traitement efficaces des eaux usées des zones couvertes par le programme.	<p>Le programme permettra le renouvellement et l'extension de 19 stations d'épuration (STEP) et de 130 stations de pompage (SP), pour lesquelles certaines études d'avant-projet sont déjà prêtes. Il inclut les études d'ingénierie et l'appui à la supervision des travaux, les travaux de génie civil et la fourniture des équipements électromécaniques, ainsi que la construction de conduites de transport et la fourniture d'équipements nécessaires à l'entretien des stations.</p> <p>Le programme est ouvert et la liste des stations d'épuration et de stations de pompage du programme est donnée à titre indicatif et pourra évoluer en fonction de l'état de préparation de leurs dossiers de travaux.</p> <p>Il est prévu la mise en place d'un procédé de digestion anaérobie des boues permettant la production de biogaz (méthane) valorisé pour la production de l'énergie nécessaire au fonctionnement de la station concernée. Ce procédé sera mis en place pour quatre stations dont la capacité unitaire dépasse les 100 000 équivalent-habitants (eqh).</p> <p>Le personnel de l'ONAS bénéficiera d'une formation et d'une assistance technique pour l'exploitation et la maintenance de ce procédé. Un "Project Idea Note" (PIN) a conclu à la possibilité de l'obtention de certificats du Mécanisme de Développement Propre (MDP) équivalent à 5 à 9 000 tonnes de CO2 par an provenant de ces stations.</p>		YES	YES
Tunisia	2011	Study for the waste water sewerage of industrial zones	Water/Sanitation	KfW	The study aims at identifying the appropriate solutions for the provision of approx. 9 industrial zones proposed by ONAS with adequate technical and organisational wastewater collection and treatment facilities within an appropriate institutional set-up which is in line with the Tunisian and EU objectives in order to contribute to a better environment.	<p>The main components of the study are in particular:</p> <ul style="list-style-type: none"> <li>• Update of the existing data on industrial infrastructure as well as quantity and quality of waste water</li> <li>• Assessment of possible technical and institutional solutions for industrial wastewater collection and treatment</li> <li>• Elaboration of preliminary design for preferred solution according to Tunisian and EU environmental standards</li> <li>• Assessment of necessary capacity development, training and technical assistance</li> <li>• Identifying the procedural prerequisites for the conception, appraisal and implementation of the related investment programme.</li> </ul>		The TA will provide further capacity development in the area of industrial wastewater treatment.	YES	YES

Country	Year of Final Approval	Title	Sector	DAEC Code	Consortium/ European Finance Institutions	Total amount (€ million)	Total NIF amount (€ million)	Total NIF amount from EC Budget (€ million)	Total EBR financing	Type of Support	Management Mode	CRS nr	GLOBAL OBJECTIVES	SPECIFIC OBJECTIVES	EXPECTED RESULTS
Armenia	2009	Yerevan Metro	Transport	210	EBRD, EIB	16.6	5	5	10	Grant	Decentr.	ENP/2010/242/256	The purpose of Phase I of the project is to finance priority capital investments to renovate the metro system of the City of Yerevan (the "Project"). The Project would focus on the most immediate safety upgrade and renovation needs to restore reliable operations for the metro.		The result of these investments will lead to improved operational safety and comfort of the metro line.
Georgia	2009	Tbilisi Railway Bypass Environmental Clean up	Transport	210	EBRD	253.5	8.5	6.0	2.5	TA/Grant	Decentr.		Tbilisi, the capital of Georgia, is a long thin city stretching about 30 kilometres along both sides of the Mikvit river. Two roads run along each bank of the river and the railway currently runs along the northern slope. The traffic now carried by the railway is substantially transit of traffic (both crude oil and refined product from Azerbaijan, Kazakhstan and Turkmenistan to ports on the Black Sea), a hazardous good which should not be transported through such a densely populated area. Urban development now surrounds a number of the rail terminals and yards, many of which are now either obsolete or derelict. The railway, which has few existing crossing points, also acts as a major barrier to development on the northern bank (in some cases requiring a detour of up to 20 kilometres) as well as depressing land values in its vicinity. The Tbilisi Railway Bypass Project, undertaken by "Georgian Railway LLC" (GR), the state-owned railway company of Georgia, concerns the construction of a new railway route bypassing the central area of the city of Tbilisi. The project will ultimately improve the efficiency and safety of rail operations through relocation and consolidation of the existing rail facilities presently located in the city centre of Tbilisi. The project will also provide an impetus to regeneration and urban redevelopment projects, as a result of railway infrastructure relocation. It presents an opportunity to reconnect two halves of the city and increase land values in its vicinity, as well as to create a high quality mixed use district and an exemplar of sustainable development.		The project entails the construction of a new 27 km long double track electrified railway line, some 10 km north of the city through open land which for the most part is sparsely populated, starting at Zahesi in the north-west where it branches off from the present mainline. At the eastern end the new track joins the Kakheti line near Lilo station. From the junction point at Lilo towards Tbilisi, the Kakheti line will be upgraded to double track on a length of 10 km by realignment of the existing single track and adding a second new track. Near the junction of the new bypass route with the Kakheti line, the new freight station Lilo 1 is planned to be built. Within the general framework of the Tbilisi Railway Bypass Project, the NIF contribution aims at enhancing environmental and social management, including recovering some of the costs of the environmental mitigation.
Georgia	2011	Georgia East-West Highway	Transport	210	EIB, ADB & JICA	592.14	20	20	200	Grant			The general objective of the Project is to enhance Georgia's competitiveness by improving its transport corridors and to help position Georgia as the hub for regional trade and passenger movements. The specific purpose of the Project is to upgrade and improve the most Western part of the East-West highway, from Zestaponi to Adjara region in Georgia for a total length of about 68 km. The highway is on the Pan-European corridor linking the EU with Central Asia through Georgia. Its rehabilitation will improve the conditions of the main road corridor available for transportation of goods between Asia and Europe. This corridor is one of the five major transnational axes in neighbouring countries as defined by the 'de Palacio High Level Group' in 2005. It is also one of the Transport Corridor Europe, Caucasus, Asia (TRACECA Programme) which aims at developing transport initiatives including the establishment of a road corridor. The project has cross-border implications for one or more Member States and supports regional integration through increased connectivity.		The East-West Highway is the main artery for long distance road traffic in Georgia, being used by most traffic from Azerbaijan and Armenia to the Black Sea ports and Turkey, as well as long distance traffic to and from Tbilisi. The Project is complementary to the works that are being carried out on the Eastern part of the corridor between Tbilisi and the Rkoti Tunnel which are financed by the World Bank. On the Western part, Zestaponi-Kutaisi-Samtedia section is financed by the Japanese International Cooperation Agency (JICA) and the Kobuleti Bypass is financed by the Asian Development Bank (ADB). Most of the East-West Highway will hence have four lanes and a design speed of 120 km/h to accommodate the large volumes of traffic observed – including high percentages of heavy vehicles. The rehabilitation process of the corridor started in 2005 is currently ongoing and is expected to be largely completed by 2015.
Moldova	2008	Chisinau Airport Modernisation Project	Transport	210	EBRD, EIB	46.25	1.75	1.75	44.5	TA	Joint mgmt	ENP/2008/201/187	Sub-action 1: Assistance to Preparation of the Airport Master Plan This sub-action will be implemented through the recruitment of a Consultant who will provide a complete Master Plan that should include: i) economic development forecast to 2030 based on economies of similar development allowing for regional factors; ii) demand forecast for the same period iii) civil, electromechanical and navigational engineering inputs, iv) environmental engineering inputs, and v) prioritisation of the development phases of the Airport. Importantly, the Master Plan will also include recommendations and options for enhancement of commercial activities by the Airport. Sub-action 2: Assistance to Project Implementation and Supervision Services This sub-action will provide financing to facilitate the effective implementation of the Project, by procuring the services of a consulting firm to provide assistance and advice to the Project Implementation Unit (PIU) on procurement, tender document review, tender evaluation, contracting and contract implementation and administration, reporting to the Lenders and general support for implementation of the works. The Consultant will also act as "the Engineer" for Supervision of Works and related contracts to be implemented under the project (the "Contracts"). The Consultant shall facilitate a process whereby goods, works and services financed by the Lenders' loans are procured in a timely manner according to technically sound and economically efficient procedures, specifications and documentation, and in compliance with the EBRD's Procurement Policies and Rules and any other covenants in the loan agreements between the Airport and the Lenders.		
Moldova	2008	Moldova Road Rehabilitation project (2nd Phase)	Transport	210	EBRD, EIB, WB	181.2	12	12	150	Grant	Decentr.	ENP/2008/172/816	The general objective of the project is to facilitate economic growth and regional integration of the Republic of Moldova. The Project purpose is to halt the deterioration of the road network in the Republic of Moldova and ensure key road links are maintained. Therefore, the specific objective is to contribute to the realisation of the Phase 2 of the Project by directly contributing to one lot of roads to be rehabilitated.		The rehabilitation of the road network is a necessary improvement of basic public infrastructure in Moldova. It will allow better access to EU markets to encourage foreign direct investment in Moldova. The country's largely agriculture-based economy is highly dependent on good land transport infrastructure, and its deteriorating road network could constrain the country's ability to seize new trade opportunities.
Moldova	2011	Moldova Road Rehabilitation project (3rd Phase)	Transport	210	EBRD, EIB, WB	16.2	16.2			TA/Grant	Decentr.	ENP/2011/248/448	The general objective of the project is to facilitate economic growth and regional integration of the Republic of Moldova.		The rehabilitation and construction of new road networks is a necessary improvement of basic public infrastructure in Moldova. It will allow better access to EU markets to encourage foreign direct investment in Moldova. The NIF contribution will help: (i) rehabilitate important cross-boundaries road network, (ii) improve local development capacities by upgrading road access to the markets and decrease transportation costs, and (iii) implement a project with a positive sustainable environmental impact by reducing carbon and other emissions. Rehabilitation of national roads is vital to improve access to EU markets. The poor present condition of road network is seen as acting as a significant deterrent to investment in the country and the development of external trade links to the West and the East. The principal benefits from improving the identified road sections under the Project are savings in vehicle operating costs, due to improved road surface conditions, as well as reductions in road maintenance costs.
Moldova	2010	Chisinau Public Transport project	Transport	210	EBRD, EIB	15.45	3	3.00	###	Grant	Decentr.	ENP/2010/252/322	The project aims to improve public transport services and to ensure sustainability of an energy efficient and environmentally friendly means of transport by upgrading Chisinau's trolleybus fleet.		The modernization of the trolleybus fleet will strengthen public transport alternatives, improve air quality, and reduce passenger congestion and noise pollution in Chisinau. It will also allow energy savings. This project will support introduction of the e-ticketing system and will facilitate institutional strengthening and will achieve introduction of a sound and sustainable regulatory framework based on the multi-year gross cost Public Service Contract (PSC) and the City's Public Transport Strategy. The PSC will increase transparency and accountability in the relationship between the City and "1.M. Regia Transport Electric", the Chisinau Trolleybus Company (the "the Final Beneficiary") by establishing clear rights and obligations with a transparent procedure for operators' budget setting, incentives for the greater efficiency and higher quality in the provision of public transportation services provided on commercial principles.
Egypt	2011	Alexandria public transport project FS	Transport	210	AFD	0.5	0.5	0.5		TA					
Egypt	2011	Cairo Metro Line 3 Phase 3	Transport	210	AFD, EIB	2075	20	20	900	TA/Grant					
Morocco	2008	Programme National de Routes Rurales	Transport	210	EIB, AFD	397	9.8	9.8	120	TA/Grant	Decentr.	ENP/2008/172/820-ENP/2010/242/886	L'objectif du projet (PNR2) est le développement harmonieux et équilibré (tant économique que social) du territoire marocain qui passe par le développement des infrastructures de transport rural au Maroc. Les routes rurales sont destinées à assurer une desserte en profondeur du pays permettant le désenclavement de régions entières ce qui amène un meilleur accès à la scolarisation et aux soins de santé ainsi qu'une réduction de coûts de transports et une amélioration de productivité économique.		Les résultats escomptés sont la réalisation de 15 500 km de routes rurales entre 2008 et 2012 à un rythme de 2 000 km par an ce qui permettrait d'augmenter le taux d'accessibilité de la population rurale de 64% en 2005 à 80% en 2012. Cela devrait permettre de desservir une population rurale de l'ordre de 5 millions de personnes.
Morocco	2008	Tramway de Rabat	Transport	210	AFD, EIB	348	5	5	60	TA	Decentr.		L'objectif du projet concerné par la présente convention de financement est l'amélioration durable de la mobilité et de l'environnement urbain dans l'agglomération Rabat-Salé via la mise en place d'un réseau de tramway comprenant deux lignes d'une longueur totale d'environ 19 km dotées de 32 stations et d'un centre de maintenance et d'exploitation situé à Salé.		Ce projet permettra d'adapter la capacité des transports publics urbains à la demande, en proposant une offre de qualité aux populations à faibles revenus, notamment les populations captives du transport public, comme aux populations des classes moyennes et supérieures pouvant renoncer à la voiture particulière pour certains déplacements. Le projet améliorera également l'environnement urbain, en termes de sécurité, de santé publique, d'efficacité énergétique, de réduction des gaz à effet de serre et de maîtrise de la congestion urbaine. Les travaux d'infrastructures ont démarré en 2007 et 2008. La mise en service des deux lignes est prévue pour 2010-2011 avec un trafic envisagé à la mise en service de 160 000 voyageurs par jour.
Morocco	2009	Tramway de Rabat	Transport	210	AFD, EIB		3	3		Grant	Decentr.	ENP/2009/224/444-ENP/2010/252/867			

Morocco	2010	Programme National d'Assainissement	Transport	210	AFD, KW, EIB	176	10	10	78	TA/Grant	Decentr.	ENP/2010/258/181	L'objectif du programme financé par les bailleurs de fonds européens est de contribuer à l'augmentation du taux de collecte et du taux d'épuration des moyennes et petites communes, en conformité avec les objectifs du Programme National d'Assainissement (PNA) approuvé par le gouvernement marocain en 2005 (60% de taux de traitement des eaux collectées et 60% de taux de raccordement aux réseaux d'assainissement dans les zones urbaines d'ici 2020). Ce programme devrait donc contribuer à la fois à l'amélioration des conditions sanitaires dans sa partie collecte et à l'amélioration de la qualité du milieu récepteur dans sa partie épuration.	Les résultats escomptés du programme qui découlent de ses objectifs concernent environ 29 centres urbains de taille moyenne (5 000 à 100 000 habitants) pour lesquels le programme permettra : - Une amélioration du taux de raccordement des populations - Une amélioration du taux de traitement des eaux usées - La réhabilitation et l'extension de réseaux d'assainissement - Le programme doit aussi permettre au niveau global de l'ONEP : - La réalisation de pilotes de techniques d'épuration - Le renforcement des capacités de l'ONEP concernant le processus de réalisation de systèmes d'assainissement - La mise en place d'un suivi global des qualités de rejets et de la conformité des stations d'épuration et de pompage (STEP).	
Tunisia	2009	Réseau Ferré Rapide de Tunis	Transport	210	AFD, KW, EIB	550	14	14	297	TA/Grant	Decentr.	ENP/2009/224/228-ENP/2010/242/245	Le projet vise l'amélioration des conditions de vie des populations par un accès facilité aux opportunités économiques et sociales de la ville, la maîtrise des coûts économiques et sociaux de transport urbain, la réduction de la dégradation de l'environnement et de la dépendance énergétique.	Ce projet permettra la réalisation de deux tronçons prioritaires pour deux lignes d'une longueur cumulée de 18 kilomètres d'infrastructures nouvelles, à savoir les premières sections des lignes D et E, partageant un tronçon commun d'environ 2,3 km au départ de Tunis-Centre (Gare de Barcelone). Le système de RFR offrira une vitesse commerciale de 35km/h à 40km/h contre 18km/h pour le métro léger de Tunis, et 15 km/h pour les bus (moyenne du réseau, la vitesse des bus est plus faible au centre ville aux heures de pointes), ce qui est plus adapté à la couronne à 15km du centre de Tunis. Cette infrastructure permettra de répondre aux prévisions de trafic pour le sens le plus chargé (période de pointe) à la mise en service, à savoir : - 17 000 voyageurs/heure/sens pour le tronçon le plus chargé de la ligne D, - 13 500 voyageurs/heure/sens pour le tronçon le plus chargé de la ligne E, - plus de 20 000 voyageurs/heure/sens sur le tronçon commun de la ligne D et E. Tout en préservant des marges de manœuvre pour absorber la croissance du trafic sur le tronçon à l'avenir (extension du réseau RFR, croissance de la population et de la mobilité).	
Tunisia	2010	2nd tranche Réseau Ferré Rapide de Tunis	Transport	210	AFD, KW, EIB		14	14		Grant		ENP/2009/224/228-ENP/2010/242/245			
Armenia	2009	Armenia Small municipalities water project	Water/Sanitation	140	EBRD, EIB	20,8	7,6	7,6	13	TA/Grant	Decentr.	ENP/2010/258/228	The Project will improve municipal water supply in selected municipalities within Tavush, Lori, Shirak, Gegharkunik, Kotayk, Syunik, and Yerevan Dzoz Matzres and rehabilitate waste water treatment plants and sewerage collectors in the municipalities of Dilijan and Jermuk. The strategy is to rehabilitate reliable water services and provide waste water management improvements throughout the Project area.	The Project will finance: (i) rehabilitation of municipal water supply; and (ii) rehabilitation of the waste water treatment plants and sewerage collectors.	
Armenia	2011	Kotayk Solid Waste project	Water/Sanitation	140	EBRD	8,51	3,5	3,50	3,50	Grant		ENP/2010/258/228	The overall objective of the Action is to address the issues outlined above in order to improve solid waste management in Kotayk with an integrated solid waste management programme comprising: «Construction of an EU compliant regional sanitary landfill for disposal of waste. The Project concerns the preparation and implementation of much needed additional water sector investment schemes throughout the UWSCG's service area that will further improve water supply and sanitation and thereby support the ongoing consolidation process of water service provision. The Project's main interest derives from reducing public health risks and improving the quality of the environment. Energy efficiency will be another key driver for the scoping of individual schemes. Against that background, the Project is fully in line with the EU's country strategy for Georgia under the European Neighbourhood Policy (social cohesion, sustainable development, protection of the environment/the Black Sea, activities linked to the EU Water Initiative) and the EIB's 2007-13 mandate for the region (environmental infrastructure).	A modern solid waste management system is to be developed and implemented in Kotayk. The system is to lead to a significant	
Georgia	2010	Water Infrastructure Modernisation (EIB Window)	Water/Sanitation	140	EIB	86	4	4	###	TA	Joint mngt	ENP/2010/242/247			
Georgia	2010	Water supply and sewage of Batumi and surrounding villages	Water/Sanitation	140	KW, EIB/DB	44	4	4	###	Grant	Decentr.		Currently the population of the surrounding villages of Batumi is randomly connected to the main water supply of the Batumi supply system and is equipped with the necessary technical provisions for an adequate water withdrawal. The consequence is an uncontrolled extraction of water from a high pressure pipe which, in combination with improper supply lines, results in water losses in large quantities from the main transmission line. The project's general objective is the rehabilitation of municipal infrastructure facilities in Batumi and surrounding villages, for the purpose of improving the water supply, sewerage and wastewater disposal situation.	The expected result of the Project is to contribute to the socio-economic development of the region of Batumi and its surroundings by ensuring a 24-hour supply of hygienically sound water and by guaranteeing a controlled and improved disposal and treatment of wastewater for the population of this area.  An expected outcome of the project is the protection of natural resources and reduction of the environmental impact on the Black Sea by reducing the pollution load transported to and accumulated in this ecosystem.  This result is in line with the priorities set by the National Environmental Action Plan of the Georgian Ministry of Environment Protection, and in the ENP Action Plan between the EU and Georgia. Additionally, by reducing the negative environmental impacts caused by uncontrolled wastewater discharge, the degree of contamination in the Black Sea can be reduced and thus improved compliance with EU Bathing Regulations will be achieved.	
Moldova	2008	Feasibility Study for Improvement Water/Sanitation Systems in Chisinau	Water/Sanitation	140	EBRD, KW, EIB	50	3	3	45	TA	Joint mngt	ENP/2008/217/274	The aim of the programme is to improve the living conditions of the population of Chisinau (approx. 800,000 inhabitants), and to reduce environmental impacts.  It would achieve its objectives by: - Bringing much needed efficiency improvements in the provision of municipal water and sanitation services - Supporting institutional strengthening, and introduce an incentive-based service contract which would define the respective rights and obligations of the Municipality and the Company as well as the quantity and quality of the services to be provided by the Company. - Introducing appropriate incentives for efficiency improvement at the level of the operating company, and encouraging outsourcing of certain activities (where appropriate) would contribute towards an improved framework for markets. - Improving the Company's financial transparency and the quality of financial information. The Company would develop and implement an ESAP which would significantly improve the company's environmental management and overall performance.		

Moldova	2010	Water Utilities Development Programme in the Republic of Moldova	Water/Sanitation	140	EBRD, EIB, WB	31.5	10	10	20	Grant	Decentr.	ENP/2010/029/330	<p>The objective is to promote reform of the water/wastewater utilities, creating models of self sustainable operators providing services at acceptable standards. The selected utilities will be supported to expand their services beyond the municipal boundaries in order to ensure efficiency of investment and operation costs with affordable tariffs.</p> <p>The project will include 6 selected utilities across the country (2 municipalities in the North - Floresti, Soroca; 2 in the Centre - Orhei, Hincesti; and 2 in the South - Leova, as well as Ciutan-Lunga in Gagauzia) that each confirmed willingness, commitment and capacity (assessed during the due diligence) to restructure and expand their operations at regional level, around the major town of the area (as a first step towards a future, larger scale regionalisation).</p> <p>The project will also create the capacity within public institutions to prepare and supervise water supply and waste water projects.</p>	<p>The Project is expected to bring significant economic benefits as a result of policy changes which its approach entails. First, by introducing the use of credit financing of infrastructure investments in six major areas the project will improve the efficiency and allocation of resource use in those areas and strengthen the role of credit for financing such investments in the Moldova as a whole. Second, the project embodies the principle of cost recovery for user charges of operating expenses, maintenance, and capital cost properly defined, again increasing efficiency in financing by linking costs and benefits more directly than under the former system of central budget grant financing. Third, by stimulating and assisting the institutionalisation of utility credit provision within Moldova, the project will stimulate regulatory changes which will lead to improved creditworthiness at the local level, facilitate access to credit across Moldova in all municipal services sector, and reduce the long term cost of capital for such investments.</p> <p>The grant funding of EUR 1.5 million mobilised by the EBRD will assist (i) the Project Implementation Units (PIUs) in the utilities, for support in physical implementation and commercialisation through</p>
Egypt	2008	IWSP (Improved Water and Wastewater Services Programme)	Water/Sanitation	140	KfW, EIB, AFD	295.1	5	5	179	Grant	Decentr.	ENP/2008/178/378	<p><b>General Objective</b></p> <p>The general objective of IWSP is shown in the chart below. IWSP will provide support through both investment in infrastructure that will improve the performance of the Affiliated Companies (ACs), and through the provision of Technical Assistance (TA) that will improve the operational efficiency of ACs.</p> <p>Programme partners (EC, KfW, AFD and EIB) (EDP) will contribute to the sector dialogue at national level by participating as observers at the sessions of the National High Level Committee for Utilities.</p> <p><b>Specific Objectives</b></p> <ol style="list-style-type: none"> <li>1. To improve water quality and output as well as wastewater services in four Governorates through a sector investment program. The target is to increase coverage up to 99% for water supply services and 40% for wastewater and sanitation services on both urban and rural areas.</li> <li>2. To develop investment, planning and monitoring capacities in the HCW/WW.</li> <li>3. To strengthen planning, implementation and operation capabilities of the water- and wastewater management local companies;</li> <li>4. To support the gradual introduction of a tariff system that assures a full coverage of operating and maintenance costs (including depreciation).</li> <li>5. To improve technical and financial performance of the water- and wastewater management companies in the selected Governorates.</li> </ol>	<p>The expected results of the Investment Component are:</p> <ul style="list-style-type: none"> <li>- Increase in the percentage of coverage in the programme area to reach 99% in the drinking water supply, and to reach 40% in wastewater and sanitation services;</li> <li>- Water supply and wastewater infrastructure is improved so that quality of the services provided is more effectively, economically and in a sustainable manner.</li> </ul> <p>Achievement of the results will be measured by the successful commissioning of the rehabilitated or newly constructed facilities and by the availability of the required organisational structure, trained personnel and systems and procedures, such as Operators and Maintenance handbooks.</p> <p>The expected results of the Capacity Development Component are:</p> <ul style="list-style-type: none"> <li>- Improved organisational capacity of the Affiliated Companies (ACs) and HCW/WW to carry out their mandated tasks in an effective, economic and sustainable manner;</li> <li>- More efficient budget and financial management in the water supply and sanitation sector;</li> <li>- Improved governance framework for water supply and sanitation</li> </ul> <p>Achievements of the results will be measured by the successful implementation of an efficient budget execution; by making operation an effective financial management system and through an efficient</p>
Egypt	2010	IWSP II - Upper Egypt	Water/Sanitation	140	KfW, EIB, AFD, GTZ	300	10	10	178	TA	Decentr.		<p>The programme objective (outcome, direct impact) is to ensure appropriate, thoroughly hygienic, efficient and financially sustainable water supply and wastewater disposal in the programme area.</p> <p>The objective of the TA is to strengthen the organisational and human resource capacities of the ACs in such a way that they, under the new sector arrangements, are in a position to better operate and maintain the rehabilitated and new facilities and to better provide water and wastewater services to their customers in a sustainable manner. Together with the implementation of the physical improvements, the TA will serve the overall objectives of contributing to better living conditions for the beneficiaries in terms of health and the natural environment. In addition, it will support the government's efforts to further develop the water sector in a rational manner.</p>	<p>As a result of the IWSP II measures in the four Governorates, the existing water treatment plants and wastewater treatment plants as well as the WS and WWD systems will be refurbished and expanded and new WWD systems will be available (investment).</p> <p>As a result of the TA capacities of the ACs will be enhanced capacity with respect to:</p> <ul style="list-style-type: none"> <li>- capital investment planning and implementation, i.e. programme and project management;</li> <li>- business planning, measurements and control, and</li> <li>- efficiency of technical, commercial and financial operations</li> </ul>
Egypt	2011	IWSP II - Upper Egypt - Additional NIF contribution	Water/Sanitation	140	KfW, EIB, AFD, GTZ	3	3			TA	Decentr.			
Lebanon	2009	Kesrwan Wastewater	Water/Sanitation	140	EIB, AFD	214	4	4	111	TA	Joint mngt	ENP/2010/029/359	<p>In 2007, the European Commission decided to grant € 14,450,000 to the Banque du Liban in support of the recovery of small and medium sized enterprises affected by the 2006 war. This grant will support a current EIB € 60 million global loan (ref 22879) and the new EIB € 100 million APEX global loan (later SMERF), the Small and Medium Enterprise Reconstruction Facility. Any loan granted under the global loan 22879 will be considered an advance on the loan SMERF and dealt with as if issued under the latter.</p> <p>The overall objective of this grant contract is to help ensure that enterprises affected by the war in mid-2006 can gain access to credit. The specific objective is to reduce the cost of credit to these enterprises by lowering the interest rate on their loans by 7 percentage points for the first two years of these loans.</p>	<p>The expected results of the project are:</p> <ul style="list-style-type: none"> <li>- Urgent financial needs of SMEs' (Small and Medium Enterprises) for economic reconstruction are addressed at concessional terms in relation to standard market levels.</li> <li>- Access to long-term finance is facilitated to Lebanese enterprises affected by the July-August war through Lebanese commercial banks.</li> </ul>
Morocco	2011	Drinking Water Efficiency Programme	Water/Sanitation	140	KfW, AFD	101	7	7	70	TA/Grant	Decentr.	ENP/2011/280/763	<p>Les résultats seront monitorés sur base des indicateurs suivants :</p> <p>Sur le plan qualitatif: Assurer la continuité du service dans les centres du programme 24h/24 et 7j/7. Mettre la qualité de l'eau produite aux normes marocaines.</p> <p>Sur le plan des performances: Réduire les pertes à moins de 24 % dans les réseaux (un an après l'achèvement des travaux). Réduire les pertes à 5 % dans les aductions réhabilitées (un an après l'achèvement des travaux). Utiliser les capacités nouvellement constituées à 75 % en pointe (trois ans après l'achèvement des travaux). Réduire l'utilisation d'énergie.</p> <p>Sur le plan économique: Obtenir un Taux de Rentabilité Interne de plus de 5 % - correspondant à un temps de retour de l'investissement inférieur à 14 ans - dans le cadre des mesures de réhabilitation des réseaux et de la délégation.</p>	
Tunisia	2008	STEP (Part I)	Water/Sanitation	140	KfW, AFD	127	5	5	73.5	Grant	Decentr.	ENP/2008/171/449 ENP/2010/029/362		
Tunisia	2009	STEP (Part II)	Water/Sanitation	140	KfW, AFD	3	3			Grant	Decentr.	719493		
Tunisia	2011	Study for the waste water sewerage of industrial zones	Water/Sanitation	140	KfW	1.6	0.8	0.8	0.8	TA			<p>The main components of the study are in particular:</p> <ul style="list-style-type: none"> <li>- Update of the existing data on industrial infrastructure as well as quantity and quality of waste water</li> <li>- Assessment of possible technical and institutional solutions for industrial wastewater collection and treatment</li> <li>- Elaboration of preliminary design for preferred solution according to Tunisian and EU environmental standards</li> <li>- Assessment of necessary capacity development, training and technical assistance.</li> <li>- Identifying the procedural prerequisites for the conception, appraisal and implementation of the related investment programme.</li> </ul> <p>The study will build on the long experiences gained from other sewerage projects and programmes in Tunisia co-financed by European development partners. Lessons learned and best practices in this field will be applied accordingly.</p> <p>The study will be the basis of the project appraisal for further project implementation. The investment thereof will be subject of the detailed cost estimate resulting from the present feasibility study, to be submitted at a later stage. However, it can be very roughly at estimated EUR 60 Mio. Anticipated possible financing sources could be EUR 5 Mio from NIF, EUR 30 Mio from EIB and EUR 25 Mio from KfW. The complementary TA component for further capacity development in the area of industrial wastewater treatment is roughly estimated at EUR 1 Mio, to be funded from NIF.</p>	

## ANNEX 6

### Project Fiches for 12 Case Studies

Intervention Title	Improved Water and Waste Water Services Programme (IWSP)	
<b>Sector</b>	- Large Water Supply and Sanitation Systems - Small Water Supply and Sanitation Systems	
<b>Intervention Start &amp; End date</b>	<b>Start Date – actual:</b> 18/12/2008	<b>End Date - planned:</b> 18/12/2016
<b>Aid modality</b>	Project approach	
<b>Budget (Million €)</b>	<b>Total Project Cost</b> 295.1	<b>NIF Contribution</b> 5
<b>Beneficiary Country</b>	Arab Republic of Egypt	
<b>Programme Background &amp; History</b>	<p>Egypt is one of the 20 most arid countries in the world. As an essential source of drinking water (97%) the Nile is in serious danger, due to organic pollution entering the river. This problem is particularly serious in the densely populated areas of the delta region, where more than one third of Egypt population lives. Sanitation services are inadequate in this area with untreated domestic waste water as a big source of pollution affecting irrigation and drainage networks. The degradation of water quality has a direct impact on agricultural production, human health and the ecosystem. The proportion of the total population served by piped water is high (approx. 95%), but there are still deficits with regard to service quality and quantity.</p> <p>The low sanitation coverage (approx. 50% in urban areas and 10% in rural areas), in combination with deficiencies in wastewater treatment, results in severe water quality problems.</p> <p>Reorganization in 2004 of the water sector to implement investments as well as an efficient production of service led to the creation of the Holding Company for Water and Wastewater (HCWW) and transformation of the 14 water and wastewater utilities into Affiliated Companies (ACs) of HCWW. There is still a great need to further strengthen the performance, policies and strategies of these companies for a coherent sector development.</p> <p>In order to do so, IWSP covers 4 governorates in the Nile delta region with 16.3 million inhabitants. It will support HCWW and 4 ACs in order to improve both the water supply networks and treatment plants and the wastewater collection system and treatment. IWSP is also a Financial Cooperation (FC) developed on a joint financing scheme among 4 international donors (AFD, EIB, KfW, EC) and the Government of Egypt (GoE). The total cost of the programme is € 295.1 million, of which 92% for investment measures and 8% for capacity development support through Technical assistance.</p>	
<b>Overall objective</b>	The general objective of IWSP is shown in the chart below. IWSP will provide support through both investment in infrastructure to improve the performance of the HCWW affiliated companies, and through the provision of Technical Assistance (TA) to improve their operational efficiency.	
<b>Specific objectives</b>	<ul style="list-style-type: none"> <li>• To improve water quality and output as well as wastewater services in four Governorates through a sector investment program. The target is to increase coverage up to 99% for water supply services and 40% for wastewater and sanitation services on both urban and rural areas.</li> <li>• To develop investment, planning, steering and monitoring capacities in the HCWW;</li> <li>• To strengthen planning, implementation and operation capabilities of the water- and wastewater management local companies;</li> <li>• To support the gradual introduction of a tariff system that assures a full coverage of operating and maintenance costs (including depreciation);</li> <li>• To improve technical and financial performance of the water- and wastewater management companies in the selected Governorates.</li> </ul>	
<b>Expected results</b>	<p>Improved and extended water infrastructure and water- and sanitation services in the four selected governorates;</p> <ul style="list-style-type: none"> <li>• More efficient budget and financial management in the water supply and sanitation</li> </ul>	

	sector. • Improved governance framework for water supply and sanitation.												
<b>Activities</b>	<p>An investment programme for improving the quantity, quality and efficiency of the water supply and particularly wastewater services in the four governorates Sharkia, Gharbia, Damietta and Beheira in the Nile Delta region. About 16 million inhabitants will benefit from this action through the implementation of civil works, provision of electro-mechanical equipment, pipelines, goods and associated services.</p> <p>Currently 18 contracts have been signed and the remaining 4 are still in the tendering phase. The procedure will be completed within the beginning of year 2013. NIF contribution (€ 5 MI) is related to TA whose main activities are the capacity building of the HCWW Lot A) and its 4 ACs ( Lot B) the TA are financed jointly by KfW (8.3 MI), EU/NIP (9 MI for specific HCWW TA,- decentralised) and NIF (5 MI) for a total cost of € 22,3 MI .</p> <p>There are two TA packages (Lot A by Dorsch as consortium leader, Lot B by RODECO as consortium leader) for the HCWW (Lot A) and the Affiliated Companies ( Lot B)</p> <p>The main issues are related to establishing and maintaining the IWSP management structure support the daily IWSP management likewise activity planning, tendering, complete and update manual of procedures (MoP). Moreover, a detailed analysis and work programming is in process encompassing operation and maintenance analysis, cost recovery analysis and work programming. Current disbursement figures: Total TA disbursed: 5.5 Mio. EUR (EU NIF 22%, EU NIP 40%), Total Investment disbursed: 11.7 Mio. EUR (EU NIP 10.5%)</p>												
<b>Main achievements</b>	The great majority of the planned activity for 2012 have been completed												
<b>Weaknesses</b>	Cost recovery												
<b>ROM Scores</b>	<table border="1"> <thead> <tr> <th></th> <th>1. Relevance &amp; Quality of design</th> <th>2. Efficiency</th> <th>3. Effectiveness</th> <th>4. Impact prospects</th> <th>5. Potential sustainability</th> </tr> </thead> <tbody> <tr> <td>14/06/2012</td> <td>A</td> <td>B</td> <td>C</td> <td>B</td> <td>C</td> </tr> </tbody> </table> <p>A= very good, B= good ; C=problems ; D=serious deficiencies</p>		1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability	14/06/2012	A	B	C	B	C
	1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability								
14/06/2012	A	B	C	B	C								
<b>Key observations</b>	The « revolution » was one of the reasons of the project delay												
<b>Documentary sources</b>	Action Fiche PIN 2008; Project Synopsis; Monitoring Report 14/06/2012												
<b>Key stakeholders</b>	• Egypt water and wastewater institutions and agencies i.e., HCWW and its affiliated companies in Governorates of Sharkia, Gharbia, Beheira and Damietta., EIB, AFD, KfW, EU.												

<b>Intervention Title</b>	<b>200 MW Wind Farm in the Gulf of El Zayt</b>	
<b>Sector</b>	Environmental and resource Protection – Renewable Energy	
<b>Intervention Start &amp; End date</b>	Final Approval: 5 November 2008	
<b>Aid modality</b>	Project approach –decentralised management	
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>
	340	10
<b>Beneficiary Country</b>	Arab Republic of Egypt	
<b>Programme Background &amp; History</b>	The electricity exports sector has experienced high growth rates of around 6.5% per year over the past 10 years. Total electricity generation reached 125,129 GWh in 2008. According to the Egyptian government's energy master plan, future demand will be covered by utilising fossil fuel energy resources and renewable energy sources (RES), particularly wind and solar energies. The institutional, legal and regulatory framework	

	will be established to support private involvement in the development of the renewable energy sector. On 26 April 2007 the Egyptian Supreme Council for Energy announced the national strategy to achieve 20% of the total power generation capacity from renewable energy sources in 2020, mainly from wind (the present share amounts to 12%). Accordingly, the targeted accumulated wind power capacity increase should be about 7,200 MW, i.e. about 600 MW/year. In addition, the strategy includes the construction of several concentrating solar power (CSP) plants to contribute to satisfying the local demand for electricity while exporting the surplus.
<b>Overall objective</b>	The general objective of the project is to improve access to electricity for the Egyptian population and to contribute to global environmental protection by producing environmentally sound electrical energy and avoiding the generation of CO <sub>2</sub> emissions at a reasonable economic cost.
<b>Specific objectives</b>	The specific objective is to construct a wind farm of up to 200 MW on the West bank of the Gulf of Suez. The envisaged project measures comprise all activities required for the construction/operation of the facilities, including ground surveys, the provision of materials and equipment and the implementation of construction measures, electrical installation and connection to the high voltage power grid.
<b>Expected results</b>	Expected results are the production of environmentally sound electrical energy (200 MW) without CO <sub>2</sub> emissions at a reasonable economic cost.
<b>Activities</b>	The main activities of the project are studies, design, construction, commissioning and operation of a large-size (up to 200 MW) onshore wind farm. Furthermore, the project includes gravel roads between the turbine rows, internal cabling, a ring main or transformer package stations next to the wind turbines and a remote control unit. Finally, a substation including a service centre and interconnection to a main high voltage overhead transmission line will be constructed.
<b>Main achievements</b>	Consultant and supplier already selected. No works done yet. NIF financing was also used to cover environment protection measures.
<b>Weaknesses</b>	Parallel financing Visibility of EU / NIF will be better
<b>Key observations</b>	The project is co-financed by KfW (€ 191.5 m) and the EIB (€ 50m) . This is the second wind farm financed by KfW in Egypt. The first was financed by KfW alone.
<b>Documentary sources</b>	Action Fiche AIDCO 003 Interviews of stakeholders
<b>Key stakeholders</b>	The executing agency for the wind farm project is the New and Renewable Energy Authority (NREA) which operates similar wind farms in the Red Sea area and has extensive technical capacities in tendering and contracting similar projects funded by other donors such as DANIDA, KfW and JICA. The Egyptian Electricity Holding Company (EEHC, a 100% state-owned company operating under the control of the Ministry of Electricity and Energy) and EETC (a public company part of EEHC (working under the supervision of the Ministry of Electricity and Energy) are also involved in the implementation of this project.

<b>Intervention Title</b>	<b>Réhabilitation et extension de stations d'épuration (STEP) et de stations de pompage (SP)</b>	
<b>Sector</b>	Distribution d'eau potable de base et assainissement de base	
<b>Intervention Start &amp; End date</b>	2007 - 2015	
<b>Aid modality</b>	Project approach –decentralised management	
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>
	127	8
<b>Beneficiary Country</b>	République Tunisienne	
<b>Programme Background &amp; History</b>	The project includes the rehabilitation and extension of 19 stations of purification (STEP) and 130 pumping stations (SP) in different parts of the Tunisia, become necessary due to the seniority the STEP and the SP, thus making impossible the	

	Tunisian environmental standards.  The program was already approved by the NIF-board in June 2008. To improve the program's overall funding conditions, the Tunisian authorities brought a motion for CE-IVF to KfW (according to the IVF procedures) relative to an extra gift of 5.0 million EUR
<b>Overall objective</b>	The purpose of program is the environmental protection water pollution as well as the improvement of the living conditions of the populations concerned by the program, or about 1.1 million people in 2021, in addition to the inhabitants of the areas downstream concerned with improving the quality of purified releases..
<b>Specific objectives</b>	The specific objective of the programme is to ensure an efficient collection and treatment of wastewater of the areas covered by the programme
<b>Expected results</b>	The program will allow the renewal and extension of 19 stations of purification (STEP) and 130 pumping stations (SP), for which some preliminary studies are already ready. The program will provide special attention to the treatment of industrial wastewater. It includes engineering studies and support the supervision of works, civil engineering works and the supply of electro-mechanical equipment, as well as the construction of transmission pipelines and the provision of equipment necessary for the maintenance of the stations. In addition,. ONAS will identify solutions for the treatment of this type of waste. Moreover, the effective availability of land rights-of-way will be verified before allowing the launch of works tender. Environmental impact studies will follow Tunisian approval procedures by the national agency of Environmental .A "Project Idea Note" concluded that the possibility of obtaining certificates of the Cleaning Development Mechanism own (CDM) equivalent to 5 to 9 000 tonnes of CO2 per year from these stations
<b>Activities</b>	It is envisaged the establishment of a process of anaerobic digestion of sludge for production of biogas (methane) valued for the production of energy for the operation of the station. This process will be implemented for five stations the unit capacity exceeding the 100 000 population equivalent (eqh). The project is still an a early stage. Several studies have been completed and tender procedures are on process. Currently and only in two lots the works have started. No specific TA is foreseen. ONAS staff will receive training and technical assistance for the operation and maintenance of this process..KfW , using a special fund , of about EUR 760.000, which is the subject of a separate contract , will provide TA to ONAS.  NIF amount (€8 MI) in 3 tranches has been disbursed.
<b>Main achievements</b>	The project is still in the design/tendering phase. The works started in two lots.
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Delay of project start-up</li> <li>• Low EU-NIF's visibility</li> </ul>
<b>Key observations</b>	<ul style="list-style-type: none"> <li>• NIF contribution increased from €3 to €8 MI</li> <li>• Wide Stakeholder involvement</li> <li>• Environmental issues taken into consideration</li> </ul>
<b>Documentary sources</b>	STEP Fiche (4); Financing Agreement;
<b>Key stakeholders</b>	EUD, KfW, AFd, ONAS

Intervention Title	2 <sup>ème</sup> programme national de routes rurales (PNRR2)		
<b>Sector</b>	Transport routier		
<b>Intervention Start &amp; End date</b>		<b>Planned</b>	<b>Actual/Likely</b>
	<b>Start Date</b>	31/12/2008	31/12/2008
	<b>End date</b>	31/12/2012	31/12/2014
<b>Aid modality</b>	Approche projet - Gestion décentralisée		
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>	
	397	9.8	
<b>Beneficiary Country</b>	Morocco		



<b>Programme Background &amp; History</b>	<p>In the framework of the policy that it has implemented in favour of the rural social and economic development, the Government of the Kingdom of Morocco has implemented rural development programmes and the means to enable the realization of standard equipment to meet the urgent needs of opening up within a reasonable time.</p> <p>A first program of construction of rural roads (PNRR1) was completed between 2000-2007 concentrating mostly North of the country. The PNRR2 was launched in 2005 in order to build approximately 15 500 km of rural over the period 2005-2015 roads at the rate of 1 500 km per year. From 2008 this rate has increased at a rate of 2,000 miles per year and the completion date has been put forward to 2012. The project deals with the implementation of this second part covering the majority of the provinces of the Morocco.</p>														
<b>Overall objective</b>	<p>The objective of the project (PNRR2) is the harmonious and balanced development (both economic and social) of Moroccan territory that passes through the development of rural transport infrastructure to the Morocco. Rural roads are intended to provide a service in depth of the country for the opening up of entire regions which will bring better access to schooling and health care and a reduction in transport costs and improved economic productivity.</p>														
<b>Specific objectives</b>	<p>1 build 15 500 km of rural roads between 2005 and 2012 with a pace of 2 000 km per year beginning in 2008. 2 Increase the accessibility of the rural population from 54% in 2005 to 80% in 2012.</p>														
<b>Expected results</b>	<p>The expected results are the realization of 15 500 km of rural roads between 2005 and 2012 at a rate of 2,000 miles per year which would increase the accessibility of the rural population from 54% in 2005 to 80% in 2012. This should serve a rural population of the order of 3 million people.</p>														
<b>Activities</b>	<p>Most of the contribution of IVF will complement loans provided by donors to the Fund for financing road (CFR) for the realization of the PNRR2, and therefore will mainly finance markets work on the construction or development of rural roads.</p> <p>The specific batch of roads or sections of roads funded IVF will be defined later by the CFR in coordination with the EIB and the DR. The Commission shall give its written consent on this choice by lot. The contribution of NIF will also serve to strengthen the management unit (PMU) project implementation within the Directorate of roads (DR) of the Ministry of equipment and transport (MET) whose activities include:</p> <table border="1" data-bbox="480 1220 1430 1384"> <thead> <tr> <th>NIF Contribution</th> <th>Amount (euros)</th> </tr> </thead> <tbody> <tr> <td>Works</td> <td>8 M €</td> </tr> <tr> <td>TA UGP(PMU)</td> <td>1.7 M €</td> </tr> <tr> <td>Audits</td> <td>0.1 M €</td> </tr> <tr> <td><b>Total</b></td> <td><b>9.8 M €</b></td> </tr> </tbody> </table> <p>TA foresees the following maior activities:</p> <ul style="list-style-type: none"> <li>• The drafting of a procedures manual</li> <li>• The reorganization of the archives and the methods of work of the PMU</li> <li>• Participation in the implementation of a document tracking application</li> <li>• The training of technicians of the PMU to project management issues.</li> <li>• Training in environmental issues with respect to the head of the decentralised directorates.</li> </ul> <p>TA is carried out by Louise Breger ( a French engineering company) On June 2012, Phase 1 of the TA has successfully been completed .The TA activities are mainly related on assisting PMU, with the permanent presence of two technical experts, The procedure annual were produced and several The survey and studies were carried out. Although the second Phase of TA started on July 2012 the payment has not yet been performed due to Procededural reasons on approbation.</p> <p>3.000 km out of 15500 of routes have been completed ( construction and Rehabilitation).</p> <p>The NIF disbursement will be completed within year 2012 ( the last TA tranche is still missing).</p>					NIF Contribution	Amount (euros)	Works	8 M €	TA UGP(PMU)	1.7 M €	Audits	0.1 M €	<b>Total</b>	<b>9.8 M €</b>
NIF Contribution	Amount (euros)														
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Audits	0.1 M €														
<b>Total</b>	<b>9.8 M €</b>														
<b>Main achievements</b>	<p>The project has not yet been completed. It will be completed within year 2013. The impact on rural economies was great as all the surveyed data confirms it</p>														
<b>Weaknesses</b>	<p>EU procedures very strict.</p>														
<b>ROM Scores</b>		1. Relevance	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainabilit									

		& Quality of design				y
	08/11/2012	A	C	A	A	B
	A= very good, B= good ; C=problems ; D=serious deficiencies					
<b>Key observations</b>	PNRR 2 is a very large project that involves many other donors like WB, JICA, Opec, etc.					
<b>Documentary sources</b>	Annexe II A la convention de financement ; 4 EIB (4th FIC) Project synopsis; MR 08/11/2012					
<b>Key stakeholders</b>	EC,EIB , AFD, MoPW, Regions and Provinces					

<b>Intervention Title</b>	<b>Southern and Eastern Mediterranean Project Preparation Framework</b>	
<b>Intervention date</b>	<b>Expected start of the project</b>	November 2012
<b>Budget (€Million)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>
	15	15
<b>Beneficiary Countries</b>	Regional: Southern and Eastern Mediterranean	
<b>Programme Background &amp; History</b>	<p>A strong support has been given by the European Commission, the EEAS and the EU council in March 2011, as well as by the G8 at the last Deauville summit in May 2011 to an extension of the EBRD's activities to the Southern and Eastern Mediterranean region (SEM region).</p> <p>The funding is for technical assistance for the preparation of investment projects that reflect the operational themes for the EBRD that emerged from the Bank's operational assessment trips to Egypt, Morocco and Tunisia. Some projects, particularly in the infrastructure sector will require significant policy dialogue, including agreement to implement significant structural changes, before they can be implemented. In selecting early projects for the infrastructure sector, the Bank has selected those that address other operational themes such as energy efficiency or aspects of operational themes such as widening access that can be achieved in advance of necessary structural changes.</p> <p>The NIF contribution of EUR 15 million to the "Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD support to the region" was approved by the Board of the Neighbourhood Investment Facility (NIF) on 15 November 2011.</p>	
<b>Overall objective</b>	<p>The activities covered by this NIF contribution will prepare several investment operations in prospective countries of operation of the Organisation in the SEM region. In the first instance, preparations are under way for projects in Egypt, Morocco and Tunisia, but in due course this list of countries could be expanded or changed.</p> <p>The funding is for technical assistance for the preparation of investment projects that reflect the operational themes for the Bank that emerged from the Bank's operational assessment trips to Egypt, Morocco and Tunisia. Some projects, particularly in the infrastructure sector will require significant policy dialogue, including agreement to implement significant structural changes, before they can be implemented. In selecting early projects for the infrastructure sector, the Bank has selected those that address other operational themes such as energy efficiency or aspects of operational themes such as widening access that can be achieved in advance of necessary structural changes.</p>	
<b>Specific objectives</b>	<p><b>A. modernising the agribusiness value chain.</b> The specific objective of this component is to provide professional training and advice to agribusiness companies to improve and upgrade their methods of operation in order to be able to access the financing they need for modernising and expanding their businesses. This advice</p>	

	<p>will help companies be more 'bankable' and improve their access to finance.</p> <p><b>B. modernising the financial sector.</b> The Action will support preparation of the Organisation financing projects with clients and stakeholders in Egypt, Morocco and Tunisia. Technical assistance together with projected or active underlying financing facilities will help improve access to finance for specific target groups, deepen financial markets and develop financial infrastructure in respective countries.</p> <p><b>C. increasing the role of clean sources of energy and improving energy efficiency</b> Technical assistance will help with identification of future corporate investments and to assess the demand in all three countries for the Bank's Sustainable Energy Finance Facility. Component C of the Action will comprise:</p> <p><b>D. mobilising private sector Power &amp; Energy and Transport infrastructure investment.</b> The objective of the Action is 1) to pave the way for the bank to provide financing for such projects that are already under way and 2) assess the scope for improving energy efficiency through better management of transmission and distribution. In the infrastructure sector, the Action will provide support to the Egyptian Government's PPP unit.</p> <p><b>E. decentralising the development of municipal infrastructure.</b> Seeking to identify scope for greater private sector involvement in transport in all three countries with the objective of identifying future opportunities for future joint EBRD private sector involvement.</p>
<b>Expected results</b>	Lending opportunities for the EBRD, possibly with other EFIs
<b>Activities</b>	Market research and commercial promotion of the EBRD
<b>Main achievements</b>	Project started recently. Several studies are in the making.
<b>Weaknesses</b>	Purely pipeline studies for the EBRD
<b>Key observations</b>	The outcome of the project should be shared thoroughly with other EFIs
<b>Documentary sources</b>	SEMED Annex I; FIG 2011
<b>Key stakeholders</b>	EBRD

<b>Intervention Title</b>	<b>SANAD – MENA Fund for Micro, Small and Medium Enterprises</b>	
<b>Intervention Start &amp; End date</b>	<b>Expected start of the project</b>	<b>Expected end of the project</b>
	August 2011	Fund incorporation with unlimited duration
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>
	132	10
<b>Beneficiary Countries</b>	Regional (Morocco, Egypt, Palestinian Territories, Jordan, Lebanon)	
<b>Programme Background &amp; History</b>	<p>In the course of the recent development in the region, it has been noted that there is great need to support micro-, small, and medium-sized enterprises ("MSME") that have a potential for growth. In most countries of the MENA region, MSME play a crucial role for the creation of income and employment. MSMEs - including informal enterprises - account for 60% of GDP and 70% of employment in the region. Amid the high youth unemployment, job creation is now more than ever number one priority on the agenda of the governments in the region and MSMEs are the best channel for doing that.</p> <p>However, a number of complex constraints are keeping MSMEs in MENA from realizing their full potential: skills shortages, unfavourable framework conditions for doing business, inadequate infrastructure, and most important limited access to financial resources. Paradoxically, high levels of liquidity from local deposits coexist with very limited funds being accessible to MSMEs. Referring to the assessment of the</p>	

	<p>Investment Managers (Finance in Motion GmbH, Oppenheim Asset Management Services Sarl), the absorption capacities for tailor-made financing products are not yet satisfied. Especially microfinance institutions (“MFI”) are asking for tailor-made solutions and in many cases are in need of specialized Technical Assistance. Due to the latest developments in the region, governments start to focus more and more on MSME and job creation, which will increase demand on funding. Reasons for a lack of funding despite the fact that banks hold high liquidity include the short maturity of the deposits which - due to regulatory restrictions - cannot be used for medium- and long-term lending, attractive yields on government bonds that crowd-out the private sector, subsidized interest-rate programmes, extremely risk-averse behaviour of banks resulting in prohibitive collateral requirements as well as a lack of technical skills and credit technology suited to MSME conditions. Removing these obstacles and unlocking the potential of the local liquidity for the benefit of MSMEs will be a priority for SANAD. Therefore, the concept of SANAD has attracted significant attention throughout the region during the last weeks.</p> <p>For MFI, donor agencies have been a major source of funding. However, the CGAP funder survey identified MENA as the only region where funding to the microfinance sector declined in 2008 and despite the huge demand represented a very low growth rate of 4% in 2009. The challenge therefore is to utilize scarce public funds efficiently in a structured vehicle and to create leverage by attracting International Financial Institutions (IFIs) and private investors, thus significantly increasing the outreach to banks and MFIs, and ultimately MSMEs in the region. Pooling the funds within SANAD provides the necessary critical mass for a more efficient extension of financial resources benefiting the region as a whole.</p>
<b>Overall objective</b>	<p>The MENA Regional Fund for MSME financing SANAD, funded by public and commercial investors, aims to offer market based financial instruments such as guarantees, loans, subordinated debt and equity to local Partner Institutions (“PI”) in the Middle East / North Africa (MENA) region for financing MSME in order to reach the following objectives:</p> <ul style="list-style-type: none"> <li>•Poverty reduction: promotion of self-employment and income generation to improve the livelihood of low-income households through Microfinance</li> <li>•Employment objective: creating and maintaining employment, especially for youth through support for SME</li> <li>•Building inclusive financial systems: building financial and institutional capacity by cooperating with financial services providers (MFIs, banks, other institutions)</li> </ul> <p>In terms of volume the Fund’s investment portfolio will have a focus on the missing middle, meaning enterprises that are too small and informal for banks and too large for MFIs.</p>
<b>Specific objectives</b>	<p>The Fund approach pursues in particular the following specific objectives:</p> <ul style="list-style-type: none"> <li>• Improve access to finance for local MSMEs</li> <li>• Reduce shortage of medium- and long term financing and local currency lending</li> <li>• Strengthen financial intermediaries and encourage them to MSME lending</li> <li>• Foster responsible finance principles in the region</li> <li>• Further develop local financial markets on sustainable and market based principles</li> <li>• Mobilize local liquidity through risk-sharing approaches</li> <li>• Harmonize donor initiatives through a joint Fund approach</li> </ul>
<b>Expected results</b>	<p>Despite high liquidity throughout some parts of the region’s financial markets, only an estimated 20% of the approximately 5.5 million MSMEs in the countries have access to capital. Medium to long-term finance, especially in local currency, is particularly hard to obtain. Due to this bottleneck their chances of making necessary investments and creating new employment is very limited. The fund will address these obstacles and thereby contribute to improving the employment situation thus economic and social living conditions of the people of the MENA region.</p>
<b>Activities</b>	<p>Lending to local Financial Intermediaries (Banks, Micro-finance institutions), for on lending to MSMEs.</p>
<b>Main achievements</b>	<p>The project had a slow start, due to difficulties to identify suitable local Financial Partners. Two Project Financial partners identified at mid-2012 are the Middle East Micro Credit Company in Jordan, and the BLC Bank in Lebanon. TA activities, crucial to the project, have started.</p>

<b>Weaknesses</b>	Heavily dependent on general business climate in the MENA region					
<b>ROM Scores</b>		1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability
		A	B	B	B	B
	A= very good, B= good ; C=problems ; D=serious deficiencies					
<b>Key observations</b>						
<b>Documentary sources</b>	Annexes SANAD Final; Project fiche					
<b>Key stakeholders</b>	KfW, Finance in Motion					

<b>Intervention Title</b>	<b>Georgia East-West Highway</b>	
<b>Sector</b>	Road Transport	
<b>Intervention Start &amp; End date</b>	May 2012 final design-on-going (foreseen project completion in 2016)	
<b>Aid modality</b>	Project approach - Decentralised management	
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>
	190	20
<b>Beneficiary Country</b>	Georgia	
<b>Programme Background &amp; History</b>	<p>The Neighbourhood Investment Facility (NIF) is a facility stemming from the financing options offered by the ENPI Regulation. It is intended to provide EU grant support for lending operations led by European multilateral development-finance institutions and also bilateral development finance institutions of the Member States. The NIF approves grants for investment co-financing, loan guarantee cost financing, interest rate subsidies, risk capital operations and technical assistance packages. The objective is to associate EU grants with loans from consortia of European Finance Institutions in order to finance large investment projects in the ENPI region.</p> <p>A NIF contribution of EUR 20 million to the Georgia East-West Highway project to co-finance the Samtredia-Grigoleti-Kobuleti section of the Highway was approved by the Board of the NIF via its 9<sup>th</sup> written procedure on 21 December 2011.</p>	
<b>Overall objective</b>	The general objective of the project is to enhance Georgia's competitiveness by improving its transport corridors and to develop Georgia as the hub for regional trade and passenger movements.	
<b>Specific objectives</b>	The specific purpose of the Project is to upgrade and improve the most Western part of the East-West highway, from Zestaponi to Adjara region in Georgia for a total length of about 68 km. The highway is on the Pan-European corridor linking the EU with Central Asia through Georgia. Its rehabilitation will improve the conditions of the main road corridor available for transportation of goods between Asia and Europe.	
<b>Expected results</b>	<p>The East-West Highway is the main artery for long distance road traffic in Georgia, being used by most traffic from Azerbaijan and Armenia to the Black Sea ports and Turkey, as well as long distance traffic to and from Tbilisi.</p> <p>The Project is complementary to the works that are being carried out on the Eastern part of the corridor between Tbilisi and the Rikoti Tunnel which are financed by the <b>World Bank</b>. On the Western part, Zestaponi-Kutaisi-Samtredia section is financed by the <b>Japanese International Cooperation Agency ('JICA')</b> and the Kobuleti Bypass is financed by the Asian Development Bank ('ADB'). Most of the East-West Highway will hence have four lanes and a design speed of 120 km/h to accommodate the large volumes of traffic observed – including high percentages of heavy vehicles.</p>	

	Yearly traffic forecasts range 4-5% per year.
<b>Activities</b>	<p>The Project's activities comprise the works and supervision costs for the Samtredia-Grigoleti-Kobuleti lots</p> <ul style="list-style-type: none"> <li>lots 1 and 2 of about 52 km of new construction and ;</li> <li>lot 3: upgrading of about 16 km</li> </ul> <p>Four associated Technical Assistance assignments under EIB:</p> <ol style="list-style-type: none"> <li>design preparation as well as tender documents for the works and supervision contracts;</li> <li>an independent road safety audit on the design;</li> <li>an internationally experienced consultant to assist the Project Implementation Unit (PIU);</li> <li>a specialised consultant to assist the PIU during the phases of procurement of all activities, assisting tender evaluations etc.</li> </ol> <p>The feasibility study and EIA was carried out. The project is at the final design stage. The project design will be completed within the Year 2012 and then the works will be tendered. NIF grant (€20 MI) for civil works has been disbursed.</p>
<b>Main achievements</b>	<p>The project conforms with NIF Strategic objectives by</p> <ul style="list-style-type: none"> <li>improving the efficiency and safety of road infrastructure and operations on the key national roads of Georgia;</li> <li>facilitating better connectivity with neighbouring countries (including the EU);</li> <li>promoting socio economic development in the country</li> </ul>
<b>Weaknesses</b>	Environmental impact
<b>Key observations</b>	Lack of EU visibility
<b>Documentary sources</b>	Annex I; Annex II
<b>Key stakeholders</b>	EIB; EU; MoT

<b>Intervention Title</b>	<b>Black Sea Energy Transmission System</b>		
<b>Sector</b>	Energy / Power Transmission		
<b>Intervention Start &amp; End date</b>		<b>Planned</b>	<b>Actual/Likely</b>
	<b>Start Date</b>	22/12/2008	22/12/2008
	<b>End date</b>	23/06/2014	23/06/2014
<b>Aid modality</b>	Project approach		
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>	
	220	8	
<b>Beneficiary Country</b>	Georgia		
<b>Programme Background &amp; History</b>	<p>The Government of Georgia (GoG) policies in the electricity sector are (i) to move to 100% hydroelectricity, (ii) to enhance stability and security of the power transmission network and (iii) to evolve into a major regional exporter. Several projects are ongoing in hydro-electricity production and transmission.</p> <p>This 'Black Sea Energy Transmission Network' (BSETN) project will (i) stabilize and securitize the Georgian main 500kV transmission system through the creation of a loop, and (ii) enhance exports through the extension of the main high-voltage line to the Turkish border. The total cost of the BSETN project is estimated at MEUR 290, and is financed by loans from KfW (MEUR 100), EBRD (MEUR 80) and EIB (MEUR 80), by a grant from the NIF (MEUR 8) and a Georgian contribution of MEUR 22. The project beneficiary is Transenergo, a 100% subsidiary of the Georgia State Electrosystem (GSE), a State-owned enterprise which owns part of the high voltage transmission system (from 220kV to 500kV) and the substations.</p> <p>The 'Delegation Agreement', on the NIF contribution was concluded between the EC and KfW on December 22nd 2008. Subsequently, two amendments were signed on</p>		

	December 21st 2009 and September 1st 2010.					
<b>Overall objective</b>	<p>The Overall Objective (OO) comprises the implementation of the BSETN project. Its components are:</p> <ul style="list-style-type: none"> <li>• Construction of a new 500 / 400 kV substation with a “back to back” facility at the Georgian-Turkish border;</li> <li>• Construction of 315 km of a new 500 kV transmission line;</li> <li>• Adaptation of two further substations in Georgia.</li> </ul>					
<b>Expected results</b>	<p>The Outputs / Results are divided as follows:</p> <p>A) Consulting Services Component:</p> <ul style="list-style-type: none"> <li>• Early engineering, design and project management services;</li> <li>• Review of project concept, cost estimate and time schedule;</li> <li>• Preparation of tender documents for international competitive tendering to select contractor for the work;</li> <li>• Preparation of tender evaluation reports,</li> <li>• Assistance at contract negotiations,</li> <li>• Supervision of works and commissioning.</li> </ul> <p>B) Investment Services Component:</p> <ul style="list-style-type: none"> <li>• Identification of the environment issue with the transmission routed through the national park</li> <li>• Increased cost of alternative routing;</li> <li>• Mitigation / compensation measures for the possible environmental impact.</li> <li>• Having environmental friendly solution through support of NIF (based on savings in first stage with Fichtner consultancy)</li> </ul>					
<b>Activities</b>	<p>The consultancy component of the NIF project comprises two phases. All activities planned in first stage including preparatory works, early engineering, design and project management services, review of project concept, cost estimate and time schedule, preparation of tender documents, preparation of tender evaluation reports and assistance at contract negotiations are completed.</p> <p>The second stage supervision of works and commissioning are on-going.</p>					
<b>Main achievements</b>	<p>The project interlinks the power supply systems of the southern Caucasus with Turkey and Europe. It is interconnection project; it makes the region independent from single supply sources and brings advantages of the energy market. It enables Georgia to develop 4 major HPPs and several medium sized HPPs resulting in subsequent exports of renewable energy.</p>					
<b>Weaknesses</b>	<p>Currently all parties are convinced that the highest risk should be to secure required investment on the Turkish side as well as that there will be need for electricity on Turkish side, and that Armenia and Azerbaijan will have electricity to export. Particularly aspects of surpluses from Armenia and costs of the transmission through Georgia are issues which could endanger sustainability of the project. However all parties asses that there will be no any risks on this side.</p>					
<b>ROM Scores</b>		1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability
	01/07/2011	A	A	A	A	B
	08/05/2012	A	B	B	A	C
	A= very good, B= good ; C=problems ; D=serious deficiencies					
<b>Key observations</b>	<p>The ‘Delegation Agreement’, on the NIF contribution was concluded between the EC and KfW on December 22nd 2008. Subsequently, two amendments were signed on December 21st 2009 and September 1st 2010 because of the relocation of earlier approved grant. 3 MEuro was more competitive contract with the consultant, and at the same time due to known problems with Russia, Georgia had problem in securing its own funding.</p>					
<b>Documentary sources</b>	KfW Project Outline; MR 01/07/2011; Project Synopsis; MR 08/05/2012					
<b>Key stakeholders</b>	<p>Transenergo, a 100% subsidiary of the Georgia State Electrosystem (GSE), a State-owned enterprise which owns part of the high voltage transmission system (from 220kV to 500kV) and the substations. To find out who is the owner of another part of HVTS</p>					

Intervention Title	Chisinau Airport Modernisation Project II		
<b>Sector</b>	Air Transport		
<b>Intervention Start &amp; End date</b>		<b>Planned</b>	<b>Actual/Likely</b>
	<b>Start Date</b>	29/02/2009	29/02/2009
	<b>End date</b>	29/04/2014	29/04/2014
<b>Aid modality</b>	Project approach		
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF contribution</b>	
	46.25	1.75	
<b>Beneficiary Country</b>	Republic of Moldova		
<b>Programme Background &amp; History</b>	<p>As part of its future strategy to accommodate expected traffic growth, Chisinau International Airport (CIA) has requested the EBRD and the EIB ('the Lenders') to finance rehabilitation of the runway and other airside assets, upgrade and expansion of the existing Terminal as well as procurement of engineering equipment.</p> <p>In support of the projects, financed by the Lenders, for the rehabilitation of the runway and other airside assets, upgrade and expansion of the existing Terminal of the Airport, the Board of Neighbourhood Investment Facility (NIF) has approved, on 26 September 2008, the financing of the Action "<b>Chisinau Airport Modernisation Project II</b>" in Moldova .</p>		
<b>Overall objective and actions</b>	<p>The Project consists of two sub-actions.</p> <p><u>Sub-action 1: Assistance to preparation of the Airport Master Plan</u>  This sub-action was implemented through the recruitment of a Consultant who provide a complete Master Plan that , inter alia, should includes:</p> <ul style="list-style-type: none"> <li>i) economic development forecast to 2030 based on economies of similar development allowing for regional factors;</li> <li>ii) demand forecast for the same period;</li> <li>iii) civil, electromechanical and navigational engineering inputs;</li> <li>iv) environmental engineering inputs, and</li> <li>v) prioritization of the development phases of the Airport.</li> </ul> <p>The Master Plan, was completed in 2010, also includes recommendations and options for enhancement of commercial activities by the Airport.</p> <p><u>Sub-action 2: Assistance to project Implementation and Supervision Services</u>  This sub-action will provide financing to facilitate the effective implementation of the Project, by procuring the services of a consulting firm to provide assistance and advice to the Project Implementation Unit (PIU) on procurement, tender document review, tender evaluation, contracting and contract implementation and administration, reporting to the Lenders and general support for implementation of works. The Consultant shall facilitate a process whereby goods, works and services financed by the lenders' loans are procured in a timely manner according to technically sound and economically efficient procedures, specifications and documentation, and in compliance with the EBRD's Procurement Policies and Rules and any other covenants in the loan agreements between the Airport and the Lenders.</p>		
<b>Expected results</b>	Improvement of Airport infrastructures.		
<b>Activities</b>	<p>The TA activities are related to:</p> <ul style="list-style-type: none"> <li>1) Airport master Plan</li> <li>2) to the tendering and work supervision of the works for the rehabilitation of the runway, aprons, ramps, engineering works and safety equipment.</li> </ul> <p>Technical Assistance to Project Implementation and Supervision Services was assigned to Ramboll (a Danish engineering company) with the objective to facilitate the timely and effective implementation of the Project, by providing assistance and advice to the PIU on procurement, tender document review, tender evaluation, contracting and contract implementation and administration, reporting to the Lenders and general support for implementation of the works. Ramboll also acts as assistant for Work Supervision and related contracts to be implemented under the project execution. Ramboll has completed TA to the Airport in the Master Plan preparation and tendering</p>		



	procedures. NIF contribution (€ 1.7 MI) for TA has been disbursed					
<b>Main achievements</b>	Transport Master Plan completed in year 2010. The Project has a wide impact on Interconnectivity Wide Stakeholder involvement Environmental issues taken into consideration					
<b>Weaknesses</b>	Delays in tendering /project award Construction costs overrun					
<b>ROM Scores</b>		1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability
	26/6/2011	B	B	B	B	B
	10/01/2013	D	C	C	D	D
	A= very good, B= good ; C=problems ; D=serious deficiencies					
<b>Key observations</b>	The project is on standby					
<b>Documentary sources</b>	Project synopsis; MR 26/6/2011 Project synopsis; MR 10/01/2013					
<b>Key stakeholders</b>	EU, CIA, EBRD, BEI					

<b>Intervention Title</b>	<b>Technical Assistance Support for Ukrainian Municipalities</b>		
<b>Sector</b>	Water Supply and Sanitation		
<b>Intervention Start &amp; End date</b>	<b>Start Date – actual:</b>	<b>End Date - planned:</b>	
	31/12/2008	31/12/2013	
<b>Aid modality</b>	Project approach		
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>	
	135	5	
<b>Beneficiary Country</b>	Ukraine		
<b>Programme Background &amp; History</b>	<p>In the frame of their capital expenditure program the Ukrainian municipalities envisage among others:</p> <ul style="list-style-type: none"> <li>(i) Reduction of energy losses combined with reduction of gas and electricity consumption;</li> <li>(ii) Quality improvement of heat and hot-water supply system services;</li> <li>(iii) Reduction of water losses in the network and simultaneously improvement of water treatment;</li> <li>(iv) Reduction of waste water treatment cost;</li> <li>(v) Modernization of public urban traffic systems.</li> </ul> <p>This NIF project is linked with EBRD's overall financing project for the Ukrainian municipalities' capital expenditure program and is fully in line with the EC country strategy for Ukraine under the European Neighbourhood Policy and EBRD's Municipal and Environmental Infrastructure Operations Policy.</p>		
<b>Overall objective</b>	The Overall Objective (OO) is Assistance to the municipalities/districts and concerned companies in preparation, adjustment and implementation of their capital expenditure programs and related components.		
<b>Specific objectives</b>	<ul style="list-style-type: none"> <li>(i) Demonstrate significant cost-savings potential and environmental impacts by employment of new products/processes;</li> <li>(ii) Contribute to market based conduct, skills and innovation;</li> <li>(iii) Setting up a framework for markets by development and adopting tariff policies to ensure cost recovery – metering/billing according consumption – introduction of formalized, regular and transparent adjustment of rates – removal of cross subsidies;</li> <li>(iv) Transfer of skills including trainings-on-the job for Cities and Companies;</li> </ul>		

	(v) Increase of Energy Efficiency by provision of significant savings of natural gas and electricity.					
<b>Expected results</b>	(i) Comprehensive Feasibility Studies, assisting the companies in preparing bankable investments based on long-term development plans. (ii) Corporate Development Strategies, assisting the companies to identify/implement necessary corporate, financial and operational improvements to meet covenants. (iii) Implementation Assistance for the companies including all aspects of procurement, review of design, contract administration, engineering supervision and disbursement.					
<b>ROM Scores</b>		1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability
	13/06/2012	C	C	C	B	C
	A= very good, B= good ; C=problems ; D=serious deficiencies					
<b>Documentary sources</b>	Project Synopsis; MR 13/06/2012					
<b>Key stakeholders</b>	Ukrainian municipalities/districts Energodar, Ivano-Frankivsk, Lviv, Rivne and Zhytomyr. This list is indicative and not exhaustive					

<b>Intervention Title</b>	<b>Technical Assistance for Hydropower Rehabilitation Project in Ukraine</b>		
<b>Sector</b>	Hydro-electric power plants		
<b>Intervention Start &amp; End date</b>	<b>Start Date – actual:</b> 24/05/2010	<b>End Date - planned:</b> 24/05/2017	
<b>Aid modality</b>	Project approach		
<b>Budget (Million €)</b>	<b>Total Project Cost</b> 398.6	<b>NIF Contribution</b> 3.75	
<b>Beneficiary Country</b>	Ukraine		
<b>Programme Background &amp; History</b>	<p>As part of its Energy Strategy (Implementation of large- scale upgrades of power sector) the Government of Ukraine targets the Hydro Power Rehabilitation and Modernization. By that Ukraine envisages:</p> <p>(i) Contribution to adequate power supply; (ii) Meeting technical requirements for the Ukrainian power system integration into the “Union for the Cooperation of the Transmission of Electricity (UCTE); (iii) Fulfillment of prerequisites to become part of the EU’s internal energy market; (iv) Improvement of the hydroelectric units’ environmental safety by installing nonpolluting power generation units.</p> <p>This NIF project is linked with several components supporting the overall “Ukraine Hydro Power Rehabilitation” project (UHPR) and is fully in line with the EC country strategy for Ukraine under the European Neighbourhood Policy and the Ukrainian Government’s Energy Strategy.</p>		
<b>Overall objective</b>	The Overall Objective (OO) targets the assistance to the Ukrainian Government / UHE to implement this specific part of the Ukrainian Energy Strategy 2030.		
<b>Specific objectives</b>	<p>(i) TA for concrete Project implementation concerning 2 different Hydro Power Plants (HPP). Kremenchuk and Dniprovka I &amp; II, altogether 2,150 MW Energy Generation (EG); (ii) TA for 1 Project implementation of the Hydro Power Supply Plant (HPSP) Kiev with 390 MW EG; (iii) TA for 1 concrete Project preparation in Kakhkovka with 311 MW EG; (iv) Consultancy for rehabilitation and upgrade of the HPPs in Kaniv and Dnieproersinsk.</p>		
<b>Expected results and activities</b>	<p>(i) <b>TA activities:</b> Complex Project Preparation for Kakhkovka’s extension including provision of a bankable investment program demonstrating the project’s viability in technical, economical, commercial and socio-environmental terms on behalf of UHE;</p>		

	Assistance to UHE in the following topics: procurement, review of design, contract administration, engineering supervision, disbursement and advice on specific technical issues. (ii) <b>Consulting Services:</b> On behalf of the lenders: execution of required project monitoring activities.					
<b>Main achievements</b>	Project is considered as very relevant for having peak needs capacity. Hydro power plant could start to generate energy as soon as they are switched on, so are very useful for peak consumption. That means that they are highly economical as generate the most expensive energy, and that they are very supportive for the energy market both local one but also for connecting to ENTSO. Hydro power from existing old hydropower plants is the cheapest possible energy, what is very positive. It is renewable power so very positive from aspect of CCW.					
<b>Weaknesses</b>	Although low cost of the generated power will have very positive economical and social effects, a negative impact may be considered as the low-cost power allows postponing the introduction of economic tariffs. Lack of project management tools such as log frame, time schedule. Coordination with EUD and information flow need to be strengthened, as evidenced by Monitoring reports.					
<b>ROM Scores</b>		1. Relevance & Quality of design	2. Efficiency	3. Effectiveness	4. Impact prospects	5. Potential sustainability
	14/06/2012	C	C	C	B	C
	A= very good, B= good ; C=problems ; D=serious deficiencies					
<b>Key observations</b>	For investments in Ukraine in the field of Energy it must be all the time present consideration about potential direct and indirect impact of new investments related to the existing nuclear and coal energy capacities. Another aspect for consideration needs to be impact on the potential to join EU Energy Market or Energy Community market as first step.					
<b>Documentary sources</b>	Project Synopsis; MR 14/06/2012 Project documents					
<b>Key stakeholders</b>	The Government of Ukraine and the JSC UkrHydroEnergo (UHE) - 100 % State-owned Hydropower Generation Company, subordinated to the Ukrainian Ministry of Fuel and Energy.					

<b>Intervention Title</b>	<b>European Neighbourhood Small Business Growth Fund (ENBF)</b>	
<b>Intervention date</b>	<b>Expected start of the project</b>	November 2009
<b>Budget (Million €)</b>	<b>Total Project Cost</b>	<b>NIF Contribution</b>
	70	10
<b>Beneficiary Countries</b>	Regional: Eastern European Neighbours of the EU, Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine, the Eastern European Neighbourhood region (ENR).	
<b>Programme Background &amp; History</b>	<p>The global financial crisis has produced severe strain on the economies of the ENR. Micro, Small, and Medium enterprises (MSME) are particularly affected. Access to finance has become very critical. Furthermore the Participating Financing Institutions (PFI) suffer from the breakdown of local and international capital markets. The crisis underscores the timeliness and urgency to launch ENBF.</p> <p>The original project design anticipated the establishment of a stand-alone ENBF modelled after the European Fund for South East Europe (EFSE). In the course of the evaluation of the funding request, the German Government requested KfW to explore the feasibility of integrating ENBF under the umbrella of EFSE rather than establishing a standalone ENBF. Additional consultations with all key stakeholders led to the conclusion that this approach was feasible and offered clear advantages. The request for funding was made in two tranches of EUR 5 million, presented to the NIF board in April and November 2009.</p>	

<b>Overall objective</b>	The Overall Objective is to tackle the adverse impact of the financial crisis on the access of MSMEs to bank credits in the neighbourhood region fully justifies the implementation of appropriate refinancing facilities for local financial intermediaries to complement market resources. The regional dimension of the crisis also justifies that financial intermediaries in Belarus will be eligible to the NIF contribution, as requested by the KfW.
<b>Specific objectives</b>	The specific objective is to contribute to stabilize the private and financial sectors in the ENR. The proceeds of ENBF would be utilized by local Partner Financial Institutions (PFIs) for funding MSME and individual housing investments. In the medium term the ENBF would contribute to cover the financial needs of the economy, especially MSMEs, and thus stimulate growth and employment in the private sector. Through PFIs the ENBF would support the development of domestic and regional capital markets.
<b>Expected results</b>	With a total contribution of €10M, the NIF would help leveraging up to €95 M financial resources for SMEs in targeted countries (and probably more in the longer term).
<b>Activities</b>	Grant contribution enabling the leveraging of funds from private investors. Lending to local FIs for on-lending to SMEs and individuals
<b>Main achievements</b>	Operations are ongoing, integrated into the activities of the EFSE.
<b>Weaknesses</b>	The NIF contribution is a contribution to the existing EFSE. There is no specific reporting dealing exclusively with the ENBF.
<b>Key observations</b>	It is not possible to identify specific results. Reporting is done at the level of the EFSE. No specific reporting for ENBF operations.
<b>Documentary sources</b>	E1 contribution request dated 08/10/2009
<b>Key stakeholders</b>	KfW. The NIF investment is managed by an outside fund manager, Finance In Motion.

## ANNEX 7: COMPARATIVE ANALYSIS OF 12 CASE STUDIES

			1	2	3	4	5	6	7	8	9	10	11	12	13
Country	Project	Expert	Clear, measurable results specified in the Project Fiche	Relevance to social, economic and political context	Project size compared to overall country needs	Relevance to population needs	relevance to PIN	Relevance to positive environmental effects	Quality of project preparation, Project Fiche	Involvement of EUD, (F3,F4) in early stages	Additionality ratio grant /loan	Do we have evidence that without NIF there would not be the project?	Environmental mitigation considered in proposal	Absorption capacities have been taken into account	Project supporting INTER CONNECTIVITY
			A,B,C, D, N.A:	A,B,C, D, N.A:	very small, small, medium, large	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	Yes, No, N.A:	A,B,C, D, N.A:	Yes, No, NA:
EGYPT	Improved water and waste water supply 1 and 2)	EM	A	A	LARGE	A	A	A	A	B	A	No	A	Yes	No
EGYPT	Zayt 200 MW Wind Farm	MJ	B	A	medium	A	A	A	B	C	A	yes & no	A	Yes	A
MOROCCO	Second National programme for rural roads	EM	A	A	LARGE	A	A	C	A	B	A	No	A	Yes	N.A.
RS (Egypt)	SME South & East med Project Preparation framew.	JP	B	A	very small	B	A	N.A.	B	D	N.A	A	N.A.	N.A	N.A
RS (Egypt)	SANAD	JP	B	A	small	A	B	NA	B	D	B	A	NA	C	N.A.
TUNISIA	STEP (rehabilitation waste water treatment)	EM	A	A	B	A	A	A	B	A	A	No	B	Yes	N.A.
GEORGIA	East -west Highway	EM	A	A	B	B	d *Not included	D	A	D	A	No	C	Yes	A
GEORGIA	Black sea Energy Transmission Project	MJ	B	A	medium	A	A	A	B	C	A	No	B	Yes	A
MOLDOVA	Chisinau airport modernization	EM	A	B	B	B	d not mentioned	B	B	B	B	No	B	Yes	A
UKRAINE	TA Support for Ukrainian Municipalities	PS	C	A	very small	B	B	B	C	C	B	No	N.A.	Yes	
UKRAINE	Hydropower Rehabilitation project	MJ	B	A	medium	A	A	A	B	C	A	No	B	Yes	B
RE	ENBF, European Neighbourhood Fund	JP	D	A	Very small	B	B	NA	C	D	A	A	NA	A	N.A.
			14	15	16	17	18	19	20	21	22	23	24	25	26
Country	Project	Expert	NIF invest. Grant contributes significantly to ENVIRONMENT	NIF invest. Grant contributes significantly to SOCIAL	Good contribution of TA services to NIF objectives	NIF instrumental to establish Public - private partnerships	NIF grant instrumental in leveraging NEW LOANS	Specify NON-FINANCIAL gains related to NIF implementation	Project supporting inclusive growth (S.O.3)	NIF Project contributed to SECTOR POLICY DIALOGUE	NIF Project contributed to REGIONAL COORDINATION	NIF Project contributed to COUNTRY AID DELIVERY	Duration of project cycle (from presentation to finance)	Timely implementation	Good participation of stakeholders in project preparation
			A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	specify	A,B,C, D, N.A:	Yes, No, N.A:	Yes, No, N.A:	Yes, No, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:
EGYPT	Improved water and waste water supply 1 and 2)	EM	A	A	A	N.A.	A	-	B	A	yes	No	B	C	a
EGYPT	Zayt 200 MW Wind Farm	MJ	A	A	A	N.A.	N.A.	-	B	Yes as pushing for application of feed in tariffs and redistribution of subsidies	yes	No	B	B	B
MOROCCO	Second National programme for rural roads	EM	N.A.	A	A	N.A.	A	-	B	B	Yes	No	B	B	A
RS (Egypt)	SME South & East med Project Preparation framew.	JP	B	N.A.	A	B	A	Market survey for future	N.A.	A	A	A	A	B	D
RS (Egypt)	SANAD	JP	N.A.	C	B	A	A	N.A.	B	C	A	B	B	C	D
TUNISIA	STEP (rehabilitation waste water treatment)	EM	A	A	B	N.A.	N.A.	-	B	B	N.A.	No	B	c ( project not yet started=	A
GEORGIA	East -west Highway	EM	D	B	B	N.A.	N.A.	-	B	N.a. not included	yes	No	B	B	B
GEORGIA	Black sea Energy Transmission Project	MJ	A	A	A	N.A.	N.A.	-	B	Yes as pushing for application of feed in tariffs	Yes	No	C	A	A
MOLDOVA	Chisinau airport modernization	EM	B	C	A	N.A.	N.A.	-	B	D	N.A.	No	B	d ++ project temporarily stopped	A
UKRAINE	TA Support for Ukrainian Municipalities	PS	N.A.	B	B	B	N.A.	-	B	No	No	No	C	C	C
UKRAINE	Hydropower Rehabilitation project	MJ	A	B	B	N.A.	N.A.	-	B	No	No	No	C	B	C
RE	ENBF, European Neighbourhood Fund	JP	N.A.	C	A	A	A	N.A.	B	D	A	B	B	A	B

			27	28	29	30	31	32	33	34	35	36	37	38	39
Country	Project	Expert	Good participation of stakeholders in project implementation	Management is established at local level (= subsidiarity principle)	Overall efficiency (NIF costs / results)	Are negative impacts foreseen?	have adequate mitigatory actions been integrated in project design?	Is the project institutionally viable?	Are cost-recovery mechanisms foreseen to ensure financial viability?	Is the technology proposed adequate to local capacities?	Is there evidence of Result-base management?	Is there national ownership of the intervention?	Is the project aligned with national priorities?	Is the project well coordinated with Donor Community?	Is the coordination process led by National Authorities?
			A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:
EGYPT	Improved water and waste water supply 1 and 2)	EM	A	A	A	A	A	B	A	B	B	A	A	A	B
EGYPT	Zayt 200 MW Wind Farm	MJ	B	A	B	A	A	B	A	A	B	A	A	A	A
MOROCCO	Second National programme for rural roads	EM	A	A	B	B	A	B	N.A.	A	B	A	A	A	A
RS (Egypt)	SME South & East med Project Preparation framew.	JP	D	D	C	A	N.A.	B	N.A.	N.A.	B	D	B	B	D
RS (Egypt)	SANAD	JP	B	B	B	D	N.A.	A	A	NA	B	B	A	C	D
TUNISIA	STEP (rehabilitation waste water treatment)	EM	A	A	N.A. Project not yet started	A	B	B	N.A.	A	B	A	A	A	B
GEORGIA	East -west Highway	EM	B	A	N.A. Project not yet tendered	B	C	B	d no toll system is foreseen	A	B	A	A	B	B
GEORGIA	Black sea Energy Transmission Project	MJ	A	A	B	A	A	B	A	A	A	A	A	A	A
MOLDOVA	Chisinau airport modernization	EM	B	B	N.A. Project not yet tendered	B	B	B	A	B	B	A	A	B	B
UKRAINE	TA Support for Ukrainian Municipalities	PS	B	B	C	C	C	B	B	C	C	B	B	C	C
UKRAINE	Hydropower Rehabilitation project	MJ	B	C	C	A	B	B	A	A	B	A	A	B	B
RE	ENBF, European Neighbourhood Fund	JP	A	B	B	A	N.A.	A	A	N.A.	A	B	A	B	D
			40	41	42	43	44	45	46	47	48	49	50	51	52
Country	Project	Expert	Are complementary initiatives sought with other initiatives (is ves detail)	Is a positive dialogue established with other FI?	Is an adequate level of visibility?	Is reporting adequate?	Does the Delegation have ownership of the intervention? (not for Regional)	Is there an external evaluation done /foreseen?	is project monitoring (note: not ROM) adequate?						
			A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	Yes, No, N.A:	A,B,C, D, N.A:						
EGYPT	Improved water and waste water supply 1 and 2)	EM	No	A	B	A	B	No	C						
EGYPT	Zayt 200 MW Wind Farm	MJ	A yes with res projects and with regional interconnection	A	C	A	B	Foreseen	B						
MOROCCO	Second National programme for rural roads	EM	Yes Nif contributes only for one part( 1/3) of total PNRR2	A	B	B	B	Yes	N.A						
RS (Egypt)	SME South & East med Project Preparation framew.	JP	D	B	C	B	N.A.	D	D						
RS (Egypt)	SANAD	JP	D	D	N.A.	A	N.A.	C	A						
TUNISIA	STEP (rehabilitation waste water treatment)	EM	yes dépollution intégrale de la Lagune de Bizerteé and	A	B	A	B	No	N.A.						
GEORGIA	East -west Highway	EM	a project is one section of a eider project financed by othe IFIs	B	D	C	C	N.A.	N.A.						
GEORGIA	Black sea Energy Transmission Project	MJ	A yes with res projects and with energy community	B	C	B	C	yes	B						
MOLDOVA	Chisinau airport modernizator	EM	C	A	D	B	B	Yes	N.A.						
UKRAINE	TA Support for Ukrainian Municipalities	PS	C	C	C	C	C	N.A.	No						
UKRAINE	Hydropower Rehabilitation project	MJ	A several other ongoing project in energy field	C	D	D	D	yes	D						
RE	ENBF, European Neighbourhood Fund	JP	A	A	B	A	NA	D	A						

Notes for answering:

Same grading of ROM is applied in most case, A for very good assessment, D for very negative.  
If data are not available write N.A. the same if the question is not applicable to the project.  
You should be ready to defend / explain the score proposed if required; You may add notes to specify a statement

Country	Project	Expert	1	2	3	4	5	6	7	8	9	10	11	12	13
			Clear, measurable results specified in the Project Fiche	Relevance to social, economic and political context	Project size compared to overall country needs	Relevance to population needs	relevance to PIN	Relevance to positive environmental effects	Quality of project preparation, Project Fiche	Involvement of EUD, (F3,F4) in early stages	Additionality ratio grant /loan	Do we have evidence that without NIF there would not be the project?	Environmental mitigation considered in proposal	Absorption capacities have been taken into account	Project supporting INTER-CONNECTIVITY
			A,B,C, D, N.A:	A,B,C, D, N.A:	very small, small, medium, large	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	Yes, No, N.A:	A,B,C, D, N.A:	Yes, No, NA:	A,B,C, D, N.A:
EGYPT	Improved water and waste water supply 1 and 2)	EM	4	4	4	4	4	4	4	3	4	No	4	Yes	No
EGYPT	Zayt 200 MW Wind Farm	MJ	3	4	3	4	4	4	3	3	4	yes & no	4	Yes	4
MOROCCO	Second National programme for rural roads	EM	4	4	4	4	4	2	4	3	4	No	4	Yes	N.A.
RS (Egypt)	SME South & East med Project Preparation framew.	JP	3	4	1	3	4	N.A.	3	1	N.A	4	N.A.	N.A	N.A
RS (Egypt)	SANAD	JP	3	4	2	4	3	NA	3	1	3	4	NA	2	NA
TUNISIA	STEP (rehabilitation waste water treatment)	EM	4	4	3	4	4	4	3	4	4	No	3	Yes	N.A.
GEORGIA	East -west Highway	EM	4	4	3	3	d *Not included	1	4	1	4	No	2	Yes	4
GEORGIA	Black sea Energy Transmission Project	MJ	3	4	3	4	4	4	3	2	4	No	3	Yes	4
MOLDOVA	Chisinau airport modernization	EM	4	3	3	3	d not mentioned	3	3	3	3	No	3	Yes	4
UKRAINE	TA Support for Ukrainian Municipalities	PS	2	4	1	3	3	3	2	2	3	No	N.A.	Yes	
UKRAINE	Hydropower Rehabilitation project	MJ	3	4	3	4	4	4	3	2	4	No	3	Yes	3
RE	ENBF, European Neighbourhood Fund	JP	1	4	1	3	3	NA	2	1	4	4	NA	4	NA
<b>AVERAGE SCORE</b>			<b>3,166666667</b>	<b>3,916667</b>	<b>2,583333333</b>	<b>3,5833333</b>	<b>3,7</b>	<b>3,2222222</b>	<b>3,2222222</b>	<b>2,5555556</b>	<b>3,7272727</b>		<b>3,25</b>		<b>3,8</b>
Country	Project	Expert	14	15	16	17	18	19	20	21	22	23	24	25	26
			NIF invest. Grant contributes significantly to ENVIRONMENTAL objectives	NIF invest. Grant contributes significantly to SOCIAL objectives	Good contribution of TA services to NIF objectives	NIF instrumental to establish Public - private partnerships	NIF grant instrumental in leveraging NEW LOANS	Specify NON-FINANCIAL gains related to NIF implementation	Project supporting inclusive growth (S.O.3)	NIF Project contributed to SECTOR POLICY DIALOGUE	NIF Project contributed to REGIONAL COORDINATION	NIF Project contributed to COUNTRY AID DELIVERY	Duration of project cycle (from presentation to finance)	Timely implementation	Good participation of stakeholders in project preparation
			A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	specify	A,B,C, D, N.A:	Yes, No, N.A:	Yes, No, N.A:	Yes, No, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:
EGYPT	Improved water and waste water supply 1 and 2)	EM	4	4	4	N.A.	4	-	3	4	yes	No	3	2	4
EGYPT	Zayt 200 MW Wind Farm	MJ	4	4	4	N.A.	N.A.	-	3	Yes as push	yes	No	3	3	3
MOROCCO	Second National programme for rural roads	EM	N.A.	4	4	N.A.	4	-	3	3	Yes	No	3	3	4
RS (Egypt)	SME South & East med Project Preparation framew.	JP	3	NA	4	3	4	Market survey for future invest.	N.A.	4	4	4	4	3	1
RS (Egypt)	SANAD	JP	N.A.	2	3	4	4	NA	3	2	4	3	3	2	1
TUNISIA	STEP (rehabilitation waste water treatment)	EM	4	4	3	N.A.	N.A.	-	3	3	N.A.	No	3	ect not yet s	4
GEORGIA	East -west Highway	EM	1	3	3	N.A.	N.A.	-	3	a. not includ	yes	No	3	3	3
GEORGIA	Black sea Energy Transmission Project	MJ	4	4	4	N.A.	N.A.	-	3	Yes as push	Yes	No	2	4	4
MOLDOVA	Chisinau airport modernization	EM	3	2	4	N.A.	N.A.	-	3	1	N.A.	No	3	ct temporari	4
UKRAINE	TA Support for Ukrainian Municipalities	PS	N.A.	3	3	3	N.A.	-	3	No	No	No	2	2	2
UKRAINE	Hydropower Rehabilitation project	MJ	4	3	3	N.A.	N.A.	-	3	No	No	No	2	3	2
RE	ENBF, European Neighbourhood Fund	JP	N.A.	2	4	4	4	N.A.	3	1	4	3	3	4	3
<b>AVERAGE SCORE</b>			<b>3,375</b>	<b>3,181818</b>	<b>3,545454545</b>	<b>3,5</b>	<b>4</b>	<b>N.A.</b>	<b>3</b>				<b>2,8333333</b>	<b>2,9</b>	<b>2,9166667</b>
Country	Project	Expert	27	28	29	30	31	32	33	34	35	36	37	38	39
			Good participation of stakeholders in project implementation	Management is established at local level (= subsidiarity principle)	Overall efficiency (NIF costs / results)	Are negative impacts foreseen?	have adequate mitigatory actions been integrated in project design?	Is the project institutionally viable?	Are cost-recovery mechanisms foreseen to ensure financial viability?	Is the technology proposed adequate to local capacities?	Is there evidence of Result-base management?	Is there national ownership of the intervention?	Is the project aligned with national priorities?	Is the project well coordinated with Donor Community?	Is the coordination process led by National Authorities?
			A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:
EGYPT	Improved water and waste water supply 1 and 2)	EM	4	4	4	4	4	3	4	3	3	4	4	4	3
EGYPT	Zayt 200 MW Wind Farm	MJ	3	4	3	4	4	3	4	4	3	4	4	4	4
MOROCCO	Second National programme for rural roads	EM	4	4	3	3	4	3	N.A.	4	3	4	4	4	4
RS (Egypt)	SME South & East med Project Preparation framew.	JP	1	1	2	4	N.A.	3	N.A.	N.A	3	1	3	3	1

RS (Egypt)	SANAD	JP	3	3	3	1	NA	4	4	NA	3	3	4	2	1
TUNISIA	STEP (rehabilitation waste water treatment)	EM	4	4	N.A. Project not yet started	4	3	3	N.A.	4	3	4	4	4	3
GEORGIA	East -west Highway	EM	3	4	N.A. Project not yet tendered	3	2	3	Il system is f	4	3	4	4	3	3
GEORGIA	Black sea Energy Transmission Project	MJ	4	4	3	4	4	3	4	4	4	4	4	4	4
MOLDOVA	Chisinau airport modernization	EM	3	3	N.A. Project not yet tendered	3	3	3	3	3	3	4	4	3	3
UKRAINE	TA Support for Ukrainian Municipalities	PS	3	3	2	2	2	3	3	3	2	3	3	2	2
UKRAINE	Hydropower Rehabilitation project	MJ	3	2	2	4	3	3	4	3	4	4	4	3	3
RE	ENBF, European Neighbourhood Fund	JP	4	3	3	4	NA	4	4	NA	4	3	4	3	1
<b>AVERAGE SCORE</b>			3,25	3,25	2,777777778	3,3333333	3,222222222	3,1666667	3,875	3,6666667	3,0833333	3,5	3,8333333	3,25	2,6666667
			40	41	42	43	44	45	46	47	48	49	50	51	52
Country	Project	Expert	Are complementarities sought with other initiatives (is yes detail)	Is a positive dialogue established with other FP?	Is an adequate level of visibility?	Is reporting adequate?	Does the Delegation have ownership of the intervention? (not for Regional projects)	Is there an external evaluation done /foreseen?	Is project monitoring (note: not ROM) adequate?						
			A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	A,B,C, D, N.A:	Yes, No, N.A:	A,B,C, D, N.A:						
EGYPT	Improved water and waste water supply 1 and 2)	EM	No	4	3	4	3	No	2						
EGYPT	Zayt 200 MW Wind Farm	MJ	S AND WITH REG	4	2	4	3	Foreseen	3						
MOROCCO	Second National programme for rural roads	EM	s only for one part (1	4	3	3	3	Yes	N.A						
RS (Egypt)	SME South & East med Project Preparation framew.	JP	1	3	2	3	NA	1	1						
RS (Egypt)	SANAD	JP	1	1	NA	4	NA	2	4						
TUNISIA	STEP (rehabilitation waste water treatment)	EM	de la Lagune de Bize	4	3	4	3	No	N.A.						
GEORGIA	East -west Highway	EM	n of a eider project	3	1	2	2	N.A.	N.A.						
GEORGIA	Black sea Energy Transmission Project	MJ	JECTS AND WITH	3	2	3	2	yes	3						
MOLDOVA	Chisinau airport modernization	EM	2	4	1	3	3	Yes	N.A.						
UKRAINE	TA Support for Ukrainian Municipalities	PS	2	2	2	2	2	N.A.	No						
UKRAINE	Hydropower Rehabilitation project	MJ	ONGOING PROJEC	2	1	1	1	yes	1						
RE	ENBF, European Neighbourhood Fund	JP	4	4	3	4	NA	1	4						
<b>AVERAGE SCORE</b>			2	2,8	2,090909091	3,2	2,444444444	1,3333333	2,5714286						

Notes for answering: Same grading of ROM is applied in most case, A for very good assessment, D for very negative. If data are not available write N.A. the same if the question is not applicable to the project. You should be ready to defend / explain the score proposed if required; You may add notes to specify a statement



## ANNEX 8 - ANALYSIS OF RELEVANCE TO NATIONAL INDICATIVE PROGRAMMES AND TO ACTION PLANS FOR 51 PROJECTS

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
Armenia	Armenia Small municipalities water project	Water/Sanitation	<p><b>-Priority Area 1: Strengthening of Democratic Structures and Good Governance</b></p> <ul style="list-style-type: none"> <li>• Sub-priority 1: Rule of law and reform of the judiciary</li> <li>• Sub-priority 2: Public administration reform, including local self government / public finance management / public internal financial control and external audit / fight against corruption.</li> <li>• Sub-priority 3: Human rights, fundamental freedoms, civil society, people-to-people contacts</li> </ul> <p><b>-Priority Area 2: Support for Regulatory Reform and Administrative Capacity Building</b></p> <ul style="list-style-type: none"> <li>• Sub-priority 1: Approximation of legislation, rules and standards (mainly based on National Programme for PCA implementation and reflecting the ENP Action Plan priorities).</li> <li>• Sub-priority 2: Sector-specific regulatory aspects, including administrative capacity building</li> </ul> <p><b>- Priority Area 3: Support for Poverty Reduction Efforts</b></p> <ul style="list-style-type: none"> <li>• Sub-priority 1: Education</li> <li>• Sub-priority 2: Regional development and social services.</li> </ul>	<p>Despite good macroeconomic performance and some achievements in fighting poverty within the framework of the PRSP (a revision of the strategy is expected before the end of 2006), the social situation in Armenia remains Al6marked by sharp inequalities and strong social polarisation. 32% of the population are reportedly still living below the poverty line. In terms of poverty profile rural and less educated groups remain particularly vulnerable.</p> <p><b>Poverty reduction</b> is therefore one of the key goals of the Armenian government. Hence it is necessary and fully in line with the EU-Armenia Action Plan objectives that EC assistance focuses on support in further reducing poverty levels and social inequality.</p> <p>A good way of achieving this is to contribute to and assist in further reforms and upgrades of the education system, including through exchange programmes, with a view to convergence with EU standards and practices. An improved educational system will also be essential to strengthen democratic development, social stability and economic competitiveness. Other actions under this priority should focus in particular on helping development in rural areas by developing and implementing programmes at regional and local community level, especially aiming to improve the provision of and access to quality social services.</p> <p>Other regional initiatives: Due to its land-locked situation Armenia is also committed to greater involvement in other regional cooperation initiatives within the Black Sea region and in the so-called Baku initiatives to promote regional cooperation on transport and energy. Armenia participates also actively in the TRACECA Secretariat and in TRACECA meetings.</p>	<p><b>Transport</b></p> <ul style="list-style-type: none"> <li>- Elaborate and start implementing a national transport strategy, including transport infrastructure development</li> <li>• Start to develop a national sustainable transport policy, with a focus, where appropriate on further approximation of legislative and regulatory frameworks with European and international standards, in particular for safety and security (all transport modes);</li> <li>• Strengthen the regulatory and sector oversight capacities of the Ministry;</li> <li>• Creation of a long-term and transparent system of road financing in order to ensure continued maintenance of the existent public road network;</li> <li>• Develop co-operation in satellite navigation (including joint research actions and applications).</li> <li>- Implement selected measures and reforms in the road transport sector</li> <li>• Develop and implement a road safety action plan (including among others road traffic safety and security, safety of the public, dangerous goods transport and vehicles' roadworthiness) for improving road safety;</li> <li>- Implement selected measures and reforms in the railway transport sector</li> <li>• Improve safety, speed and efficiency (interoperability) of rail transport services and continue reforms in the operational and financial management.</li> <li>- Implement selected measures and reforms in the aviation sector</li> <li>• Conclude negotiations on a (horizontal) agreement on certain aspects of air services with the European Community (until end of 2007);</li> <li>• Promote regulatory approximation, including on safety and security issues.</li> <li>- Regional transport co-operation</li> <li>• Continue active co-operation in the follow-up to the EU-Black Sea-Caspian Basin Ministerial Transport Conference and in the development of the Pan-European Corridors and Areas (in particular through the High Level Working Group follow up) as well as in the TRACECA programme</li> <li>• Implement the recommendations of the High Level Group on the Extension of Major Trans-European Transport Axes to the Neighbouring Countries concerning transport axes and related horizontal measures;</li> <li>• Address the issue of Turkish-Armenian relations in the context of movement of goods and people and regional cooperation and development;</li> </ul>
	Yerevan Metro	Transport		<p>In the field of <b>transport</b>, support could be envisaged for road rehabilitation at local and regional level and for priority measures in line with the recommendations of the High Level Group on the extension of the major trans-European transport axes towards neighbouring countries and regions as well as in line with the priorities identified, within the framework of the Baku Working Groups and adopted during the Baku Ministerial Transport Conference of May 2006 in Sofia. In road transport, taking into account that the country is a Contracting Party to AETR, support should be given for the implementation of the digital tachograph.</p>	
	Armenian Solid Waste management Programme - Kotayk Solid Waste project	Water/Sanitation			

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
Egypt	200 MW Wind Farm in Gulf of El Zayt	Energy	<p><b>- SUPPORTING EGYPT'S REFORMS IN THE AREAS OF DEMOCRACY, HUMAN RIGHTS AND JUSTICE</b></p> <ul style="list-style-type: none"> <li>• Support for political development, decentralisation and promotion of good governance</li> <li>• Promotion and protection of human rights and involvement of civil society in protecting the environment</li> <li>• Support for modernisation of administration of justice and enhancement of security</li> </ul> <p><b>- DEVELOPING THE COMPETITIVENESS AND PRODUCTIVITY OF THE EGYPTIAN ECONOMY</b></p> <ul style="list-style-type: none"> <li>• Support for implementation of the Action Plan Programme (SAPP)</li> </ul> <p><b>- ENSURING THE SUSTAINABILITY OF THE DEVELOPMENT PROCESS</b></p> <ul style="list-style-type: none"> <li>• Support for reform of education</li> <li>• Public health</li> <li>• Support for investment in the transport, energy and environment sectors</li> </ul>		<p><b>Public Health</b></p> <ul style="list-style-type: none"> <li>- Support and cooperate in the development of health sector reform</li> <li>Continue the development of the health sector through: <ul style="list-style-type: none"> <li>• implement re-organization and decentralization of the health sector;</li> <li>• improve accessibility and affordability including in rural areas and with a focus on women/children including those with disabilities;</li> <li>• elaborate a system for Social Health Insurance covering the whole population;</li> <li>• ensure the efficiency of institutions including laboratories;</li> <li>• enhance human resources capacity;</li> <li>• enhance health security and epidemiological safety;</li> <li>• strengthen family health models, including maternal mortality and reproductive health issues.</li> </ul> </li> <li>- Increase the level of health security, health information and knowledge</li> <li>• Exchange of information and know-how on health indicators and data collection.</li> <li>• Invite Egypt as observer in the meetings of the Network of Competent Authorities.</li> <li>- Communicable Disease Surveillance and Health Security (Epidemiological Surveillance and Control) <ul style="list-style-type: none"> <li>• Participation in Communicable Disease Networks and dedicated surveillance networks.</li> <li>• Enhance response to infectious diseases, such as HIV/AIDS and hepatitis C.</li> </ul> </li> </ul> <p><b>Energy</b></p> <ul style="list-style-type: none"> <li>- Cooperate in the development of an overall long term energy strategy converging towards EU energy policy objectives.</li> <li>• Take steps to prepare (under the auspices of the Ministry of Petroleum and the Ministry of Electricity and Energy) an overall Egyptian energy strategy converging towards EU energy policy objectives (security of supply, competitiveness and environmental protection) and covering, inter alia, all subsectors, the strengthening of institutions and financing.</li> <li>• Enhance energy policy cooperation through information exchange (eg workshops on general energy policy; energy statistics, data mining and forecast systems; energy investments; energy technologies transfer and industrial cooperation; and electricity and gas markets and interconnections.</li> <li>• Adoption and start of implementation of energy strategy documents.</li> <li>• Continue energy policy cooperation.</li> <li>- Cooperation on electricity and gas markets. <ul style="list-style-type: none"> <li>• Explore possibilities for gradual legal and regulatory convergence towards the principles of the EU internal electricity and gas markets.</li> <li>• Further develop energy pricing methodologies and exchange of views on gas pricing and transit gas fee policies in view of the relevant EU experience.</li> <li>• Cooperate to build the capacity of the Electric Utilities and Consumer Protection Regulatory Agency including its development towards an electricity regulator independent from market operators.</li> <li>• Cooperate to develop an oil and gas Regulatory Agency.</li> <li>• Cooperate to study the different models of electricity markets for establishing a local and regional electricity market and setting the rules and procedures in cooperation with the electricity sector.</li> <li>• Continue sector restructuring, to explore possibilities for gradual convergence towards the principles of the EU internal electricity and gas markets and the Euro-Mashrek-Maghreb gas cooperation.</li> </ul> </li> <li>- Regional element <ul style="list-style-type: none"> <li>• Cooperate, in the context of the Declaration of Intent of 2 December 2003 on the Euro-Mashrek cooperation in the field of natural gas including as regards the development of a regional Gas Master Plan expected to facilitate the transportation of natural gas in particular between Egypt and the EU.</li> <li>• Cooperate in the field of the EU-Mashrek-Maghreb electricity market.</li> </ul> </li> <li>- Progress on energy networks. <ul style="list-style-type: none"> <li>• Reduce electricity network losses.</li> <li>• Further develop regional energy infrastructures including upgrading the electricity link with Jordan and Libya.</li> <li>• Improve the safety and security of energy infrastructure.</li> <li>• Further develop electricity networks in rural areas.</li> </ul> </li> </ul>
	IWSP (Improved Water and Wastewater Services Programme)	Water/Sanitation			
	Egyptian Power Transmission	Energy			
	Combined Renewable Energy Masterplan	Energy			
	Technical Assistance for the implementation of a 20 MW PV Grid Connectd Power Plant	Energy			
	Cairo Metro Line 3 Phase 3	Transport			

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
	Improved Water and Wastewater Services Programme in Upper Egypt (IWSP 2)	Water/Sanitation			<ul style="list-style-type: none"> <li>- Progress on energy efficiency and the use of renewable energy sources.</li> <li>• Take steps to develop an Action Plan including a financial plan for improving energy efficiency and enhancing the use of renewable energy.</li> <li>• Reinforce the institutions dealing with energy efficiency and renewable energy sources.</li> <li>• Cooperate to develop mechanisms for effective introduction of renewable energy into the Egyptian Electricity Market and promote technology transfer and knowhow in this area.</li> <li>• Pursue measures in energy efficiency and renewable energy sources.</li> <li>• Progress to reach Egypt's target to ensure that 3 % of the electric energy needs are covered by the year 2010 by renewable energy sources.</li> </ul> <p><b>Transport</b></p> <ul style="list-style-type: none"> <li>- Cooperation in the transport sector (maritime, aviation, road, rail and inland waterway)</li> <li>Implement a national transport strategy, including transport infrastructure development and transport sector reforming.</li> <li>• Support the development and implementation of the national sustainable transport policy for the development of all modes of transport and related infrastructure, focusing in particular on strengthening safety and security; integration of environmental considerations in transport; as well as intermodality.</li> <li>• Develop procedures to identify and help implement priority infrastructure projects. Such procedures should address financing strategies focusing on activating and promoting the participation of the private sector in transport projects; capacity constraints; lack of inter-modal equipment and missing link infrastructure.</li> <li>• Continue the development of a comprehensive regulatory framework.</li> <li>• Continue with the reform of the transport sector including institutional building, organizational restructuring; capacity building; Strengthen and if necessary establish strategic planning units and develop better asset management procedures for different sectors.</li> <li>• Promote the use of intelligent transport systems and information technology in managing and operating all modes of transport as well as supporting intermodality.</li> <li>• Take steps to negotiate a cooperation agreement between EU and Egypt on the development of a Civil Global Navigation Satellite System (GALILEO).</li> </ul>
Georgia	Black Sea Energy Transmission System	Energy		<p>Georgia is an important transit country for gas and oil flows from the Caspian basin. In the energy sector priority will therefore be given to enhancing the safety and security of the energy transport infrastructure. In view of the weakness affecting Georgia in the domain of the environment (as highlighted in the Country Environment Profile of the CSP 2007-13), particular attention should be paid to helping Georgia achieve the environment-related objectives of the ENP AP.</p> <p>In the field of <b>transport</b>, assistance will be aimed at:</p> <ul style="list-style-type: none"> <li>• the process of approximation of legislative and regulatory framework with European and international standards;</li> <li>• developing a transport infrastructure strategy;</li> <li>• cooperation in satellite navigation;</li> <li>• improvement of road safety and road transport regulations;</li> <li>• restructuring of the port sector and assistance in the implementation of relevant IMO conventions.</li> </ul> <p>In the <b>energy</b> sector, assistance will be provided in support of:</p> <ul style="list-style-type: none"> <li>• encouraging the development of diversified infrastructure connected to the development of Caspian energy resources and their transit;</li> <li>• implementation of a long-term national energy policy;</li> <li>• promoting high levels of safety and security of the energy infrastructure;</li> <li>• improving energy efficiency and energy savings, as well as promoting new or renewable energy in particular at local level;</li> <li>• harmonizing the energy-related legal/regulatory framework, plus technical norms and standards, with those of the EU.</li> <li>• When necessary, support will be provided for the implementation at national level of the recommendations of the working groups established during the Baku Energy Ministerial Conferences.</li> </ul> <p>With regard to the <b>environment</b>, particular attention will be paid to supporting:</p> <ul style="list-style-type: none"> <li>• the development of legislation and basic procedures for ensuring the adoption of adequate standards for air and water quality, waste management and nature protection;</li> <li>• the implementation of multilateral environmental agreements, in particular the UN Framework Convention on Climate Change and its Kyoto Protocol, and the UN-ECE conventions;</li> <li>• activities linked to the EU Water Initiative and other regional initiatives intended to protect the Black Sea;</li> <li>• the development of civil society, information, monitoring and assessment.</li> </ul>	<p><b>Transport</b></p> <ul style="list-style-type: none"> <li>• Continue implementation and refinement of the national sustainable transport policy for the development of all modes of transport and related infrastructure as well as where appropriate approximation of legislative and regulatory frameworks with European international standards, in particular for safety and security issues;</li> <li>• Develop an infrastructure strategy (identifying capacity constraints, lack of inter-modal equipment and missing link infrastructure) in order to identify the priority infrastructure projects in various sectors;</li> <li>• Develop co-operation in satellite navigation, (including joint research actions and applications).</li> <li>Implement selected measures and reforms in the road transport sector</li> <li>• Develop and implement an action plan on road safety including the technical control/road worthiness testing of vehicles and implementation of legislation on the transport of dangerous goods as well as improve control on movement of the overloaded vehicles;</li> <li>• Ensure that international transport sector is regulated in terms of access to the profession; introduce and ensure strict enforcement of mandatory driving times and rest periods in the international transport sector complying with international standards.</li> <li>Implement selected measures and reforms in the railway transport sector</li> <li>• Improve efficiency of freight transport services (including issues of border crossing procedures). Promote multi-modal services, address issues of interoperability.</li> <li>• Complete Restructuring of the railway sector;</li> <li>Implement selected measures and reforms in the aviation sector</li> <li>• Sign and Implement the (horizontal) agreements on certain aspects of air services with the European Community;</li> <li>• Promote regulatory approximation, including on safety and security issues;</li> <li>• Increase administrative and technical capacity to comply with Joint Aviation Authorities (JAA) standards and obtain full JAA member status;</li> <li>• Cooperation in the area of air navigation.</li> <li>Implement selected measures and reforms in the maritime sector</li> <li>• Complete restructuring of the port sector (separating regulatory/operational and commercial functions);</li> <li>• Implement relevant international IMO (International Maritime Organisation) conventions requirements; pursue effective enforcement in the areas of Port State Control and Flag State implementation as well as resolutions of the Maritime Environment Protection Committee on tanker safety;</li> <li>• Speed up the phasing-out of single-hull oil tankers and introduce the pertinent changes agreed in the IMO Marpol Convention;</li> <li>• Promote regulatory approximation, including on safety and security issues.</li> </ul> <p>Regional transport cooperation</p> <ul style="list-style-type: none"> <li>• Continue cooperation on Caspian and Black Sea regional transport issues in the context of the follow-up to the EU-Black Sea-Caspian Basin Transport Ministerial Conference held in Baku on November 2004;</li> </ul> <p>Energy</p> <ul style="list-style-type: none"> <li>• Energy policy convergence towards EU energy policy objectives</li> <li>• Elaborate and implement a coherent long-term energy policy converging gradually with the EU energy policy objectives including security of energy supply;</li> <li>• Explore the medium-term possibility for participation in the Intelligent Energy-Europe programme.</li> </ul>
	Tbilisi Railway Bypass Environmental Clean up	Transport			
	Enguri / Vardnili Hydro Power Cascade Rehabilitation	Energy			
	Water Infrastructure Modernisation	Water/Sanitation	<ul style="list-style-type: none"> <li>- <b>Priority Area 1: Support for democratic development, rule of law and governance</b></li> <li>• Democracy, human rights, civil society development</li> <li>• Rule of law and judicial reform</li> <li>• Good governance, public finance reform and administrative capacity building</li> <li>- <b>Priority Area 2: Support for economic development and ENP AP implementation</b></li> <li>• Promoting external trade and improving the investment climate</li> <li>• Supporting PCA/ENP AP implementation and regulatory reforms</li> <li>• Education, including vocational education, science and people-to-people contacts/exchanges</li> <li>- <b>Priority Area 3: Support for poverty reduction and social reforms</b></li> <li>• Strengthening social reforms in health and social protection</li> <li>• Rural and regional development</li> <li>Priority Area 4: Support for peaceful settlement of Georgia's internal conflicts</li> </ul>		

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
	Georgia East-West Highway	Transport			<p>Gradual convergence towards the principles of the EU internal electricity and gas markets</p> <ul style="list-style-type: none"> <li>Establish a list of measures for gradual legal and regulatory convergence towards the principles of the EU internal electricity and gas markets, accompanied by time schedules and a financing plan;</li> <li>Work towards the progressive elimination of energy price distortions; and improve bill collection rates;</li> <li>Further develop the National Energy Regulatory Commission in line with the principles of the Electricity and Gas Directives 2003/54 and 2003/55;</li> <li>Complete restructuring the electricity (including hydropower), gas and heat sectors, ensure their financial viability.</li> </ul> <p>Progress regarding energy networks</p> <ul style="list-style-type: none"> <li>Take steps to reduce energy network losses;</li> <li>Improve the safety and security of energy infrastructure.</li> </ul> <p>Progress on energy efficiency and the use of renewable energy sources</p> <ul style="list-style-type: none"> <li>Take steps to develop an action plan including a financial plan for improving energy efficiency and enhancing the use of renewable energy;</li> <li>Adopt legislation addressing energy efficiency and renewable energy;</li> <li>Reinforce the institutions dealing with energy efficiency and renewable energy sources;</li> <li>Implement a set of measures in this area.</li> </ul> <p>Health sector reform</p>
	Water supply and sewage of Batumi and surrounding villages (Phase III)	Water/Sanitation			
Jordan	Jordan Electricity Transmission	Energy	<ul style="list-style-type: none"> <li>Political reform and good governance</li> <li>Trade and investment development</li> <li>Sustainability of the development process</li> <li>Institution building, financial stability and support to regulatory approximation</li> </ul>	<p><b>Energy</b></p> <p>Lebanon depends almost entirely on external energy sources, in particular for oil products. The growing energy needs may impact increasingly on the high energy import bill and thus on the country's economy. It can develop towards a transit country, including to the benefit of the EU's security of energy supply. Lebanon took the major decision to introduce natural gas in the economy, although Lebanon has no known gas reserves on its own. Gas pipelines are under development and will bring Egyptian and Syrian gas to the region and possibly to the EU. Lebanon participates in the Euro-Mashreq Gas Market project aiming at reforming and modernising the gas industry in Egypt, Jordan, Lebanon and Syria, and at achieving the progressive integration of their gas markets with a view to creating a regional market to be integrated with the EU internal gas market. These perspectives are important for Lebanon's and the EU's security of energy supply.</p> <p>The trends in Lebanon's energy sector include diversification and development of own resources; enhancement of competition, including gradual coverage of tariff costs, more private participation, better efficiency and improvement of regional network interconnections. A long-term energy strategy is under development. Plans include the creation of an energy authority NERA, introduction of natural gas in the economy and the privatisation of the electricity provider, Electricité du Liban, which is a state-owned monopoly. Rehabilitation of energy infrastructure requires significant investments. Development of the oil sector, including the viability of the operation of a refinery, is under study. Lebanon aims to increase the share of renewable energy sources (hydro, solar and wind) in the country's energy balance to as high as 10% by 2015. However, a comprehensive energy efficiency and energy saving policy is still lacking.</p>	<p><b>Energy</b></p> <p>Take steps to adopt an updated overall energy policy converging towards EU energy policy objectives.</p> <ul style="list-style-type: none"> <li>Update and take steps to adopt, by the appropriate instance, the current energy policy document;</li> <li>Gradual harmonisation of the Jordanian statistical and data registration systems in the energy sector with EU standards.</li> <li>Modernise and develop the Nuclear Energy Commission.</li> <li>Strengthen and develop the capacity of the Natural Resources Authority.</li> </ul> <p>Medium term</p> <ul style="list-style-type: none"> <li>Implementation of an updated overall energy policy converging towards EU energy policy objectives.</li> <li>Further develop EU-Jordan energy policy dialogue and cooperation.</li> <li>Gradual convergence towards the principles of the EU internal electricity and gas markets.</li> <li>Establish a list of measures for gradual convergence towards the principles of the EU internal electricity and gas markets.</li> <li>Cooperate, in the context of the Declaration of Intent of 2 December 2003 on the Euro-Mashrek cooperation in the field of natural gas.</li> <li>Effective electricity price developments towards the elimination of distortions.</li> <li>Develop the Electricity Regulatory Commission towards an energy sector regulator independent from market operators.</li> <li>Further advance in restructuring/privatising the electricity sector.</li> </ul> <p>Medium term</p> <ul style="list-style-type: none"> <li>Implement measures for gradual convergence towards the principles of the EU internal electricity and gas markets, complete electricity sector reform and continue the Euro-Mashrek gas cooperation.</li> </ul> <p>- Progress on energy networks.</p> <p>Short and medium term</p> <ul style="list-style-type: none"> <li>Reduce electricity network losses.</li> <li>Integrated water resources management</li> <li>Improve the quantity and the quality of water supply from both surface and ground sources by developing integrated plans, programmes and projects that ensure environmental protection, social stability and welfare, and economic development.</li> <li>Enhance the management of the demand on water from all sectors (municipal and tourism, industrial, agricultural and environmental).</li> <li>Protect surface and ground water resources from all sources of pollution.</li> <li>Establish a nation-wide surface and ground water - quantity and quality - monitoring network to accurately control surface and groundwater level and quality.</li> <li>Increase food safety for Lebanese and European consumers and facilitate trade through reform and modernisation of the <b>sanitary</b> and phytosanitary sectors</li> <li>Upon accession to the WTO, implement the WTO Agreement on the Application of Sanitary and Phytosanitary measures and participate in relevant international bodies.</li> <li>Exchange information on and explore possible areas of convergence with EU practice in the field of sanitary and phyto-sanitary issues.</li> <li>Progressive fulfilment of EU requirements on animal health and for the processing of animal products (c.f.: Import Conditions – Importing Live Animals).</li> <li>In the medium-term, draw up a first list of measures for gradual convergence towards EU general food safety principles and requirements; start approximation of Lebanese legislation in this area.</li> </ul>
Lebanon	Keswan Wastewater	Water/Sanitation	<ul style="list-style-type: none"> <li><b>SUPPORT FOR POLITICAL REFORM</b></li> <li>Promotion of democracy and Human Rights</li> <li>Justice, Liberty and Security. Support efficiency and independence of the judiciary.</li> <li><b>SUPPORT FOR SOCIAL AND ECONOMIC REFORM</b></li> <li><b>SUPPORT TO RECONSTRUCTION AND RECOVERY</b></li> <li>Support to Local development</li> <li>Support to the reinvigoration of small and medium-sized enterprises affected by the conflict</li> <li>demining and unexploded ordnance B34</li> </ul>	<p>In 2004, with Community funds (Rehabilitation budget line, € 8.75 million), rehabilitation of water and sanitation networks started in the official refugee camps of Bourj el Shemali, Rashidieh, Wavel, Mieh 9 in the South of Lebanon and in Beddawi refugee camps in the North of Lebanon.</p> <p>Thanks to ECHO's contribution, additional funds were made available to include Nahr el-Bared camp, and in previous years ECHO has supported interventions to provide water and sanitation for various unofficial gatherings near Tyre and Saïda in the south of Lebanon, which have enabled them to regain access to potable water, to rehabilitate and repair existing water networks and sewerage systems. For the time being, UNWRA is evaluating the remaining water and sanitation needs, mainly in the Beirut camps and in Ein el Helweh (Saïda).</p>	<p>Integrated water resources management</p> <ul style="list-style-type: none"> <li>Improve the quantity and the quality of water supply from both surface and ground sources by developing integrated plans, programmes and projects that ensure environmental protection, social stability and welfare, and economic development.</li> <li>Enhance the management of the demand on water from all sectors (municipal and tourism, industrial, agricultural and environmental).</li> <li>Protect surface and ground water resources from all sources of pollution.</li> <li>Establish a nation-wide surface and ground water - quantity and quality - monitoring network to accurately control surface and groundwater level and quality.</li> <li>Increase food safety for Lebanese and European consumers and facilitate trade through reform and modernisation of the <b>sanitary</b> and phytosanitary sectors</li> <li>Upon accession to the WTO, implement the WTO Agreement on the Application of Sanitary and Phytosanitary measures and participate in relevant international bodies.</li> <li>Exchange information on and explore possible areas of convergence with EU practice in the field of sanitary and phyto-sanitary issues.</li> <li>Progressive fulfilment of EU requirements on animal health and for the processing of animal products (c.f.: Import Conditions – Importing Live Animals).</li> <li>In the medium-term, draw up a first list of measures for gradual convergence towards EU general food safety principles and requirements; start approximation of Lebanese legislation in this area.</li> </ul>
	Programme National de Routes Rurales	Transport		<p><b>transport</b></p> <p>The Transport Ministry manages a road network which is constantly developing and changing. The network is estimated at 56 986 km, including 35 026 km of surfaced roads and 21.960 km non-surfaced roads. Roads are classified in three categories:</p> <ul style="list-style-type: none"> <li>Trunk roads: 11 251 km, of which 9 806 km surfaced</li> <li>Regional roads: 10 078 km, of which 8 855 km surfaced</li> </ul>	<p><b>Transport</b></p> <p>Continue implementation of the national transport policy, including infrastructure development</p> <ul style="list-style-type: none"> <li>Continue implementation of the national sustainable transport policy for the development of all modes of transport and related infrastructure, focusing in particular on strengthening safety and security (all modes of transport).</li> </ul>

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
Morocco	Support Programme for the Education sector	Social	<p><b>-SOCIAL PRIORITY</b></p> <ul style="list-style-type: none"> <li>• Support for the National Human Development Initiative (NHD)</li> <li>• Programme of support to the national literacy and non-formal education strategy</li> <li>• Support programme for education policy</li> <li>• Support for the consolidation of basic medical cover</li> <li>• Sectoral support for health</li> </ul> <p><b>-GOVERNANCE/HUMAN RIGHTS PRIORITY</b></p> <ul style="list-style-type: none"> <li>• Support for the Ministry of Justice</li> <li>• Support for the implementation of the recommendations of the IER</li> </ul> <p><b>- INSTITUTIONAL SUPPORT PRIORITY</b></p> <ul style="list-style-type: none"> <li>• Completion of public-administration reform</li> <li>• Programme of support to the Action Plan (PAPA)</li> </ul> <p><b>- ECONOMIC PRIORITY</b></p> <ul style="list-style-type: none"> <li>• Private-sector: programme to promote investment and the exports of Moroccan industry</li> <li>• Vocational training</li> <li>• Support for agriculture</li> <li>• Extension of the Rocade project</li> <li>• Improving communications to isolated areas: social road infrastructure</li> <li>• Energy sector: support for reform of the energy sector in Morocco</li> </ul> <p><b>-PRIORITY ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>• Support for the FODEP</li> <li>• Sewage treatment</li> </ul>	<p>Provincial roads: 35 657 km, of which 16 365 km surfaced</p> <p>In order to create a road network that satisfies the country's socio-economic requirements, the Transport Ministry is implementing a policy to preserve the existing road network, adapt it to traffic trends so as to reduce traffic costs, improve the standard of service offered to users and road safety, and extend the road network to improve access to more isolated rural areas.</p> <p>To preserve the network, the Transport Ministry is continuing work to improve the state of the roads by carrying out an annual programme to reinforce 1 700 km of road surface and build and repair 50 engineering works.</p> <p>The Transport Ministry's road maintenance efforts have significantly improved the proportion of the road network in a good/acceptable state of repair, the proportion having risen from 53.3 % in 1990 to 65% in 2004. The Ministry is also continuing work to adjust the road network to the rise in traffic, which is increasing at an annual average of 6% (i.e. doubling every 12 years); it is doing this by widening approximately 500 km road a year with a view to reducing vehicle operating costs and keeping traffic flowing. To improve road safety, the Ministry has also drawn up a plan of action to deal with 45 black spots a year for an annual cost of MAD 50 million.</p> <p>The Ministry has implemented with all the actors concerned an integrated strategic road safety plan, which brings together a number of relevant and urgent measures that, once implemented, will help to bring down the number of annual deaths and severe injuries, which are currently on the rise.</p>	<ul style="list-style-type: none"> <li>• Identify and implement the necessary measures, including the development of infrastructure to improve transport capacity, increase trade and improve transport sector performance between Morocco, Maghreb countries and EU Member States.</li> <li>• Adopt funding strategies and the means to implement them, including investments in infrastructure for projects identified as priorities; step up discussions and dialogue on infrastructure funding issues.</li> </ul> <p>Regional element</p> <ul style="list-style-type: none"> <li>• Take part in the planning exercise in the context of the Euro-Mediterranean regional transport project under MEDA, aimed at proposing an action plan for transport in the countries of the Mediterranean, a basic priority network in the 12 Mediterranean countries and interconnection of this network with the trans-European transport network.</li> <li>• Contribute to the identification of priority regional infrastructure projects (e.g. trans-Maghreb multimodal corridor).</li> <li>• Contribute to the strengthening of transport network interconnections at regional level, in particular as regards road and rail networks and the project of a direct link through the Gibraltar Strait.</li> <li>• Take part in the development of GNSS (Galileo) in the Mediterranean region; take part in particular in the new MEDA regional project on satellite navigation systems.</li> <li>• Implement selected measures and reforms in the road transport sector</li> <li>• Introduce a transparent regulatory process for the issue of licences (for both goods and passenger transport) and access to the profession.</li> <li>• Implement the international conventions, notably on dangerous goods.</li> <li>• Implement the Government's strategic integrated action plan on road safety adopted in November 2003.</li> <li>• Reinforce the bodies responsible for applying standards in the sector.</li> <li>• Accelerate the development of the Moroccan motorway network with a view to completion of the North-South and East-West links by 2010.</li> <li>• Implement selected measures and reforms in the rail transport sector</li> <li>• Promote multimodal services by integrating the interoperability issue.</li> <li>• Speed up development of the railway network to encourage multimodal links.</li> </ul> <p>Regional element</p> <ul style="list-style-type: none"> <li>• Explore the benefits of regional cooperation in order to improve the safety, speed and effectiveness (interoperability) of rail services.</li> <li>• Promote closer collaboration in the rail sector between the national regulatory authority, international organisations and the EU.</li> </ul> <p>Implement selected measures and reforms in the aviation sector</p> <ul style="list-style-type: none"> <li>• Continue implementation of the national aviation policy for development of the sector; continue to strengthen administrative capacity.</li> <li>• Start negotiations on an EU-Morocco aviation agreement once the negotiating mandate is given.</li> <li>• Assess and examine the possibility of extending to other airports the open competition in ground-handling services currently applicable at the Casablanca-Mohammed V, Marrakech-Menara and Agadir-Al Massira airports.</li> <li>• Under the new policy of liberalisation in the air transport sector which came into force in February 2004, reinforce the current level of liberalisation of charter and scheduled flights, including the development of new Morocco-EU links.</li> <li>• Cooperate on the development of a flexible strategic plan for managing airport infrastructure taking account of public service aspects and of the economic viability of airport operation.</li> <li>• Cooperate on safety and security.</li> <li>• Explore the opportunities for taking part in the 'single sky' for European air transport.</li> </ul> <p>Implement selected measures and reforms in the maritime sector</p> <ul style="list-style-type: none"> <li>• Implement the national maritime policy to increase the competitiveness of the maritime sector;</li> <li>• promote short-sea shipping and introduce competition and private participation in port services.</li> <li>• Continue reform of the ports sector with a view to introduction of an independent port authority responsible for regulation and control.</li> <li>• Strengthen the powers of the maritime authorities and the training of seafarers with regard to safety and the prevention of sea pollution.</li> </ul>
	Tramway de Rabat	Transport			
	National Sanitation Programme	Transport			
	Drinking Water Efficiency Programme	Water/Sanitation			
	Ouarzazate Solar Plant	Energy			
	Capacity assessment and modernisation of the Republican Clinical Hospital (RCH)	Social			<p><b>Transport</b></p> <p>Elaborate and start implementing a national transport strategy, including transport infrastructure development</p> <ul style="list-style-type: none"> <li>– Start to develop a national sustainable transport policy, with a focus, where appropriate on further approximation of legislative and regulatory frameworks with European and international standards, in particular for safety and security (all transport modes).</li> <li>– Develop an infrastructure policy (identifying capacity constraints, lack of inter-modal equipment and missing link infrastructure) in order to identify the priority infrastructure projects in various sectors.</li> <li>– Creation of a long-term and transparent system of road financing in order to ensure continued maintenance of the existent public road network.</li> <li>– Address issues of infrastructure financing (e.g. Public/Private Partnerships, tolls, shadow-tolling, user charges etc.) Possibly, EIB mandate extension.</li> <li>– Continue active participation in the development of the Pan-European Corridors and Areas as well as in the TRACECA programme. Possibly, extension of EIB lending.</li> </ul>
	Chisinau Airport Modernisation Project	Transport			

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
Republic of Moldova	Feasibility Study for Improvement Water/Sanitation Systems in Chisinau	Water/Sanitation	<ul style="list-style-type: none"> <li>-Support for Democratic Development and Good Governance</li> <li>-Support for Regulatory Reform and Administrative Capacity Building</li> <li>-Support for Poverty Reduction and Economic Growth</li> </ul>	<p>Security of <b>energy</b> supply. This is an issue of major concern to the Moldovan authorities and they are looking into ways of guaranteeing the security of energy supplies. Moldova is an observer in the South East Europe Energy Community Treaty which could provide a useful framework for energy market reform in view of enhancing its security of energy supplies.</p> <p>In the energy sector, reinforced support will be provided in the area of improving energy efficiency and promoting new or renewable energies in particular at local level. Support will also be offered for appropriate measures aimed at convergence with the Community energy acquis, harmonising technical norms and standards with those of the EU and improving energy supplies, the transit of natural gas and promoting additional supply routes. When necessary, support will be provided for the implementation at national level of the recommendations of the working groups established during the Baku Energy Ministerial Conferences.</p>	<p>Implement selected measures and reforms in the road transport sector</p> <ul style="list-style-type: none"> <li>- Adoption of transparent regulatory processes regarding the award of licenses and introduction of mandatory driving times and rest periods complying with international standards.</li> <li>- Develop a road safety action plan (including dangerous goods transport and roadworthiness) for improving road safety.</li> </ul> <p>Implement selected measures and reforms in the railway transport sector</p> <ul style="list-style-type: none"> <li>- Improve the average running time of freight trains on selected corridors by an in-depth corridor analysis, identifying bottlenecks and proposing solutions.</li> <li>- Improve safety, speed and efficiency (interoperability) of rail transport services.</li> </ul> <p>(60) Implement selected measures and reforms in the aviation sector</p> <ul style="list-style-type: none"> <li>- Pursuit of a national aviation policy for the development of the sector (including a vision on the reform of the market structure).</li> <li>- Revision of bilateral service agreements with Member states with a view to include Community standard clauses.</li> <li>- Solution of pending issues with Member States regarding the implementation of bilateral agreements.</li> <li>- Enhance administrative and technical capacity to become full JAA member. Explore possibilities to participate in EASA and for involvement in the Single European Sky.</li> <li>- Co-operate on aviation security matters (common rules to combat international terrorism).</li> </ul> <p>Implement selected measures and reforms in the maritime and inland waterway sectors</p> <ul style="list-style-type: none"> <li>- Implement relevant international maritime conventions (including IMO).</li> <li>- Pursue effective enforcement in the areas of Port State Control and Flag State Control implementation as well as resolutions of the IMO's Maritime Environment Protection Committee on Tanker Safety.</li> <li>- Pursuit of a national inland waterway transport policy for the development of the sector (including a vision on the upgrading of the national fleet) and the establishment of effective administrative capacity.</li> <li>- Co-operate with the EU with a view to aligning maritime safety policies based on measures agreed with the framework of the relevant International Organisations.</li> </ul> <p>Energy/Preparation of an updated energy policy converging towards EU energy policy objectives.</p> <ul style="list-style-type: none"> <li>- Prepare an updated energy policy document with an indication of financing sources and a timetable for implementation.</li> <li>- Strengthen capacities for monitoring and forecasting energy developments.</li> </ul> <p>Gradual convergence towards the principles of the EU internal electricity and gas markets.</p> <ul style="list-style-type: none"> <li>- Establish - on the basis of Moldova's experience in the Regional Energy Market in South East Europe initiative ("Athens Memorandum") - a list of measures for gradual convergence towards the principles of the EU internal electricity and gas markets, accompanied by time schedules and a financing plan. Reciprocity issues to be addressed appropriately (market opening, environmental norms).</li> <li>- Energy price developments and tariff reforms towards the elimination of distortions; improvement of bill collection rates.</li> <li>- Further develop the National Energy Regulatory Agency towards an independent body.</li> <li>- Further restructure the electricity, gas and heat sectors and address payment arrears.</li> <li>- Participation in EU related energy events.</li> </ul> <p>Progress regarding energy networks.</p> <ul style="list-style-type: none"> <li>- Substantial reduction of network losses (electricity, heat notably).</li> </ul>
	Moldova Road Rehabilitation project (2nd and 3rd Phase)	Transport			
	Chisinau Public Transport project	Transport			
	Filière du vin Upgrading	Private			
	Water Utilities Development Programme	Water/Sanitation			
	2nd Phase of the Moldova Sustainable Energy Efficiency Finance Facility (MoSEFF2)	Energy			

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
	Moldovan Residential Energy Efficiency Financing Facility (MoREEFF)	Energy			<p>Improve transparency, reliability and safety of the gas transit network.</p> <ul style="list-style-type: none"> <li>– Further rehabilitate and upgrade the network.</li> <li>– Identify and start to implement reform options for the gas (transit) network.</li> <li>– Install additional gas metering devices on pipelines at border crossings points.</li> </ul> <p>Progress on energy efficiency and the use of renewable energy sources.</p> <ul style="list-style-type: none"> <li>– Prepare an Action Plan for improving energy efficiency and enhancing the use of renewable energy sources, reinforcing the relevant institutions, accompanied by a financing plan, quantitative targets and timetables for implementation.</li> <li>– Implement a set of low cost measures in this area.</li> </ul> <p>Public health</p> <p>Increase the level of health security and epidemiological safety in Moldova in line with EU legislation and in cooperation and with the support of the WHO. Relate the information system of Moldova to the health indicators process underway in the EU.</p> <p>Health information and knowledge:</p> <ul style="list-style-type: none"> <li>• Organise collection of information on health indicators</li> <li>• Communicable Disease Surveillance and Health Security;</li> <li>• Exchange information and technical expertise in order to facilitate participation in EU</li> <li>• Network for the Prevention and Control of Communicable Diseases</li> <li>• Participation in dedicated surveillance networks, in particular those collecting data and information on HIV/AIDS, sexually transmitted infections, and hepatitis C and B.</li> </ul> <p>Reform of health system:</p> <ul style="list-style-type: none"> <li>• Improve the primary health care system and the prevention of diseases, such as the HIV/AIDS epidemic, notably in rural and deprived communities and within vulnerable groups</li> <li>• Modernisation of emergency services</li> <li>• Health services autonomy, especially for hospitals</li> </ul>
Tunisia	Feasibility Study for Solar Thermal Power Plant	Energy	<p><b>ENERGY AND THE ENVIRONMENT</b> €43 million</p> <p>With a view to consolidating Tunisia's sustainable development policy, and as provided for in the European Neighbourhood Policy Action Plan, this programme could contribute to the following environmental objectives: (i) environmental upgrading of those firms which pollute most or which have a significant impact on the environment; this objective should also cover the hotel sector in view of its major impact on the environment and in particular on the coast and the sea (erosion, water pollution, protected areas); (ii) implementation of the water resources strategy; (iii) integrated solid wastemanagement; (iv) environmental awareness-raising campaigns, including via NGOs; and, with regard to energy, (i) improvements to energy efficiency and promotion of renewable energy sources.</p> <p><b>- ECONOMIC GOVERNANCE, COMPETITIVENESS AND CONVERGENCE WITH THE EU:</b></p> <ul style="list-style-type: none"> <li>• economic governance, competitiveness</li> <li>• neighbourhood action plan support programme (2pa)</li> <li>• trade facilitation</li> </ul> <p><b>- IMPROVED GRADUATE EMPLOYABILITY:</b></p> <ul style="list-style-type: none"> <li>• ensuring that education is relevant to employment / higher education</li> </ul> <p><b>- SUSTAINABLE DEVELOPMENT:</b></p> <ul style="list-style-type: none"> <li>• environment-energy</li> <li>• research and innovation</li> </ul>	<p>Draw up and implement a national transport and infrastructure policy</p> <ul style="list-style-type: none"> <li>• adopt a sustainable national transport policy for the development of all modes of transport, particularly with a view to security and safety (all modes of transport);</li> <li>• identify and prioritise investment needs; and work towards their gradual introduction.</li> </ul> <ul style="list-style-type: none"> <li>• Adopt financing strategies, including innovative financial solutions, in particular public-private partnerships.</li> </ul> <p>Regional element</p> <ul style="list-style-type: none"> <li>• Take part in the planning exercise in the context of the Euro-Mediterranean regional transport project under MEDA;</li> <li>• contribute to the identification of priority regional infrastructure projects (trans-Maghreb multimodal corridor);</li> <li>• take part in the development of GNSS (Galileo) in the Mediterranean region and the new MEDA regional project on satellite navigation systems.</li> </ul> <p>Implement selected measures and reforms in the road transport sector</p> <ul style="list-style-type: none"> <li>• introduce a transparent regulatory process for the issue of licences (for both goods and passenger transport) and access to the occupation;</li> <li>• implement international conventions, in particular in the field of dangerous goods, and action plans to improve road safety;</li> <li>• develop the capacity of the bodies responsible for social and technical standards in the sector.</li> </ul> <p>Implement selected measures and reforms in the rail transport sector</p> <ul style="list-style-type: none"> <li>• Continue implementation of the railway company restructuring policy and reorganise the administration to separate regulatory responsibilities from operational interests;</li> <li>• promote multimodal services by integrating interoperability.</li> </ul> <p>Regional element</p> <ul style="list-style-type: none"> <li>• Explore the benefits of regional cooperation in order to improve the safety, speed and</li> </ul>	
	STEP	Water/Sanitation			
	Réseau Ferré Rapide de Tunis	Transport			
	Study for the waste water sewerage of industrial zones	Water/Sanitation			
	TA Support for Ukrainian Municipalities	Multisector			
	Ukrengo Corporate Sustainable Development	Energy			<p><b>Energy</b></p> <p>Adoption of an overall energy policy converging towards EU energy policy objectives.</p> <ul style="list-style-type: none"> <li>• Prepare and adopt, by the appropriate instance, sub-sectoral energy policy documents with an indication of possible financing sources for implementation</li> <li>• Reinforce EU-Ukraine energy policy co-operation</li> <li>• Explore the possibility for participation in the Intelligent Energy -Europe programme</li> </ul> <p>Gradual convergence towards the principles of the EU internal electricity and gas markets.</p> <ul style="list-style-type: none"> <li>• Establish a list of measures for gradual convergence towards the principles of the EU internal electricity and gas markets, including regarding the regulator, accompanied by time schedules and a financing plan. Reciprocity issues to be addressed appropriately (market opening, environmental norms, internationally accepted nuclear safety standards)</li> <li>• Price developments towards convergence of the Ukrainian and the EU markets.</li> <li>• Adopt and implement a law developing the National Electricity Regulatory Commission.</li> </ul>
	Hydropower rehabilitation project	Energy			

Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
Ukraine	Ukraine Power Transmission Network	Energy	<p><b>- Priority Area 1: Support for Democratic Development and Good Governance</b>  Sub-priority 1: Public administration reform and public finance management  Sub-priority 2: Rule of law and judicial reform  Sub-priority 3: Human rights, civil society development and local government  Sub-priority 4: Education, science and people-to-people contacts/exchanges</p>	<p>The need for Ukraine to upgrade the existing and develop new infrastructure and equipment is evident including from a rural development perspective, in particular in fields such as energy, transport and the environment. In the past, the EC has been active in this area mainly through its regional or crossborder programmes and it will continue to address issues with a genuinely regional/cross-border dimension under a trans-national framework. Where appropriate, assistance will, however, also be provided on a national basis, including, as appropriate, at regional and local level.</p> <p>In the energy sector, where Ukraine is a key strategic partner for the EU, assistance for infrastructure development will be provided on the basis of the priorities defined in the Memorandum of Understanding (MoU) on cooperation in the field of energy between Ukraine and the EU which was signed at the EU-Ukraine Summit of 1 December 2005. Other important areas are improving energy efficiency - with energy intensity in the Ukraine currently about three times higher than the EU-25 average - and promoting new and renewable energy sources. This includes improving the efficiency of district heating systems, which are currently a major source of energy losses and emissions.</p>	<ul style="list-style-type: none"> <li>• Further develop an internal gas sector restructuring plan.</li> <li>• Further restructure the electricity sector including debt restructuring and adoption of the relevant debt law.</li> <li>• Participation in EU related energy events as appropriate, including gradual involvement in the European Gas and Electricity Regulatory fora.</li> <li>• Progress regarding energy networks.</li> <li>• Increase performance of networks and reduction of network losses (oil, gas, electricity).</li> <li>• Develop infrastructures for the diversification of oil and gas supplies. This should include, inter alia, the Odessa-Brody-Poland oil pipeline (Ukraine Poland Agreement should be implemented further).</li> <li>• Feasibility analysis of electricity interconnection of Ukraine with the UCTE synchronous network.</li> <li>• Progress in the transit of natural gas</li> <li>• Increase performance, safety and security of the gas transit network.</li> <li>• Further explore the possibilities for the financial and legal restructuring of the gas transit business including unbundling; and unbundling and transparency of accounts (cf Gas Directive 2003/55/EC).</li> <li>• Advance in the restructuring of the solid fuels mines.</li> <li>• Further implement Ukraine's mine restructuring plan. Reduce mine accidents, i.a. by gradually applying EU mine safety standards and practice.</li> <li>• Advance in assessing the technical and financial feasibility of implementing clean coal technology and promotion of it.</li> <li>• Progress on energy efficiency and the use of renewable energy sources.</li> <li>• Adopt Action Plans for improving energy efficiency and enhancing the use of renewable energy, for reinforcing the institutions, accompanied by financing plans and timetables for implementation. Further implement existing plans in this area.</li> <li>• Cooperation regarding energy conservation projects.</li> <li>• Continue co-operation on nuclear energy and nuclear safety.</li> <li>• Comply with the internationally accepted nuclear safety standards in completing and starting-up of the "K2R4" nuclear reactors; fully implement the Memorandum of Understanding on the closure of the Chernobyl nuclear power plant.</li> <li>• Further strengthen the State Nuclear Regulatory Committee of the Ukraine.</li> <li>• Take the necessary measures to ensure the entry into force and implementation of the agreement concluded with EURATOM on peaceful uses of nuclear energy.</li> <li>• Make progress in decommissioning of Chernobyl NPP.</li> <li>• Continue work on the Shelter Implementation Plan in order to transform Unit 4 of Chernobyl NPP into an environmentally safe site</li> <li>• Adopt a nuclear waste strategy.</li> </ul>
	Preparatory studies for modernisation UA gas transit and storage	Energy	<p><b>- Priority Area 2: Support for Regulatory Reform and Administrative Capacity Building</b>  Sub-priority 1: Promoting mutual trade, improving the investment climate and strengthening social reform  Sub-priority 2: Sector-specific regulatory aspects</p> <p><b>- Priority Area 3: Support for Infrastructure Development</b>  Sub-priority 1: (non-nuclear) Energy  Sub-priority 2: Transport  Sub-priority 3: Environment  Sub-priority 4: Border management and migration including re-admission related issues</p>		
	Power Transmission Efficiency Project	Energy			



Country	Name of the project	Sector	NIP Priorities Areas (2007-2010)	Other priorities	Action Plan
REG EAST	Framework for support Financial Intermediaries	Private	<p><b>- Priority area 1: Networks</b>  Sub-priority 1: Transport  Sub-priority 2: Energy  Sub-priority 3: SME Regional Cooperation  <b>- Priority area 2: Environment protection and forestry</b>  <b>- Priority area 3: Border and Migration Management, the Fight against Transnational Organised Crime, and Customs</b>  <b>- Priority area 4: People-to-people Activities, Information and Support</b>  <b>- Priority area 5: Landmines, Explosive Remnants of War, Small Arms and Light Weapons</b></p>	<p>In the <b>energy sector</b>, the EU and the twelve partner States agreed at the "Baku Ministerial Regional Energy Conference", held in parallel with the Transport Ministerial Conference on their mutual interest in: supporting the gradual development of regional energy markets and their regulation in the Caspian littoral states and their neighbouring countries in order to facilitate, in the future, a gradual integration between these energy markets and the EU market; enhancing the capacity to attract funding for new energy infrastructure; embarking on energy efficiency policies and their implementation; and using the existing INOGATE Programme structures for facilitating the objectives of this enhanced cooperation.</p> <p>The importance of enhanced regional cooperation in the energy sector has also been recognised for achieving sustainable economic and social development as well as contributing to peace, stability and prosperity in the region.</p>	
	ENBF - European Neighbourhood Small Business Growth Facility	Private			
	Financial sector Institutional building and crisis response	Private			
	Regional Energy Efficiency Programme for Corporate sector	Energy			
	SME Finance Facility	Private			
REG SOUTH	SANAD - MENA Fund for Micro, Small and Medium Enterprises	Private	<p><b>- priority 1:</b>  political, justice, security and migration cooperation  confidence building measures: civil protection</p> <p><b>- priority 2:</b>  sustainable economic development  promotion des investissements et dynamisation des réformes pour attirer les investissements</p> <p><b>- priority 3:</b>  social development and cultural exchanges  égalité de genre et société civile</p>	<p>Creating a more integrated Mediterranean energy market is of primary importance for coping with the fast growing energy demand in the Southern Mediterranean Countries, while favouring low-carbon and renewable energy sources and energy efficiency. At the Paris summit, the Heads of states and government launched the Mediterranean Solar Plan as one of the flagship projects of the Union for the Mediterranean.</p> <p>A series of programmes supported by the European Union directly aim at integrating the Maghreb and Mashrek energy markets (e.g. MED-EMIP, MEDREG projects) and at cooperation in the field of energy efficiency and renewable energy (Med-ENEC project).</p> <p>These projects also closely collaborate with the Regional Centre for Renewable Energy and Energy Efficiency (RCREEE) based in Cairo.</p>	
	Implementation of EBRD Turnaround Management and Business Advisory Services in Egypt, Morocco and Tunisia	Private			
	Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD support to the region	Private			
	SEMED Sustainable Energy Financing Facility	Energy			

## ANNEX 9

### COMPARATIVE ANALYSIS OF RESULT ORIENTED MONITORING FOR 5 PROJECTS

#### 1. RELEVANCE AND QUALITY OF DESIGN

##### 1.1 WHAT IS THE PRESENT LEVEL OF RELEVANCE OF THE PROJECT?

Are the project purpose and overall objectives consistent with, and supportive of **Partner Government policies**?

Does it support EC development and cooperation strategies in the concerned field (special consideration given to **CSP/NIP, Paris declaration**, EU effectiveness agenda)?

Does the project still respond to the **needs of the target groups**?

NOTE: DETAIL WELL THE THREE CRITERIA, AS ARE ALL IMPORTANT TO THE EFFECT OF OUR ANALYSIS.

PROJECT	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	A
TA Support for Ukrainian Municipalities	B
TA for Hydropower Rehabilitation Project	B
IWPS programme	A
<b>AVERAGE</b>	<b>A</b>

##### BLACK SEA TRANSMISSION SYSTEM

This project is an essential supplement to the overall Black Sea Energy Transmission System project (BSETS) whose Overall Objectives (Construction of a new 500/400 kV substation with a "back-to-back" facility at the Turkish border, construction of a new 500kV transmission line, adaption of 2 further substations in GE) are fully in line with the Georgian Government's policies as stated in its Electricity Strategy 2006. The same is valid for its Project Purposes which are: provision of early engineer, design and project management services, provision of a grant for the construction of alternative routings for the transmission line and an additional grant for mitigation measures related to the environmental impact of the project. The Neighbourhood Investment Facility (NIF) project supports the Georgian government's objectives (moving to 100% hydro power energy - securing high voltage network - becoming a major energy exporter in the region).

It serves as an example of 'Paris Declaration' principles: donor coordination embedded in beneficiary government policy. Moreover, it corresponds to the EC development and cooperation strategies, including the EU Energy Strategy, to the EU-Georgia ENP AP, the CSP, and the NIF conditionality.

In addition, the project responds to the needs of the GoG (Ministry of Energy and Natural Resources), the beneficiary (Energotrans), and the electricity users.

##### TA TO THE CHISINAU AIRPORT MODERNISATION

The project is implemented within the framework of the Neighbourhood Investment Facility that provides EU grant, supporting lending operations led by IFIs, namely EBRD and European Investment Bank.

The project aims at providing support to the airport in its rehabilitation, upgrading and its further commercialisation.

The project is supportive to the governmental policy: its objectives are in line with those defined by the national strategic documents such as the Moldovan Government Programme for 2009-2013, which

includes specific priorities regarding the aviation sector, and Civil Aviation Development Strategy for 2007-2012.

It also fits well in the EU strategy of co-operation with the Republic of Moldova. Support to the development of the aviation sector and improvement of transport infrastructure are mentioned among the priorities defined in the main documents governing the EU-Moldova relations such as ENPI Country Strategy Paper, Partnership and Co-operation Agreement (PCA), EU-Moldova Action Plan and other.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

This project is an essential supplement to the overall Support for Ukrainian Municipalities project (SUM) whose Overall Objectives (Demonstration for Ukrainian municipalities of significant cost-savings and environmental benefits as well as new ways of financing by new products and processes, positive impacts through physical investments and Corporate Development programs, establishing a framework for markets, transfer of international skills, improving energy efficiency) are in line with the Ukrainian Government's intentions, clearly demonstrated by the approval of the requested guarantees for the loans. The same is valid for its Project Purposes (TA in elaboration of Feasibility Studies, Implementation of Corporate Development Plan including FOPIP and CDP as well as a comprehensive Implementation Assistance). The Neighbourhood Investment Facility (NIF) project supports the Ukrainian municipalities' objectives (moving to market oriented systems, modernizing their water and waste water systems, improving the road and transport sector and saving energy cost).

Moreover, it corresponds to the EC development and cooperation strategies and the NIF conditionality.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

This project is an essential supplement to the overall Ukrainian Hydro Power Rehabilitation project (UHPR). The HPR's Overall Objectives (Rehabilitation of 9 out of 10 huge Hydro Power Plants (HPP), aging from 40 to 80 years and located along Ukrainian's two biggest rivers Dnepr and Dniester are fully in line with the Ukrainian Government's policies (stated in its Electricity Strategy 2006). The envisaged modernization measures include comprehensive construction activities on the HPPs' facilities as well as the concerned dams, exchange of weak electro cables and upgrade of the hydroelectric units by installing non polluting turbines. Also the PPs, namely the provision of TA by Project Preparation (Khakovka HPP Capacity Expansion) and TA by Project Implementation (Procurement, review of design, contract administration, engineering supervision and disbursement as well as delivery of Consulting Services for Lenders and Owners during the implementation phase) are fully in line with the Ukrainian government's intentions. The NIF project supports the Ukrainian government's objectives (increasing hydro power energy - observance of environmental topics - integration of UA's power system in the European Transmission system UCTE and into the EU's internal energy market).

Moreover, it corresponds to the EC development and cooperation strategies, including the EU Energy Strategy, the CSP, and the NIF conditionality.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

Egypt is one of the 20 most arid countries in the world. As an essential source of drinking water (97%) the Nile is in serious danger, due to organic pollution entering the river. This problem is particularly serious in the densely populated areas of the delta region. Sanitation services are inadequate in this area with untreated domestic waste water as a big source of pollution affecting irrigation and drainage networks. The degradation of water quality has a direct impact on agricultural production, human health and the ecosystem. The proportion of the total population served by piped water is high (approx. 95%), but there are still deficits with regard to service quality and quantity. The low sanitation coverage (approx. 50% in urban areas and 10% in rural areas), in combination with deficiencies in wastewater treatment, results in severe water quality problems. Reorganization in 2004 of the water sector to implement investments as well as an efficient production of service led to the creation of the Holding Company for Water and Wastewater (HCWW) and transformation of the 14 water and wastewater utilities into Affiliated Companies (ACs) of HCWW. There is still a great need to further strengthen the performance, policies and strategies of these companies for a coherent sector development. In order to do so, IWSP covers 4 governorates in the Nile delta region with 16.3 million inhabitants. It will support HCWW and 4 ACs in order to improve both the water supply networks and treatment plants and the wastewater collection system and treatment.

#### SYNTHESIS – CONCLUSION:

The review of the ROM reports for the selected projects as far as the **relevance** is concerned indicates that:

the average score is equal or higher than 3, meaning that projects were relevant and responded to the needs of the target groups. Also they are in line with the Partner Government policies.

## 1.2 AS PRESENTLY DESIGNED, IS THE INTERVENTION LOGIC HOLDING TRUE?

Does a logframe or similar tool exist? If yes, what is its present quality (does it clearly show how activities will achieve results and impact)? If not, why not?

Are the OO, PP and results clear and logical, and do they address clearly identified needs?

Is the Project Purpose (= Objective) achievable in the project framework?

Are there suitable and informative OVIs/ targets, e.g. are they Specific, Measurable, Achievable, Realistic and Time-bound (SMART)?

Are the activities, outputs and outcomes planned appropriate to achieve the PP?

Are the risks and assumptions holding true? Are risk management arrangements in place?

Is sustainability an integral part of the design i.e. is there a phase out/hand over strategy?

Project	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	C
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

### BLACK SEA TRANSMISSION SYSTEM

The NIF's intervention logic is clear, feasible and flexible at adapting in time to opportunities and needs which arose during the implementation. This demonstrates the excellent cooperation among EUD, KfW and the contracted Consultant. The PP is achievable and NIF's OVI's are SMART. Activities, outputs and outcomes are fully established. Risks and assumptions of the NIF project's intervention logic are holding true.

As NIF is a subcomponent of the overall BSETS project, also the risks of the OO of the main project have to be mentioned. Finalized negotiations with energy suppliers (mainly Enguri) and final buyers/clients for energy (Turkey) do not exist yet. The needed substations and connection lines on the Turkish side are not constructed yet. Still, according to the Georgian counterparts there will not arise any problems related to the preparatory activities and nothing will impact negatively the sustainability of the overall BSETS project.

### TA TO THE CHISINAU AIRPORT MODERNISATION

The contractual documents do not contain any requirements as to the use of the PCM approach (i.e. development of a Logical Framework Matrix and definition of the Objectively Verified Indicators).

The design is straightforward. According to Description of the Action, it consists of two sub-actions:

(1) assistance to preparation of the Airport Master Plan

(2) assistance to project implementation and supervision of civil works to be carried out within the framework of the entire Airport modernisation project funded by IFIs, which consists of airside rehabilitation, upgrading passenger terminal and procurement of airfield equipment.

The list of activities to be performed and outputs to be produced under each of these sub-actions is presented in detail in the Description of the Action.

The deliverables to be produced by the Consultants were also specified in the ToRs attached to consultancy contracts concluded for each of the sub-actions.

### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

The initial NIF's intervention logic is clear and feasible. Up to date EBRD has not delivered a log frame or a similar tool to the Contracting authority. The OO, PP and results, achieved in the Lviv sub-projects so far are clear and logical. Still, the missing information and non-involvement of the concerned Sector Managers at the EUD demonstrates the non existing cooperation between Contracting Authority and EBRD in this matter. Nevertheless the monitor considers that even with an important delay the PPs are achievable. Obviously, recently applied extension of the NIF project by 3 years will be beneficial in this regard. Activities, outputs and outcomes planned are appropriate to achieve the specific PP. Risks and assumptions of the NIF project's intervention logic are holding true, risk management arrangements are not in place.

As NIF is a subcomponent of the overall SUM project assisting Ukrainian municipalities and the final Beneficiaries (in the ongoing Lviv project LvivElectroTrans and LvivAvtodor) no problems are envisaged impacting negatively the overall SUM project and its NIF sub component.

### TA FOR HYDROPOWER REHABILITATION PROJECT IN UKRAINE

The NIF's intervention logic is clear and feasible. both contractors have developed logical time frames as part of their contractual duties. Already at this early stage of the NIF project which is still in the TA's preparatory phase, it has to be admitted that OO, PP and expected results are clear and support the implementation of the overall HPR project. The PP is achievable although with considerable delays. OVI's are SMART. As the NIF project has started only in spring 2011 (against planned May 2010), only one PIP and other initial documents as parts of NIF's TA subcomponent are elaborated and available yet. Risks and assumptions of the NIF project's intervention logic are holding true.

The sustainability of the overall UHPR is likely to be assured. UkrHydroEnergo (UHE) as owner and operator of the HPPs assures the sustainability after finalization of the UHPR and will receive all documents, elaborated in the lifespan of the NIF project.

### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

IWSP is also a Financial Cooperation (FC) developed on a joint financing scheme among 4 international donors (AFD, EIB, KfW, EC) and the Government of Egypt (GoE). The total cost of the programme is € 295.1 million, of which 92% for investment measures and 8% for capacity development support through Technical assistance. A log frame has been done and a more precise document, the Manual of Procedures (MoP) explaining activities, results, indicators and stakeholders involved with their functions.

The overarching development goal of this FC is to reduce environmental pollution and the risk health to the population in the 4 governorates of the Nile delta. The overall objective (OO) of the IWSP project is to provide support through two components, both investment in infrastructure that will improve the performance of the ACs, and provision of Technical assistance (TA) that will improve the operational efficiency of the ACs.

Specific objectives (SP) are (i) to improve water quality and output as well as waste water services in 4 governorates through a sector investment programme. The target is to improve up to 99% for water supply services and 40 % for water and sanitation services on both rural and urban areas (ii) To develop investment planning, steering and monitoring capacities in the HCWW (iii) To strengthen capabilities of the water and wastewater management local companies (iv) To support gradual introduction of a tariff system that assures a full coverage of operating and maintenance (O&M) costs (v) To improve technical and financial performance of the 4 water and wastewater management companies. The expected results are for the investment component to increase the percentage of coverage in the programme area to reach the above figures (see (i)) for water supply and wastewater and sanitation services, and to improve water supply and wastewater infrastructure so that quality of the services provided is more effectively, economically and in a sustainable manner. The expected results for the capacity development component are improved organisational capacity of the ACs to carry out their mandated tasks, more efficient budget and financial management in the water supply and sanitation sector, improved governance framework for water supply and sanitation. The main foreseen sustainability risks were the lack of financial sustainability, limited absorption and management capacity of the HCWW, and inadequate distribution of power between ministries and HCWW. the framework design of the project was built taking into account those risks, with phases or definition of milestones concept. "Arab Spring" and its practical consequences on the project was not foreseen.

## SYNTHESIS – CONCLUSIONS

In terms of quality of the design, monitors have pointed out that a detailed feasible and flexible log frame doesn't exist for all the projects. Although a minor lack of information (i.e. Ukrainian projects) the OO and the PP are achievable, clear and logical. The expected results are holding true.

### 1.3 IS THE CURRENT DESIGN SUFFICIENTLY SUPPORTED BY ALL STAKEHOLDERS?

Have key stakeholders been involved in the design process?

Are coordination, management and financing arrangements clearly defined and do they support institutional strengthening and local ownership?

Is the sustainability strategy (handing over strategy to partners) fully understood by the partners?

Are the OO and PP clearly understood by the project partners?

Is the timescale and/or range of activities realistic with regard to the stakeholders' capacities?

If applicable: How well has the project design been adapted to make it more relevant? Was it straightforward to do contractually?

Project	PERFORMANCES
Black Sea Transmission System	B
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	C
TA for Hydropower Rehabilitation Project	C
IWPS programme	A
<b>AVERAGE</b>	<b>B</b>

#### BLACK SEA TRANSMISSION SYSTEM

All involved political, administrative and technical Georgian parties recognize the overall BSETS project being in full accordance to the Georgian electricity strategy and support by that also the NIF subproject.

The cost of the main BSETS project amounts to 281 MEURO from which 21 MEURO is financed by the Georgian state budget, enhancing the project's local ownership after its completion. 260 MEURO is financed by three European lending institutions EBRD, EIB and KfW. Alongside with the investment financing amount there exists the NIF project with 8 MEURO.

The national stakeholders, and mainly the final beneficiary ENERGOTRANS/GSE, are closely cooperating with the foreign partners during the implementation phase.

Regarding the overall BSETS project, it has to be mentioned that the involved development banks share at quarterly meetings technical progress information but not data related to their lending agreements. It looks like the cooperation and communication is not on a favourable level considering this last point.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

The main stakeholders as well as the Airport management staff in particular continue to support the design of the project. Management and financial arrangements are clearly understood by the project partners. Objectives of the project fully coincide with their vision for further airport development.

No need in changing the design was expressed by the IFIs funding the whole Airport Modernisation Project.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

All involved Lvivian parties recognize the overall SUMR project being in full accordance with the development strategy of Lviv for its public transport system, but neither the concerned Ministry of Economic Development and Trade nor even municipality's representatives are aware that the NIF contribution is a donation from the EU.

The indicative cost of the Lviv related SUM sub-projects amounts to 43,5 MEURO out of which 5,0 MEURO is financed by Lviv's municipality budget, enhancing the project's local ownership after its completion. 37,6 MEURO is financed by EBRD and most probably EIB at 18,8 MEURO apiece, and 1,1

MEURO NIF contribution. Taking into account that no data were provided by PIA to EUD and the monitor, the prior mentioned figures may derive from original cost estimates. The planned time frame of the NIF subcomponent is unrealistic.

#### TA FOR HYDROPOWER REHABILITATION PROJECT IN UKRAINE

All involved political, administrative and technical Ukrainian parties recognize the overall UPTNR project being in full accordance with the Ukrainian electricity strategy, but neither the concerned Ministry of Economic Development and Trade nor even the Final beneficiary UHE are aware that the NIF contribution is a donation from the EU.

The cost of the main UHPR project amounts according UHE to 400 MEURO, financed apiece 200 MEUR by EBRD and EIB. The Ukrainian contribution was not revealed by the available documents nor within the various discussions during the monitoring mission. Nevertheless, already undertaken investments by UHE prepare the project's local ownership after its completion.

The national stakeholders, and mainly the final beneficiary UHE, were closely cooperating with EBRD and the consulting firms during the preparation phase.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

The main stakeholders have been totally involved in the project. HWCC is responsible for managing the investment and technical assistances (TA) components.

For the purpose of managing the IWSP, a steering committee (SC) has been set up on which all the organisations important to the implementation of the programme are represented, namely the HWCC, which chairs the SC, the 4 ACs, the Ministry of Housing, Utilities and Urban Development (MoHUUD), the European Development Partners (EDP) represented by the leading financial institution, KfW.

Coordination and different functions are clearly defined. HCWW bears the responsibility for the ACs correctly executing the programme measures, with the help of Project Implementation Units (PIU). It is the contractual partner for all the consulting services, with a Project Management Unit (PMU) assuming the coordination and the management of the programme.

Financial procedures are clearly defined, under the rules of KfW, as well as no objection procedures.

Goals of the project are well understood, even if there are some necessary discussions between HCWW and the donors about the exact method of calculation of the milestones to go further in the project.

initial time scheduled activities are no more realistic, since the "revolution" has changed some conditions and also because it is considered by most stakeholders necessary to change some initial procedures defined in the MoP 1 that are not facilitating tendering or contracting phases, and therefore are leading to further delays

#### SYNTHESIS – CONCLUSIONS

In all the projects the stakeholders have been involved in the design of the process, positively cooperating with the foreign partners both during the preparation phase and, in some cases, also during the implementation phase. The overall average score is positive.

#### 1.4 IS THE CURRENT DESIGN SUFFICIENTLY TAKING CROSS-CUTTING ISSUES INTO ACCOUNT?

Have the relevant cross-cutting issues (environment, gender, human rights and governance, donor coordination or others) been adequately mainstreamed in the project design?

NOTE: environment is a key issue for NIF

Project	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	B

TA for Hydropower Rehabilitation Project	B
IWPS programme	A
<b>AVERAGE</b>	<b>B</b>

### BLACK SEA TRANSMISSION SYSTEM

Good governance was taken in consideration during tendering and implementation of all contracts. Environmental issues were integrated by re-routing of the HV lines and mitigation tasks were planned. In addition, the BSETS project by promoting the development of hydro power will contribute to reduction in CO2 emissions.

### TA TO THE CHISINAU AIRPORT MODERNISATION

Environmental issues are clearly addressed in Description of the Action. The project is a good example of donor co-operation in supporting the Republic of Moldova.

### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Good governance was taken in consideration during tendering and implementation of all TA contracts.

### TA FOR HYDROPOWER REHABILITATION PROJECT IN UKRAINE

Good governance was taken in consideration during tendering and implementation of all TA contracts.

### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

The programme is consistent with the water sector reform of the government (actions 2015), as well as the UN Millenium Development Goals (MDG). It makes a contribution to achieving MDG 7, target 10 (halving the proportion of people without sustainable access to safe drinking water and basic sanitation) as well as MDG 7 target 9 (promoting the protective handling of the scarce resource of water). The programme's particular significance is derived from the large scale of planned investment and its ecological effects, the size of the target group (more than 16 million people), the practical implementation of the Paris declaration (donor harmonisation).

### SYNTHESIS – CONCLUSIONS

All the projects are fully in line with the environmental issues and the good governance. This is particularly important because environment is a key issue for NIF.

## 2. EFFICIENCY OF IMPLEMENTATION

### 2.1 HOW WELL IS THE AVAILABILITY/USAGE OF MEANS/INPUTS MANAGED?

To what degree are inputs provided/available on time to implement activities from all parties involved?

To what degree are inputs provided / available at planned cost (or lower than planned), from all parties involved?

Are inputs monitored regularly to encourage cost-effective implementation of activities? By whom are they monitored?

Are project resources managed in a transparent and accountable manner?

Are all contractual procedures clearly understood and do they facilitate the implementation of the project?

Project	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	B



TA Support for Ukrainian Municipalities	D
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

### BLACK SEA TRANSMISSION SYSTEM

The NIF grant, originally planned in an amount of 8 MEURO for TA activities could have been reduced to 5 MEURO allowing reallocation of 3 MEURO for investment. All inputs were of high quality and were provided/available by KfW and its contractor (Fichtner) on time.

Based on an already existing comprehensive knowledge of KfW and Fichtner concerning the Georgian energy sector the preparatory studies were completed at the time the bank loans were signed, thus the tender for construction work could start immediately.

The Environmental and Social Impact Assessment financed by EBRD created the basis for the project's Environmental and Social Action Plan, established by KfW in cooperation with ENEROTRANS/GSE and comprising inputs of all other stakeholders as well as Georgian NGOs. Compensation and Environmental Mitigation Plan was elaborated by the final beneficiary including the following components: (I) Financing of natural park development, (II) 3 small rehabilitation projects and (III) an annual contribution by ENEROTRANS/GSE for LT park development.

### TA TO THE CHISINAU AIRPORT MODERNISATION

The budget allocated for *sub-action 1* (Master Plan), which is now completed, has been spent in accordance with the original budget breakdown.

Regarding the ongoing *sub-action 2*, the input has been over-utilised as compared to the original plan. According to the information provided by the Consultant as of 31st March 2011, they have spent 41.7% of the total budget allocated versus 31% planned.

This was explained by the fact that the scope of the work appeared to be larger than it was originally planned and as a consequence it required more input.

Financial reporting was transparent. Invoices and timesheets of the consultants were submitted to the financial unit of the Airport on a monthly basis and were thoroughly checked by the latter.

Quality of input was good. The consultants provided the expertise required for the implementation of the project tasks. In the beginning there were some changes of the experts as well as a certain delay in their mobilization.

Despite transparency and accountability, management of the input by the consulting company and the PIU leaves room for improvement.

The contractual procedures are rather complex. Several contracts were concluded for the implementation of this project, including Contribution agreement between the EC and EBRD as an administrator of grant funds provided by the EU and two consultancy contracts signed by the Airport with the EU companies (Hochtief Airport and Ramboll) for the implementation of each of the two sub-actions. The contractual procedures are well understood by all the parties.

### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Although the consultants' reports are quite outdated they demonstrate professional approach of the contracted consulting companies. They were elaborated later than expected, due to the slow project implementation by the PIA. The concerned EUD's sector manager has not been involved by EBRD up to date.

Whether the inputs provided to date were delivered at planned cost by all the parties involved, was not explained by the EBRD and not disclosed even to the Contracting Authority.

Against the contractual obligations, no internal monitor report of EBRD was provided to the EU so far. NIF financed activities have to be monitored regularly by the PIA and all reports have to be delivered to the concerned staff at the EU Delegation in Kiev.

The real involvement of the EUD would provide diplomatic and political support and assist the smooth NIF project's implementation.

The reason why the contractual procedures and especially reporting requirements are not respected by the PIA (been not well understood or whatsoever) is not clear for the monitor, in any case they are not followed.

### TA FOR HYDROPOWER REHABILITATION PROJECT

The NIF support with its overall amount of 3,75 MEURO for TA and TC activities serves at present aliquot for the payment of the initial activities of the contracted consultants. As far as the Consultants' documents have been provided to the monitor, they demonstrate good quality even been elaborated with a certain

delay. The reason is not any political/external circumstances but exclusively the PIA's slow approach to implementation.

NIF-financed activities have to be monitored regularly by the PIA (EBRD) and all reports have to be delivered to the EUD in Kiev, what never happened up to date.

The real involvement of the EUD would provide diplomatic and political support, and assist the smooth NIF project's implementation.

Relying on EBRD's own monitoring regulations and rules is agreed contractually, but they will come in force only after the loan agreements are signed and disbursements are in place.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

Project focused during its early period on organization, redaction of Manuel of Procedures, part 1 (MoP1), settlement of TA for lot A (TA for PMU of the HCWW) and lot B (TA for the PIU of the 4 ACs). It first focused on immediate impact measures in investment, comprising rehabilitation. A priority was given to so called "Accelerated Works" that had to be paid by the Egyptian funds and that could have been lost if contracts were not signed before end of 2011. More globally, the early period of the project was partly dedicated to coordinate the procedures and regulation, as well as establishing TA. The start of TA was delayed for several months, according to PRAG difficulties. TA of lot A had to concentrate on execution of accelerated works more than capacity building for HCWW. At the end of this period, lot A experienced major changes in staff, with the replacement of all the key experts and the refocusing on the original terms of references for institutional and organizational capacity building activities, and investment related financial activities. Lot B is in charge of assisting the PIU of the ACs. There is high staff turnover in recent months due to the political situation and also global conditions less attractive than abroad. As stability in staffing is a prerequisite for building and training the PIU, it is important and efficient for the IWSP to find the means to stabilize PIU staff.

Procedures that have been decided in the MoP1 and threshold for service contract and work contract are from time to time creating delays or bottlenecks for little works. Decisions and role of everyone, who can decide on what between PMU, PIU, HCWW and ACs is not yet perfectly clarified and precisions in MoP2 will be useful .

#### SYNTHESIS – CONCLUSIONS

As far as the issues of **efficiency** for the selected projects are concerned, the overall average score is positive. 3 out of 5 projects have high quality inputs transparency and the procedures have been fully understood. However significant difficulties have been faced in Ukraine whose projects' scores are negative. This is mostly due to PIA's slow management of the implementation process of the projects and not to any political obstacles.

#### 2.2 HOW WELL IS THE IMPLEMENTATION OF ACTIVITIES MANAGED?

Is the logframe or similar tool used as a management tool? If not, why not?

Is an activity schedule (or work plan) and resource schedule available and used by the project management and other relevant parties?

To what extent are activities implemented as scheduled? If there are delays how can they be rectified?

Are funds committed and spent in line with the implementation timescale? If not, why not?

How well are activities monitored by the project and are corrective measures taken if required?

If appropriate, how flexible is the project in adapting to changing needs?

If appropriate how does the project co-ordinate with other similar interventions to encourage synergy and avoid overlaps?

Project	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	C
TA Support for Ukrainian Municipalities	C

TA for Hydropower Rehabilitation Project	D
IWPS programme	B
<b>AVERAGE</b>	<b>C</b>

#### BLACK SEA TRANSMISSION SYSTEM

KfW provides annual progress reports to the EUD. These reports explain in detail progress of the activities related to the contracted tasks and the expenditure of investment cost for re-routing and mitigation measures. By that transparency and accountability are assured.

The prior mentioned annual report in combination with the regular weekly, monthly and quarterly reports of the consultant (Fichtner) as well as the reports of ENERGOTRANS provide a clear overview of activities and resource utilisation schedule to all concerned parties for respective meetings with EUD, KfW and Georgian stakeholders.

All activities are implemented as scheduled or even in advance, and funds are committed in line with envisaged timescale. All activities of the overall BSETS project are continuously well monitored. Corrective measures are taken if required.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

As was mentioned in the 'design' section no Logframe was envisaged by Description of the Action. The activity schedule was prepared by the consultants.

The activities related to *sub-action 1* have been completed by the time of the monitoring visit.

Activities under *sub-action 2* required more time and effort than was originally envisaged. While the activities were implemented in a professional manner and in close collaboration between the Airport and the Danish company Ramboll contracted for the implementation of sub-action 2, the unforeseen difficulties were encountered extending the scope of work to be performed. For example, the consultant was involved in the process of refining the Master Plan prepared by another consultant in order to accommodate comments received from the Ministry of Transport. Failure of the first tender for the equipment procurement required more time and effort for preparation and re-launching tender procedures for 4 lots. In addition, drawbacks in the technical design for rehabilitation works prepared by another consultant under a separate contract with the Airport (not related to the project under review) have required review of the design materials leading to further delays in launching the civil works tender.

Overall, the activities were delayed versus the originally developed schedule.

To-date, it still appears to be possible to complete the activities on time. However, the schedule for civil works is tight, in particular taking into account the need for seasonal breaks.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

EBRD has not provided any report/official information to the EUD yet. If the PIA uses own log frame or similar tools can't be estimated; in any case no relevant document was presented during the monitoring mission.

A detailed work plan and resource schedule have to be elaborated and provided to the EUD with timely updates and on a regular basis.

By that the EUD can check whether the activities related to the NIF grant are implemented as planned and if the funds are committed and spent in line with the implementation schedule.

As mentioned several times above, the NIF project's start demonstrates an enormous delay.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

EBRD does not respect contractual reporting duties towards the Contracting Authority stated in the Appendix I of the Contribution Agreement. The PIA does not use its own logframe or similar tools, as no such tool was presented to the monitor.

At least at this stage of the overall UHPR project and the concerned NIF project the PIA has to elaborate a detailed work plan and resource schedule, and provide them and their updates to the EUD in time and on a regular basis.

By that the EUD can somehow check the progress of the activities sponsored by NIF, and verify if these are implemented as planned, the funds are committed and spent in line with the implementation schedule.

There are other donors acting in the field of energy support in Ukraine, but no exchange of experiences and points of view in the frame of regular donor meetings have taken place up to now. By this approach creation of synergy and avoidance of overlaps are not assured.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

A logframe has been prepared at the beginning of the project that can be found in the appraisal report of 08/2008. The most important document used by the project is the MoP1, which is a more precise and

easier instrument of management of the project. The functions, roles and responsibilities as well as the cooperation between the participants have been laid down in the MoP1. That comprises roles of Central Bank of Egypt, ministries, HCWW, ACs, European development partners (EDP) and explanation of the role of the Lead Financing institution, KfW. The lead donor's task is to represent the donor community in discussions with Egyptian partners, to exercise rights on giving no objections to contract award decisions and disbursements. Allocation and payment procedures, reporting obligations and monitoring procedures are defined. In addition, financing institutions have concluded an "intra financiers" agreement among themselves, which contains the part of the MoP1, in which the rights and obligations of the donors are governed.

Programme design comprises different phases and objectives for the project, and indicators to measure the achievement of IWSP program objectives: secured water supply, percentage of Non Revenue Water (NRW), collection rate efficiency, cost recovery, full cost coverage in water supply and of operation and maintenance costs in water supply and waste water treatment. A two –phase open programme has been proposed. Phase 1 focuses on rehabilitation measures and investment (55% of the total amount) in the water supply (loss reduction) and waste water disposal system. Phase 2 is dealing with new investment (45% of the total amount). For each of the ACs involved, the trigger for starting phase 2 depends on the achievement of the three milestones defined in the manual of procedures, related to improving cost recovery, in the water supply and waste water subsectors, and of increasing cost efficiency.

All in all, IWSP comprises, first and foremost, measures to improve technical and economical efficiency of the ACs operations, as well as increase the rate of connections. Both investment and accompanying capacity development measures are required for the HCWW and the ACs.

Following of the project is constantly made by the different quarterly reports of the 2 TAs.

## SYNTHESIS – CONCLUSIONS

The review of the ROM reports indicates that 3 out of 5 received a score lower than 3, meaning that several difficulties have been encountered and the original plan and time schedule have not been met. The negative score for the projects in Ukraine and Moldova was due to (i) unforeseen events, (ii) the extending of the scope of the work to be performed and (iii) delays in the implementation of planned activities and overutilization of the resources. On the other hand it can be highlighted the excellent performance by the Black Sea project management whose activities have also been implemented ahead of schedule.

### 2.3 HOW WELL ARE OUTPUTS ACHIEVED?

Have all planned outputs been delivered to date? And in a logic sequence?

What is the quality of outputs to date?

Are the outputs achieved likely to contribute to the intended results?

Are they correctly reflected through the OVIs/targets?

Project	PERFORMANCES
Black Sea Transmission System	B
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	C
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

#### BLACK SEA TRANSMISSION SYSTEM

All planned outputs have been achieved on time, and in various areas even in advance. The outputs are of a high quality and contribute fully to the expected results. They constitute the basis for the final beneficiary's monitoring of the engineering contractors' activities.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

Despite the mentioned delays in the implementation of project activities, the status of the outputs may be assessed as satisfactory.

*Sub-Action 1:* Master Plan is ready. It is a comprehensive document with a volume of more than 300 pages. Its content corresponds to the requirements of DoA.

*Sub-Action 2:*

- three contracts for the procurement of special airfield equipment (lots 1,2,3) were signed;
- tender for lot 4 was completed. Signature of the contract is expected after endorsement by EBRD;
- tender evaluation for the civil works was completed. Signature of a contract with the winner (Austrian company Strabag) is expected on 12th June 2001. However, there is an outstanding issue (financial deficit of about Euro 5 million) to be solved between the winner company, IFIs and the Airport.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Most of the reports available to the monitor during the mission (although provided with a considerable delay) demonstrate professional experience of the contracted consulting companies and create a comprehensive basis for a systematic implementation of the Lviv -related overall SUM project.

By that they contribute to the intended results and are correctly reflected through the OVIs.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

Based on the delayed start of the NIF project and late contracts with consulting Companies only initial outputs, such as PIP, have been delivered on time. The reports made available to the monitor demonstrate professional experience of the contracted consulting companies and create the basis for a systematic preparation of the overall project and its future implementation. By that they contribute to the intended results and are correctly reflected through the OVIs.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

The project has had a very slow start due to various delays for several activities, first of all because of the political situation since January 2011 and also because of the complexity of the project , which involves several donors, 2 TAs, 5 different companies, influence of the ministry and logically, a lot of procedures to follow.

The project and its procedures took time to be organized, but things are settled for now.

A MoP part 1 explained every domain of the project, the procedures, and the role of everybody. It will be completed by the MoP2 revising some too heavy procedures. For example, Mop 2 will include clear conditions when a tender has to be cancelled and clear time lines and escalation procedures for the investment process in order to prevent avoidable delays. Mop 2 should have an updated version by the end of June 2012.

The quality of the procedures is high, and they have now to be at the service of the two main goals of the project: works to be done and capacity building of the HCWW and the ACs.

#### SYNTHESIS – CONCLUSIONS

The overall score is positive. Despite the mentioned delays in some projects activities' implementation, the outputs delivery may be assessed as satisfactory with an overall good quality.

#### 2.4 HOW WELL IS THE PARTNER CONTRIBUTION / INVOLVEMENT WORKING?

Do the inter-institutional structures e.g. steering committees, monitoring systems, allow efficient project implementation?

Have all partners been able to provide their financial and/or HR contributions?

Is the communication between responsible actors in the partner country, the EC Delegation and the project management satisfactory?

Project	PERFORMANCES
Black Sea Transmission System	C
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	D
TA for Hydropower Rehabilitation Project	C
IWPS programme	A
<b>AVERAGE</b>	<b>C</b>

**BLACK SEA TRANSMISSION SYSTEM**

All stakeholders, and particularly the EUD, KfW, the consultant and ENERGETRANS/GSE, keep well functioning communication and cooperation. Other financing partners are also proceeding with the monitoring of engineering and construction works according to their own schedules.

It should be noted that communication/cooperation among the banks related to financial issues is more than limited, EUD is not involved in these matters at all.

The beneficiary is highly motivated to provide its HR contributions, but giving that ENERGETRANS/GSE have to rely fully on the Agency for protected areas (APA) under the Ministry of Environment this contribution is not sufficient, based on missing number of qualified staff, equipment and influence.

**TA TO THE CHISINAU AIRPORT MODERNISATION**

Chisinau International Airport as the main beneficiary and partner of the project has fulfilled its commitments stated in DoA (office space, secretarial support, logistical arrangements etc.)

Airport is directly responsible for the implementation of the project. In line with the EBRD requirements the Airport has established a Project Implementation Unit (PIU) charged with the responsibility of managing, coordinating, supervising and monitoring the implementation of the project. A formal order on the establishment of PIU and its composition was signed by the Airport management. Due to anticipated start of the civil works, a working group for supervision of construction was established, which is completed with the technical specialists of the Airport.

**TA SUPPORT FOR UKRAINIAN MUNICIPALITIES**

EBRD, the consultants, the City of Lviv as well as both final beneficiaries keep functioning communication and cooperation, whereas EUD is not involved in the project implementation up to date. Moreover, inter-institutional structures, such as steering committees and institutionalized monitoring systems are not in place yet.

Whereas the local EBRD office keeps ongoing general communication with the EUD, detailed data related to the overall project and the concerned NIF project are not shared.

**TA FOR HYDROPOWER REHABILITATION PROJECT**

EBRD, the consultants and UHE keep functioning communication and cooperation, whereas EUD is not involved yet in the project information flow. Inter-institutional structures, such as steering committees and institutionalized monitoring systems, were not established.

Whereas the local EBRD office keeps ongoing general communication with the EUD, detailed data related to the overall project and the concerned NIF project are not shared, especially by the responsible EBRD's Principal Engineer at the HO in London.

**IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME**

A steering committee (ST) has been established in order to provide overall guidance to the implementation of the IWSP. This committee is composed of a limited number of high level representatives of HCWW (one of them being the chairman of the committee), MoHUUD, the respective ACs, European Development Partners (EDPs) represented by KfW, and Ministry of international cooperation. Until now, ST has met twice.

IWSP is implemented on the base of joint financing and tries to be a kind of model for donor coordination. Communication between donors and the EUD is quite high.

**SYNTHESIS – CONCLUSIONS**

Although a quite high communication between donors and EUD as far as the IWSP is concerned, the selected projects show a very limited communication among donors, financial institutions and other actors. More efforts should be made on this particular topic.

**3. EFFECTIVENESS****3.1 HOW WELL IS THE PROJECT ACHIEVING ITS PLANNED RESULTS?**

Have the planned results to date been achieved?

Are the OVIs/targets for the PP appropriate and are they being reported against?

What is the quality of the results/services available?

Have all planned target groups access to / using project results available so far?

Are there any factors which prevent target groups accessing the results/services?

Project	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	B
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

#### BLACK SEA TRANSMISSION SYSTEM

The consultancy component of the NIF project of 5 MEURO value comprise two phases. All results planned for phase A are completed. They focussed on preparatory works (I) early engineering, design and project management services, (II) review of project concept, cost estimate and time schedule,( III) preparation of tender documents, (IV) preparation of tender evaluation reports, (V) assistance at contract negotiations.

The results of phase B envisage supervision of works and commissioning, and are ongoing.

All the above mentioned results are available in form of report of high quality and are accessible to all parties involved.

The contractor elaborates and provides comprehensive weekly, monthly and quarterly reports on progress of 'activities' and 'results' of the overall BSETS project.

The NIF's investment component with its value of 3 MEURO, 2 MEURO for re-routing and 1 MEURO for mitigation measures of environmental impacts, is ongoing and is managed in the same professional manner by the contractor and KfW as the activities in the consultancy component.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

One of the planned results has been achieved. As was already mentioned, the Master Plan was completed.

Quality of the Master Plan is good. Different bodies and general public were given an opportunity to present their comments to the draft plan. About 100 comments were received. Reasonable comments have been used for refining the plan. The final version of the Plan was approved by the Airport and relevant bodies supervising its activities.

Master Plan is placed on the web site of the Airport and is available for wider public.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

The TA component of the NIF project started in the end of 2009 and is still continuing. All Consultants have delivered their concerned reports (Inception reports, monthly and quarterly reports on activities' progress and results of the overall SUM project) to the PIA according to their signed contracts.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

The TA component of the NIF project amounting an overall value of 3,75 MEURO has started in spring 2011. To date, the Consulting companies have delivered only initial reports. These reports are available and accessible through EBRD on request.

The consultants are obliged to elaborate and provide monthly and quarterly reports on progress of 'activities' and 'results' to the PIA.

EBRD has not provided any project related information to EUD up to date.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

For the investment component, there has been a very slow start of implementation. Nevertheless, 18 projects for phase 1 have been signed with a total amount of EUR 24 million. This amount is mostly part of the so-called "accelerated projects" that had to be signed, and then realized rather rapidly not to lose local funded money from the GoE. The overall impression of the works visited by the joint monitoring mission is positive.

Initial priorities have to be redefined, since the programme study, and some of the projects of the original list (linked with the master plan of the country) had to be changed from time to time, due to exceptional circumstances and special political situation. ACs have submitted revised projects list to HCWW. For the newly added project, a reduced feasibility study (FS) shall be required in accordance with agreement of KfW. The final project list will be submitted to the steering committee and KfW for approval. Special issues have been raised, which prevents a good path of the program: (i) bottleneck of some procedures: in some ACs, due to the priorities, the sizes of proposed projects have become rather small, which raises concerns about the use of procedures for contracts. A raise of the current thresholds for ICB for service contracts and for works contracts, with a possibility to package projects is asked to the EDPs (new thresholds would be €0,75 M for service contract and €10 M for work contract).(ii) Overall delays for the project are numerous, due to heavy processing time between PIU, HCWW's sectors and PMU, to extremely precautionary and overcautious treatment of tenders procedures due to the current political circumstances, (iii) the focus on accelerated projects in early stages.

### SYNTHESIS – CONCLUSIONS

The review of the ROM reports indicates that the **effectiveness** of the projects have an overall good performance. 4 out of 5 projects received a score equal or higher than 3; planned results have been completely or partially achieved or have realistic chances to be achieved. As far as the Hydropower Rehabilitation is concerned some delays have been encountered: they may lead not to achieve the targets in the planned time frame.

### 3.2 AS PRESENTLY IMPLEMENTED WHAT IS THE LIKELIHOOD OF THE PP TO BE ACHIEVED?

To what extent has the project adapted or is able to adapt to changing external conditions (risks and assumptions) in order to ensure benefits for the target groups?

If any unplanned negative effects on target groups occurred, or are likely to occur through the project, to what extent did the project management take appropriate measures?

To what extent are unplanned positive effects contributing to results produced / services provided?

Project	PERFORMANCES
Black Sea Transmission System	B
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	C
TA for Hydropower Rehabilitation Project	B
IWPS programme	C
<b>AVERAGE</b>	<b>B</b>

#### BLACK SEA TRANSMISSION SYSTEM

Based on the recalculation of the consultancy cost and their reduction from 8 MEURO to 5 MEURO, an amount of 3 MEURO was reallocated to investment activities for mitigation of negative environmental impacts. By that the environmental concerns of local communities, NGOs and APA were taken in consideration.

The reduction of the consultancy cost and the reallocation of the liberated amount for environmental issues has been an important positive effect, serving the better acceptance of the overall BSETS project by all stakeholders.

At the same time this reallocation provided an opportunity for KfW and EUD to add to the original PP (Engineering consultancy services) another PP related to environmental issues of the NIF project.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

The objective of sub-action 1 was achieved. The Airport was provided with an overall strategy for its sustainable development based on economic efficiency and quality of its facilities and services.

Current status of the project implementation indicates that the project is moving towards achievement of the objective of sub-action 2 that is 'to facilitate the timely and effective implementation of the Airport Modernisation project.



**TA SUPPORT FOR UKRAINIAN MUNICIPALITIES**

The PP of this NIF project is complex and its achievement can be assured only in case the PIA (EBRD) replaces its present solo run towards the beneficiary and the public, involves the concerned EUD sector manager and provides the standard information to all involved authorities and other stakeholders. Negative effects did not occur so far, but in case that happens, no measures are in place to mitigate them.

**TA FOR HYDROPOWER REHABILITATION PROJECT**

PP of this NIF project can be assured only in case the PIA (EBRD) replaces its present solo run towards the beneficiary and the public, by involvement of the EUD sector manager and provision of the relevant information to all concerned authorities and other stakeholders. Negative effects did not occur so far, but in case that happens, no measures are in place to mitigate them.

**IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME**

For TA component, lot A (TA for HCWW) has experienced major changes in staff with all the key experts changed, refocusing the lot A to capacity building and investment planning activities. Lot B is assisting motivated and well informed PIU, but with high staff turnover in recent months. Since stability in staffing is a prerequisite for training the PIU and indispensable for IWSP, this factor raises concern for the project. Cost recovery has significantly dropped with last fiscal year. Permanently low and even decreasing collection rates directly after the revolution are further worsening the overall picture of the financial situation of the ACs. Nevertheless, HCWW is expecting to achieve prerevolutionary levels for the indicators within 2 years from now.

Partly due to that situation, HCWW has asked the EDPs to revise the milestones in order to set realistic yet ambitious targets for the ACs to enter into phase 2. It is admitted that definitions from the EU water sector programme will apply for the calculation of milestones. There is a discussion under way and HCWW will submit proposal until the end of 08/2012.

According to the current planning, investment for phase 1 will last till 2015, and design should start for phase 2 in early 2013. It seems certain that waivers to the individual financing agreements with respect to disbursement headlines have to be discussed, since for example for EIB and AFD, there are at the end of 2014 (too early for the project).

**SYNTHESIS – CONCLUSIONS**

The overall positive score means that the targets will be achieved and that unplanned negative effects might be addressed. It must be stressed that the Black Sea project reallocated financings in order to better mitigate negative impacts and it was also able to add important PP concerning environmental issues to the NIF project. However PIA In Ukraine faces difficulties that might invalidate the achieving of the results. Furthermore no measures to address negative effects have been taken.

**4. IMPACT PROSPECTS****4.1 WHAT ARE THE DIRECT IMPACT PROSPECTS OF THE PROJECT AT OVERALL OBJECTIVES LEVEL?**

What, if any impacts are already apparent?

What impacts appear likely?

Are the current OVI/targets realistic and are they likely to be met?

Are any external factors likely to jeopardize the project's direct impact?

Project	PERFORMANCES
Black Sea Transmission System	A
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	B
TA for Hydropower Rehabilitation Project	B
IWPS programme	B

<b>AVERAGE</b>	<b>B</b>
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#### BLACK SEA TRANSMISSION SYSTEM

Since its start, the NIF project supports the implementation of the overall BSETS project in a very professional manner. It enabled the overall project to begin immediately after all loan agreements were signed with the lending banks, as the NIF project prepared all preliminary documentation in advance. Moreover it is continuously monitoring the construction progress of all three areas of the BSETS overall project.

By its investment, PP has also mobilized the Georgian counterparts to involve environmental reflections in their project approach.

All NIF project's targets are realistic and its investment OVIs' will be met.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

No OVIs were established.

However, the anticipated impacts are clear and they depend on successful completion of Modernisation project II funded by IFIs. Chisinau's airport is a main gateway to Moldova's external trade and a key issue for the country's economic development. Increased operational capacity of the Airport and its upgraded infrastructure would allow the airport to cope with the growing passenger flow, will contribute to meeting ICAO standards and facilitate negotiations on the establishment of Common Air Space between Moldova and EU.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Since its start, the NIF project supports the implementation of the overall SUM project. It enabled the Lviv's overall SUM project to begin after all loan agreements were signed with the lending banks, as the NIF project prepared all preliminary documentation in advance.

Moreover, NIF is continuously monitoring the progress of the road construction sub project.

All NIF project's targets are realistic and they are likely to be met although delayed.

No concrete external factors are likely to jeopardize the overall and the NIF's projects' impacts.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

Since its start, the NIF project supports the preparation of the overall UHPR project. It enables the overall UHPR project to start after all loan agreements are signed with the lending banks, as the NIF project prepares preliminary documentation.

The direct impacts are the modernization/rehabilitation of 9 of the biggest 10 HPPs by complex construction of all concerned facilities, dams, technical tools and most of all replacement of outdated turbines. By that the UHPR project assures the extension of the life span of the existing HPP by minimum 40 years. Moreover, it enables UHE to supply additional energy capacities and sufficient energy to UA's population under observance of environmental issues.

All NIF project's targets are realistic and they are likely to be met although delayed.

No concrete external factors are likely to jeopardize the overall UHPR's and the NIF's projects' impacts.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

With regards to the impacts of the programme, the aim is to ensure that there is a qualitative and quantitative improvement in the water supply and wastewater disposal systems, and that these become economically viable and affordable. The programme has to contribute to a substantial improvement in the standard of living and health situation of the population in the programme area.

As a matter of fact, this is far too early to evaluate the real impact, at that stage of the development of the programme, and since few works have been achieved.

In fact, the period following the 01/2011 revolution has been marked by circumstances that jeopardized the projects foreseen impacts. If the HCWW and the ACs managed to uphold constant services, however social unrest has caused disruptions and delays in management and operations.

#### SYNTHESIS – CONCLUSIONS

As far as the **impact** of the projects is concerned, the monitoring reports show that the average score is equal or more than 3. It means that they were positively considered and with a good chance of achieving the expected impacts and of meeting the OVI's targets. Although some delays, globally, no concrete external factors that might jeopardize the projects have been found.

#### 4.2 TO WHAT EXTENT DOES/WILL THE PROJECT HAVE ANY INDIRECT POSITIVE AND/OR NEGATIVE IMPACTS? (I.E. ENVIRONMENTAL, SOCIAL, CULTURAL, GENDER AND ECONOMIC)

Have there been/ will there be any unplanned positive impacts on the planned target groups or other non-targeted communities arising from the project? How did this affect the impact?

Did the project take timely measures for mitigating the unplanned negative impacts? What was the result?

Does donor coherence, complementarity and coordination exist and have any indirect impact on the project?

#### NOTE: FOCUS ON ENVIRONMENTAL IMPACTS

Project	PERFORMANCES
Black Sea Transmission System	B
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	B
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

#### BLACK SEA TRANSMISSION SYSTEM

Project's indirect positive impact on environmental issues is feasible already now, particularly considering the growing awareness at the final Beneficiary level.

Negative indirect impacts are not visible and not expected.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

The project is a good example of donor cooperation. The project was designed to secure good use of the investments provided by IFIs and hence to maximize their impact.

No negative effects are foreseen.

Strengthening of the economic and cultural links between Moldova and other countries are among the positive impacts of CIA modernisation. Moldova has started negotiations on Free Trade Area with the EU.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Project's indirect positive impact on environmental issues is visible already now, based on EBRD's regulations and rules.

Negative indirect impacts are not visible and not expected.

Donor coherence, complementarities and coordination are not addressed.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

Project's indirect positive impact on environmental issues is already now visible, especially considering replacing old leaking turbines by new ones in accordance with EBRD's environmental regulations and rules.

Negative indirect impacts are not expected.

Donor coherence, complementarities and coordination has not been addressed.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

Despite the disturbances of the current period, the programme is breaking new ground because of its harmonized community financing approach, which is innovative for Egypt. It has an indirect impact while making a structural contribution to the implementation of the sector reforms, with regards to strengthening the role of the HCWW and the local water supply companies (ACs) and to increasing their own responsibilities.

EDPs are well aware of special circumstances and the ongoing discussions on application of milestones for the management of phase 2 of the programme, as well as the proposal to change the threshold, are some of the answer to get an efficient way to realize the investment programme.

Donors coordination should help. The pressure put on realizations of tendering of services and works are likely to help the programme to realize, even with delays.

#### SYNTHESIS – CONCLUSIONS

No negative indirect effects are foreseen nor expected for the all projects. Coherence, complementarity and coordination with donors is sufficient. In this regard, the TA to the Chisinau Airport project is a good example of concerted actions of the donors, Moldovan Government and the Airport. As far as this aspect is concerned, the NIF projects are performing very well.

## 5. SUSTAINABILITY

### 5.1 FINANCIAL / ECONOMIC VIABILITY?

If the services/results have to be supported institutionally, are funds likely to be made available? If so, by whom?

Are the services/results affordable for the target groups at the completion of project?

Can the benefits be maintained if economic factors change (e.g. commodity prices, exchange rate)?

Is there a financial/ economic phase-out strategy? If so, how likely is it to be implemented?

Project	PERFORMANCES
Black Sea Transmission System	C
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	C
TA for Hydropower Rehabilitation Project	B
IWPS programme	C
<b>AVERAGE</b>	<b>C</b>

#### BLACK SEA TRANSMISSION SYSTEM

Regarding sustainability prospects, a clear differentiation between the NIF project and the overall BSETS project has to be stated.

The NIF project is from the beginning foreseen as a temporary supportive instrument for provision of consultancy services and partially investment activities. In this context it is clear that at the end of the NIF project all documents will be delivered to the final beneficiary for follow-up. The investment component will remain in the ownership of Georgia to contribute to the mitigation of the main project's negative environmental impacts.

The benefits of the main BSETS project are calculated on theoretical estimation figures and envisaged income assumptions from supplies to Turkey, whereas up to now no concrete contracts are signed between both countries. Presuming that the overall investment is in the hands of the Georgian State, the requested financial means could be available to assure maintenance and/or replacements of technologies.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

This project is an important complement to the IFIs (EBRD and EIB) investments. Equipment procurement and civil works are funded under the loan agreement. The cost of investments equals to Meuro 46,5. The Project under review allows to cover the costs of the consultancy services to ensure proper preparation and execution of the activities related to investments.

This is a second CIA modernisation project funded by IFIs. The first one was funded by the EBRD (USD 9 million) and the Government of Moldova (USD 3 million) and was completed in 2001. The debt was due to be repaid in 2011 but was returned in 2007. While the first loan was provided under a sovereign guarantee, the IFIs did not require a sovereign guarantee for the second loan.

The Master Plan prepared as a result of the assistance provided by the project under review has established three phases for the airport renovation for a period of 20 years (till 2030). The estimated cost of the required capital expenditures during the first phase (Euro 50 million). Funds allocated by IFIs and EU NIF facility allow to cover most of the costs required for the first phase.

In accordance with the DoA requirements, the Master Plan contains recommendations and options for enhancement of commercial activities by the Airport.

Currently, the Airport is in the list of the enterprises not subject to privatisation. According to the Public Property Agency under the Ministry of Economy, the founder of the Airport, planned withdrawal of the

Airport from the above mentioned list will allow CIA to conclude contracts with the private companies and enhance its commercial activities.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Regarding sustainability prospects, a clear differentiation between the NIF project and the overall SUM project has to be stated.

The NIF project is from the beginning foreseen as a temporary supportive instrument for provision of TA and consultancy services during the preparation and implementation phases of the overall project. In this context it is clear that at the end of the NIF project all documents will be delivered to the final beneficiary. Sustainability of this sub component doesn't exist at all.

The benefits of the main Lviv's SUM project are customer oriented tram roads enabling a faster and more comfortable transport by public vehicles and at the same time release of the overcrowded traffic situation in the city.

The envisaged income increase by higher number of passengers and the reconfiguration of the local tariffs enable the City of Lviv to pay back the loans, guaranteed by the Ukrainian state and to finance maintenance cost.

By that the Lviv's overall SUM project is likely to be sustainable.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

Regarding sustainability prospects, a clear differentiation between the NIF project and the overall UHRP project has to be stated.

The NIF project is from the beginning foreseen as a temporary supportive instrument for provision of TA and TC services. In this context it is clear that at the end of the NIF project all documents will be delivered to the final beneficiary. Sustainability of the NIF component is not considered at all.

The benefits of the main UHRP project are the large scale rehabilitation of the Ukrainian HPPs to accommodate projected growth in peak demand and electricity consumption and achieve at the same time reliable supply of electricity improving observance of environmental topics.

Moreover, it will increase Ukrainian electricity export and prepare the national power system integration with UCTE and integration in EU's internal energy market.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

The overarching constraint, with regard to a proper and sustainable operation of the majority of the ACs, remains the extremely low costs recovery levels, which contribute to all kind of technical, managerial, human resources and organizational problems.

The main reason for this is the extremely low level of tariffs combined with annual increases in labor costs of more than 50% since January 2011 revolution. This emphasizes observations of the EDPs that substantial tariff increases have to be implemented while at the same time, guaranteeing affordability for all.

Three studies are currently commissioned by the MoHUUD. The discussion of these will involve the IWSP partners and should also focus on raising the awareness of the public on the actual subsidies in the water sector.

Moreover, the revolution caused the Egyptian GDP growth rates to shrink with significant impact on the water sector. GoE investment funds allocated to the sector declined drastically from 14 bn LE to 2.5 bn LE and the operational deficit of the HCWW this year amounts to 1.7 bn LE.

Recent joint monitoring mission noted its concerns that, if due to the budgetary constraints the companies are not able to improve or at least maintain the service level and the quality, this situation will worsen and the sustainability of the investments is put at stake.

#### SYNTHESIS – CONCLUSIONS

For the **sustainability** criterion, the ROM reports indicate that the average score of the projects is below 3: this is because the NIF project is supposed to be a temporary supportive instrument. Some projects are likely to be sustainable after the NIF TA. However many of them are still on-going, therefore it is too early to judge the potential sustainability.

## 5.2 WHAT IS THE LEVEL OF OWNERSHIP OF THE PROJECT BY TARGET GROUPS AND WILL IT CONTINUE AFTER THE END OF EXTERNAL SUPPORT?

How far the project is embedded in local structures?

To what extent have target groups and possibly other relevant interest groups / stakeholders been involved in the planning / implementation process?

To what extent are relevant target groups actively involved in decision-making concerning project orientation and implementation?

What is the likelihood that target groups will continue to make use of relevant results?

Do the target groups have any plans to continue delivering the stream of benefits and if so, are they likely to materialise?

Project	PERFORMANCES
Black Sea Transmission System	B
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	B
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

### BLACK SEA TRANSMISSION SYSTEM

The ownership of the overall BSETS project and also the NIF component is in the hands of the final beneficiary (ENERGOTRANS/GSE) and is planned to be kept as state owned property after its completion. Alongside with the state authorities also communities and environmental related NGOs were involved in the planning process. The implementation itself is a matter of joint contribution of financing bodies/banks, contractors and the Georgian government.

### TA TO THE CHISINAU AIRPORT MODERNISATION

The project is well embedded in the CIA structure. The ownership of the project by CIA is strong. Contracts for the implementation of the two sub-actions envisaged by the design were concluded between the Airport and two consultancy companies and are managed and supervised by the Airport. The Project Implementation Unit (PIU) established by the Airport is one of the primary project stakeholders. PIU members are fully involved in planning and monitoring of all the project activities. PIU staff has been always available to work with the consultants. Close contacts are maintained with the EBRD.

### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

Lviv will be finally the owner of the overall Lviv's SUM's constructions and also the NIF's documentation after completion of two projects.

Alongside with the concerned City of Lviv, two more final beneficiaries were involved in the planning process.

The implementation is a matter of joint contribution of the financing bodies/banks, contractors and the City of Lviv. The Lviv's SUM project serves the interest of the Lviv's citizens and its results will be used in continuous way. The NIF's results will be archived at the NiF's finalization.

### TA FOR HYDROPOWER REHABILITATION PROJECT

100 % state owned UHE will continuously be the owner of the overall UHPR's constructions and also the NIF's documentation after completion of the projects.

Alongside with UHE, also communities were involved in the planning process. The implementation is a matter of joint contribution of the financing bodies/banks, contractors and the Ukrainian government, represented by UHE.

The UHPR project serves the interest of the Ukrainian government and UA's population. The NIF's results will be archived at the NiF's finalization.

### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

This is the role of HCWW and the ACs to realize the investments and to manage the collection policy. Appropriation of the IWSP is evident and at the same time their prior duty.

HCWW as well as ACs are involved in the process of master plan, and are the beneficiaries of the two TA through the activities of the PMU and the PIU.

It is again too early to be sure that capacity building that is delivered by the TA will be sufficient to increase in every ACs the quality of the management and the efficiency of the organization.

## SYNTHESIS – CONCLUSIONS

Alongside the main stakeholders, other beneficiaries were also involved in the planning process. Overall score is positive.

### 5.3 WHAT IS THE LEVEL OF POLICY SUPPORT PROVIDED AND THE DEGREE OF INTERACTION BETWEEN PROJECT AND POLICY LEVEL?

What support has been provided from the relevant national, sectoral and budgetary policies?

Do changes in policies and priorities affect the project and how well is it adapting in terms of long-term needs for support?

Is any public and private sector policy support likely to continue after the project has finished?

Project	PERFORMANCES
Black Sea Transmission System	B
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	C
TA for Hydropower Rehabilitation Project	D
IWPS programme	C
<b>AVERAGE</b>	<b>C</b>

#### BLACK SEA TRANSMISSION SYSTEM

A step by step adaptation of the environmental issues initiated within the NIF project may lead to the result that after commissioning the BSETS, a certain funding will be provided yearly for environmental measures. During the lifespan of the NIF project there is no financial contribution foreseen.

For the main BSETS project the Georgian government has planned its contribution in amount of 21 MEURO, confirming the government's engagement and commitment. As the intention of the BSETS project is to generate income for the state budget, the policy support will likely continue.

#### TA TO THE CHISINAU AIRPORT MODERNISATION

At present, the political context is conducive. Moldovan Government adopted the Civil Aviation Development Strategy for 2007-2012. The strategy defines priorities, ways of their implementation and basic objectives of the civil aviation development.

In April 2010, the Moldovan Government expressed its wish to start negotiating a Common Aviation Area Agreement between the EU and Moldova.

The project is not sensitive to political changes if any.

#### TA SUPPORT FOR UKRAINIAN MUNICIPALITIES

For the main Lviv SUM project the City of Lviv has planned its contribution in amount of 5,9 MEURO and the loans are guaranteed by the government of UA, confirming the government's engagement and commitment. As the intention of the Lviv SUM project is also to generate income for the city's budget, the policy support will likely continue.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

The financial contribution of the Ukrainian government within the overall UHPR project was not disclosed to the monitor. As the intention of the UHPR project is also to generate income for the state budget, the policy support will likely continue.

**IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME**

The IWSP support the ongoing reform process of the Egyptian government, focussing on sanitation. water and wastewater issues remain a priority after the revolution. High initial support to the project has been given by the Egyptian government. GoE is participating up to EUR 82 M in the IWSP. Institutional support had been done before through the former but nevertheless rather recent creation of HCWW and ACs.

The actual political trends do not hamper in the long run the goals of the project. But in the short term, that could indeed drastically affect the financial sustainability, if for example it is not possible, due to the political situation, or to allow sufficient subsidies to the HCWW for investment, or to take decisions on increase on tariffs.

In the long run, a lack of policy to increase of tariffs or of collection efficiency could jeopardize any policy of investment for the water sector.

**SYNTHESIS – CONCLUSIONS**

As far as the policy support is concerned several deficiencies have been encountered. The overall average score of the projects is negative. More efforts should be made by the Governments.

**5.4 HOW WELL IS THE PROJECT CONTRIBUTING TO INSTITUTIONAL AND MANAGEMENT CAPACITY?**

How far is the project embedded in institutional structures that are likely to survive beyond the life of the project?

Are project partners being properly developed (technically, financially and managerially) for continuing to deliver the project's benefits/services?

Will adequate levels of suitable qualified HR be available to continue to deliver the project's stream of benefits?

Are there good relations with new or existing institutions and are there plans to continue with some or all of the project's activities?

Project	PERFORMANCES
Black Sea Transmission System	C
TA to the Chisinau Airport Modernisation	B
TA Support for Ukrainian Municipalities	B
TA for Hydropower Rehabilitation Project	C
IWPS programme	B
<b>AVERAGE</b>	<b>B</b>

**BLACK SEA TRANSMISSION SYSTEM**

Whereas the NIF project does not contribute to the institutional strengthening, the contractor has tried to support and motivate the final beneficiary (ENERGOTRANS/GSE) already during the construction of back to back station and substations stage proposing to train technicians through "on the job trainings" by the two SIEMENS contractors. By doing so, a smooth handing over of the technical operations can be assured. Up to now only dry-practices by seminars in Germany are foreseen by Energotrans/GSE.

**TA TO THE CHISINAU AIRPORT MODERNISATION**

The project design does not contain directly expressed tasks as to the capacity building. Nevertheless, Co-operation with the international consultants is contributing to building capacity of the Airport managerial and technical staff in dealing with the investment projects. This experience will be useful for further Airport development. Also, during preparation of the Master Plan several workshops were conducted.

**TA SUPPORT FOR UKRAINIAN MUNICIPALITIES**



The NIF project contributes to the institutional strengthening of LvivElectro Tans, one of the final beneficiaries. Alongside with implementation support, the contractor also strengthens the institutional capacity of the 2nd final beneficiary LvivAvtodor by daily contacts and information provision. Acting this way, a smooth handing over of the technical operations can be assured.

The relations between the beneficiary and the PIA are good and serve to the smooth implementation of the overall UPTNR project.

#### TA FOR HYDROPOWER REHABILITATION PROJECT

The NIF project does not contribute to the institutional strengthening of UHE by specially designed activities..

At the end of the NIF project all documents will be handed over to UHE enabling a continuous follow up of the overall project's background information and conceptual approach.

The relations between the beneficiary and the PIA are good and serve to the smooth implementation of the overall UPTNR project.

#### IMPROVED WATER AND WASTEWATER SERVICES PROGRAMME

In the current situation, the project is being well considered by the Egyptian institutions, and it does not seem to suffer (in terms of TA) from political uncertainty. But it is suffering from the financial and political situation of Egypt.

It is an important factor to improve the quality in terms of management and human resources of the different 4 companies of the HCWW. It could be a factor of dissemination of good practices for other companies inside the HCWW.

It is far too early to know whether or not every company will be able to properly run without further TA after the end of the project. On the contrary, it is important to plan a continuation of TA at the end of their current contract, in order to support the programme till the end, in 2015 or 2016, in terms of planning of investment as well as capacity building of the management of the companies.

#### SYNTHESIS – CONCLUSIONS

The average score of the projects is B although not all the projects foresee expressed institutional strengthening. In Moldova the cooperation with international consultants contributes to building capacity of the Airport managerial and technical staff and this experience will be useful for further Airport development. However the lack of policy for the ISPW project (especially on the efficiency) may put the sustainability of the investments at stake for the water sector. Planning a continuation of TA after the end of the contracts may be very important in order to strengthen the projects' sustainability.

## 6. HORIZONTAL ISSUES

### 6.1 ROLE OF QUALITY SUPPORT GROUP AND ROM IN PROJECT QUALITY

Whether the comments, particularly regarding stakeholders and needs analysis, institutional capacity assessment of the implementing partner and risks and assumptions made in the checklist and minutes against the quality and content of the Action Fiche were appropriate / relevant?

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation			X
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme			X
AVERAGE			

Whether the comments were taken into consideration and included in the Project documents, e.g. TAPs, financing agreements, LFM, Inception reports, etc. and if so, did they improve project implementation?

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation			X
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme			X
AVERAGE			

If the comments were not taken into consideration, was there any consequence during the implementation of the project? If so, please describe in the free text box.

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation			X
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme			X
AVERAGE			

Has any monitoring (including internal monitoring systems or ROM) or evaluation resulted in improvements in the project?

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation			X
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme	X		
AVERAGE			

## 6.2) REVIEW OF TC QUALITY CRITERIA

### Demand driven TC/TA and ownership

Do local partners effectively lead in the planning and management of TC support (i.e. beyond formal endorsement)?

Project	YES	NO	N.A.
Black Sea Transmission System		X	
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme	X		
AVERAGE			

Do local partners provide the required inputs enabling TC to perform (e.g. human and/or physical inputs)? (refer to Box 22 of the Guidelines)

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities	X		
TA for Hydropower Rehabilitation Project	X		
IWPS programme	X		
AVERAGE			

### Adaptation to the context and existing capacity

Is the TC support likely to achieve its objectives without critical constraints?

Project	YES	NO	N.A.
Black Sea Transmission System	X		

TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities	X		
TA for Hydropower Rehabilitation Project	X		
IWPS programme	X		
AVERAGE			

Is the TC support adequate vis-à-vis the capacity of the local partner?

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities	X		
TA for Hydropower Rehabilitation Project	X		
IWPS programme	X		
AVERAGE			

### Harmonisation of TC

Is the TC support taking into account TC from other donors in the same sector?

(Ask the EC Delegation to acquire this data)

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme	X		
AVERAGE			

Is the present TC support from the EC delivered jointly with other donors? (If no other donors are active in the sector then mark N/A)

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme	X		
AVERAGE			

If the TC support from the EC is not harmonised with other donors, are relevant steps being taken for a more harmonized TC in the future?

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme			X
AVERAGE			

### Result oriented TC/TA

Are the TC deliverables (outputs and outcomes) clearly specified (e.g. in the TA ToR) and regularly assessed (e.g. through a joint performance dialogue/assessment)?

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme	X		
AVERAGE			

Are there innovative forms of TC support being used (e.g. peer review, South/South and/or Public/Public cooperation, twining, networking, etc.)?

Project	YES	NO	N.A.
Black Sea Transmission System		X	
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme		X	
AVERAGE			

#### PIA

Are partner country staff effectively managing the programme (and not TA)?

Project	YES	NO	N.A.
Black Sea Transmission System		X	
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme	X		
AVERAGE			

Do the experts take instructions from and report to the partner (and not the EC)?

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities	X		
TA for Hydropower Rehabilitation Project	X		
IWPS programme	X		
AVERAGE			

### 6.3) EC VISIBILITY

Does the project contribute to promoting EC visibility (e.g. does it comply with the EC Guidelines?)

Project	YES	NO	N.A.
Black Sea Transmission System		X	
TA to the Chisinau Airport Modernisation		X	
TA Support for Ukrainian Municipalities		X	
TA for Hydropower Rehabilitation Project		X	
IWPS programme		X	
AVERAGE			

#### Table - EC VISIBILITY assessment by Result – Oriented Monitoring

Does the project contribute to promoting EC visibility (e.g. does it comply with the EC Guidelines?)

Project	YES	NO
Black Sea Transmission System		X
TA to the Chisinau Airport Modernisation		X
TA Support for Ukrainian Municipalities		X
TA for Hydropower Rehabilitation Project		X
IWPS programme		X

Source: ROM reports, Evaluation Team data analysis

## 7. CROSS CUTTING ISSUES

### 7.1) HAVE PRACTICAL AND STRATEGIC GENDER INTERESTS BEEN ADEQUATELY CONSIDERED IN THE PROJECT STRATEGY?

If so, how and to what effect? If not, why not? If n/a, explain.

Please consider the following aspects of gender mainstreaming:

- Has the project been planned on the basis of a gender-differentiated beneficiaries' analysis?
- To what extent will / could the gender sensitive approach lead to an improved impact of the project?
- What is the likeliness of increased gender equality beyond project end?
- According to the OECD Gender Policy Marker how would you classify this project?

Please comment on lessons learnt, if any.

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation			X
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme	X		
AVERAGE			

### 7.2) IS THE PROJECT RESPECTING ENVIRONMENTAL NEEDS?

If so, how and to what effect? If not, why not? If n/a, explain.

Please consider the following aspects of mainstreaming environmental aspects:

- Have environmental constraints and opportunities been considered adequately in the project design?
- Are good environmental practices followed in project implementation (in relation to use of water and energy and materials, production of wastes, etc)? Does the project respect traditional, successful environmental practices?
- What capacities exist (within project, project partners and project context) to deal with critical risks that could affect project effectiveness such as climate risks or risks of natural disasters (in the case of projects in sensitive geographical areas / natural disasters hotspots)?
- Has environmental damage been caused or likely to be caused by the project? What kind of environmental impact mitigation measures has been taken?
- Is the achievement of project results and objectives likely to generate increased pressure on fragile ecosystems (natural forests, wetlands, coral reefs, mangroves) and scarce natural resources (e.g. surface and groundwater, timber, soil)?

Please comment on lessons learnt, if any.

Project	YES	NO	N.A.
Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities	X		
TA for Hydropower Rehabilitation Project	X		
IWPS programme	X		
AVERAGE			

### 7.3) HAS (GOOD) GOVERNANCE BEEN MAINSTREAMED IN THE PROJECT/PROGRAMME (P/P)?

If so, how? If not, why not? If n/a, explain.

Please consider the following aspects of governance:

- Does it take into consideration the differential impact of poverty by disadvantaged groups?
- Is the P/P designed in such a way that it takes into account potential conflict?
- Is regular, transparent, financial reporting built into the P/P? Are its results widely circulated and understandable?
- Are there effective anti-corruption monitoring tools in place?

Please comment on lessons learnt, if any.

Project	YES	NO	N.A.

Black Sea Transmission System	X		
TA to the Chisinau Airport Modernisation	X		
TA Support for Ukrainian Municipalities	X		
TA for Hydropower Rehabilitation Project	X		
IWPS programme	X		
AVERAGE			

#### 7.4) DOES THE PROJECT ACTIVELY CONTRIBUTE TO THE PROMOTION OF HUMAN RIGHTS?

If so, how? If not, why not? If n/a, explain.

- Has there been an analysis of “winners and losers” regarding possible “discrimination” of target groups by the P/P?
- Will the P/P help to ensure respect for any relevant human rights and not cause them to be reduced in any way?
- Do any interested parties and observers raise HR concerns?

Project	YES	NO	N.A.
Black Sea Transmission System			X
TA to the Chisinau Airport Modernisation			X
TA Support for Ukrainian Municipalities			X
TA for Hydropower Rehabilitation Project			X
IWPS programme			X
AVERAGE			

## ANNEX 10

### The European Neighbourhood Policy

#### 1.1.1 HISTORY

The ENP policy was developed in the run up to the **EU's 2004 enlargement** with 10 new Member States. This event represented an historical change not only for the EU, in terms of increasing its geo-political and economic weight, but also beyond the EU's borders by giving impetus to the effort of drawing closer to the EU by the countries located on its external borders.

In particular, the geographic proximity with new and old neighbours has created opportunities, most notably in terms of expanding exchanges between the EU and its neighbours, mainly of trade and investment flows, but also of human capital, knowledge and culture.

At the same time the EU has recognized that the challenges of the neighbouring countries, such as mixed economic performance, unemployment, social exclusion, corruption, weak governance, frozen conflicts and political instability, could not be confined to those countries alone; the risk of producing major spillovers for the EU in terms of unreliable energy supplies, environmental degradation, illegal migration, terrorism, trafficking and organized crime, had to be considered as well.

The ENP policy finds therefore its origin in the recognition that the EU has a vital interest in strengthening its relations with its neighbours in order to prevent the emergence of new dividing lines with its neighbours and instead strengthen prosperity, stability and security within and beyond its new borders [COM(2003) 104<sup>1</sup>]<sup>2</sup>.

#### 1.1.2 GEOGRAPHICAL COVERAGE

The ENP framework embraces EU closer neighbours to which the EU has not given EU membership perspective<sup>3</sup>, but with which it nevertheless wishes to have closer relations. It covers six countries in the East (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and ten countries in the South (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the occupied Palestinian Territory, Syria and Tunisia).

On this basis the ENP brings together under a **unique policy framework** countries presenting different political, cultural and socio-economic realities, not only on a country-to-country basis, but also on a regional and sub-regional level; in spite of this it offers an agenda of priorities which is valid for them all.

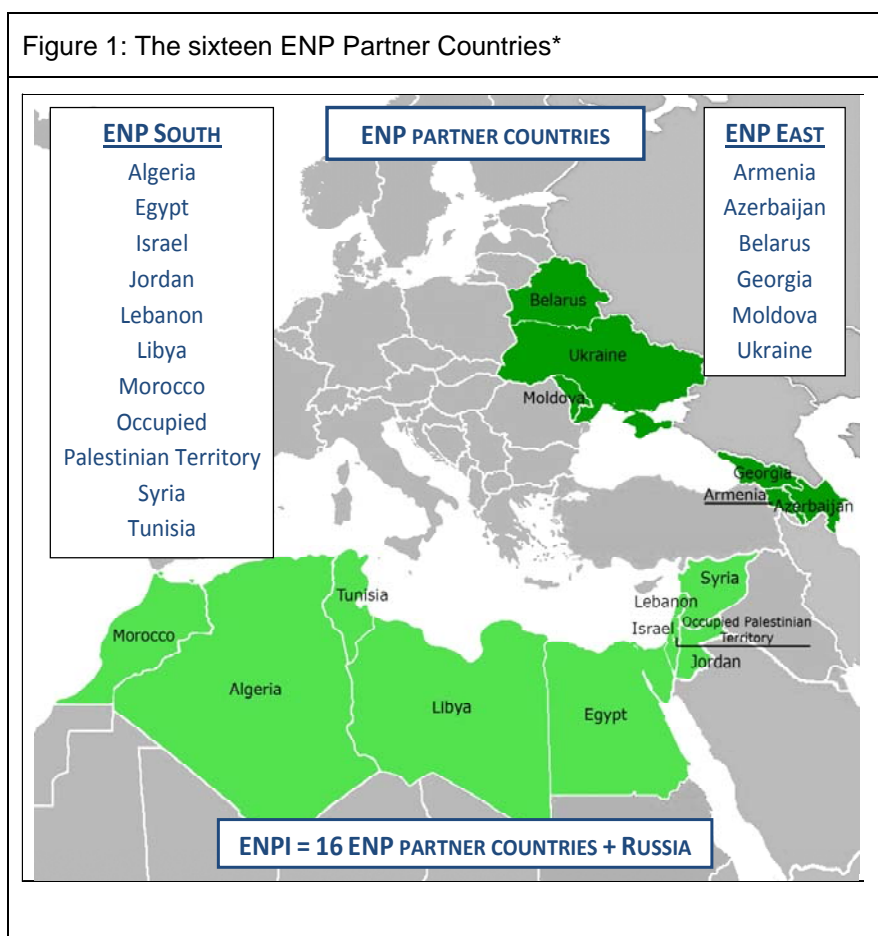
EU relations with Russia, another key EU neighbour initially foreseen to be included in the ENP framework, are instead framed around a separate strategic partnership centred on four Common Spaces (Economic; Freedom, Security and Justice; External Security; Research, Education and Culture) as defined at the St. Petersburg summit [COM (2004) 106], although funding is provided under the ENPI Instrument.

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<sup>1</sup> European Commission (2003), Wider Europe— Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours, Communication from the Commission to the Council and the European Parliament COM(2003) 104 final of 11.3.2003.

<sup>2</sup> The European Neighbourhood Policy Strategy Paper [COM (2004) 373], developed in 2004, builds on two previous documents, most notably on the Commission's Communication Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours [COM (2003) 104] and the subsequent Paving the Way for a New Neighbourhood Instrument" [COM (2003) 393].

<sup>3</sup>Candidate countries for EU membership (i.e. the Former Republic of Macedonia, Montenegro, Serbia, Turkey, Albania, Bosnia and Herzegovina, Kosovo) fall within the scope of a different policy and instrument (IPA).



(\*It should be noted that the ENP is not yet fully activated for Algeria, Belarus, Libya and Syria since these countries have not agreed Action Plans.

### 1.1.3 OBJECTIVES AND PRINCIPLES

**The main objective of the ENP policy is “to develop a zone of prosperity and a friendly neighbourhood – a ring of friends – with whom the EU enjoys close, peaceful and co-operative relations” [COM(2003) 104, p.4].**

For this to be achieved, the EU encourages reform programmes across the neighbourhood and offers in return for progress on such reforms closer and deeper political, economic and cultural cooperation and a significant degree of economic integration to the EU market<sup>4</sup>.

The core instruments of the ENP are the **ENP Action Plans** mutually agreed between the EU and each partner country. The ENP Action Plans build on the existing frameworks, the Partnership and Cooperation Agreements and the Euro-Med Association Agreements, and set out a comprehensive agenda of political and economic reforms with short and medium-term (3-5 years) priorities.

While differing for each partner country, all Action Plans cover the following areas:

- Political dialogue and reform;

<sup>4</sup> This includes, amongst others: (i) closer political links; (ii) enhanced access to the EU market; (iii) the perspective of gradual opening of or reinforced participation in certain Community programmes, promoting economic, cultural, educational, environmental, technical and scientific links; (iv) increased EU financial assistance; (v) increased mobility and more people-to-people contact.



- Economic and social cooperation and development;
- Trade related issues, market and regulatory reform;
- Cooperation on justice, liberty and security;
- Sectoral issues including transport, energy, information society, environment, research and development;
- The human dimension covering people-to-people contacts, civil society, education, public health.

The ENP operates on the basis of various principles. First of all, the EU seeks the ENP as a way to build upon a **mutual commitment to shared values**, including democracy and respect for human rights, the rule of law and good governance, the principles of market economy, open, rule-based and fair trade, sustainable development and poverty reduction. The level of ambition of the relationship will depend on the degree of the partner country's commitment to these values.

Other principles guiding the ENP policy are:

**Integration:** the ENP provides a single, clear framework covering the neighbourhood as a whole, and through this framework the EU intends to discuss and handle the whole range of issues with each partner.

**Partnership and joint ownership:** policy priorities identified by the ENP Action Plans are fully negotiated and mutually agreed by the Commission and the partner country; they are not an imposition by either side, but rather an agreed agenda for common work.

**Differentiation:** partner country's priorities vary from country to country based on each country's situation, needs and national agenda, the variety and intensity of its relations with the Union, the degree of commitment to common values as well as its own implementation capacity.

## 1.1.4 REGIONAL PARTNERSHIPS AND COOPERATION MECHANISMS

Whilst being mainly a bilateral policy between the EU and each partner country the ENP is enriched by regional co-operation initiatives, in particular the Eastern Partnership, launched in Prague in May 2009 and the Union for the Mediterranean, launched in Paris in July 2008 and building on the established foundations of the Euro-Med Partnership.

The ENP aims at deepening political dialogue and cooperation with each of its neighbours both individually and as regions with the overall aim of achieving a substantial degree of economic integration among the ENP countries and the EU. In this sense, the ENP provides a partnership for reform that rewards strong commitment: the more a partner engages with the Union, the more fully the Union responds.

### 1.1.4.1 The Eastern Partnership (EaP)

The Eastern Partnership was launched by 27 EU member states and the six partner countries<sup>5</sup> with the adoption of the Prague Declaration at the first EaP summit on May 7th, 2009 as a specific Eastern dimension of the ENP. The launching of the initiative followed the Commission Communication [COM (2008) 823] and aimed at intensifying the level of engagement of the six Eastern countries with the EU. The second Eastern Partnership Summit (Warsaw 30 September 2011) reviewed progress made in the implementation of the Eastern Partnership over the last two years, renewed the political commitment of all participating countries (to be noted that Belarus did not participate) to the key objectives of the Partnership and defined the next steps to ensure continued progress toward deeper political association and economic integration with the EU<sup>6</sup>. Although the EaP works in the framework of the European Neighbourhood Policy (ENP), it also goes beyond the original ENP package as it deepens bilateral co-operation, and introduces new mechanisms for regional co-operation.

<sup>5</sup>Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine.

<sup>6</sup> Source: [http://www.eeas.europa.eu/eastern/docs/2011\\_eap\\_warsaw\\_summit\\_en.pdf](http://www.eeas.europa.eu/eastern/docs/2011_eap_warsaw_summit_en.pdf)

Bilaterally, the EaP offers partners new contractual relations (whereby the PCAs of the 1990s are gradually being substituted by more ambitious AAs), deeper economic integration with the EU, strengthened energy security cooperation and enhanced mobility of people, including gradual steps towards a visa-free regime as a long-term goal, provided that conditions for well-managed and secure mobility are in place. The EaP also introduces Comprehensive Institution Building Programmes, which are intended to enhance the capabilities of the partner states' public institutions.

Multilaterally, the EaP introduces four thematic platforms on: 1) democracy, good governance and stability; 2) socio-economic integration and convergence with EU policies; 3) energy security; and 4) contacts between people, with the aim of bringing the partners closer to the EU.

In addition, the EaP has broadened the scope for an increased involvement of non-state actors in multilateral fora with a view to enhancing their contribution to processes of regional socialisation and sharing of experiences and, thereby, to democratisation discourses and processes. The creation of the EURONEST and Civil Society Forum are examples of this. The EURONEST parliamentary assembly includes representatives of the European Parliament and the national assemblies of Armenia, Azerbaijan, Georgia, Moldova and Ukraine, and observers from Belarus. The Civil Society Forum aims to meet on a regular basis and become a platform for dialogue, capacity building and exchanges.

More specifically, the establishment of the Eastern Partnership has allowed strengthening the multilateral cooperation dimension among the EU's Eastern partners and with the EU. In fact, it is expected that the EaP will: i) facilitate the development of common positions and joint activities, ii) foster links among the partner countries themselves; and iii) lead to a more regular and structured dialogue among partners and with the EU, whilst creating a stronger basis for multilateral cooperation.

Finally, it is worth mentioning that - as part of the multilateral dimension - five flagship initiatives are being launched or pursued in the areas of: i) Integrated Border Management Flagship Initiative; ii) Support to Small and Medium Enterprises (SMEs) Flagship Initiative; iii) Regional Electricity Markets, Energy Efficiency and Renewable Energy Sources Flagship Initiative; iv) Prevention, Preparedness and Response to natural and man-made Disasters Flagship Initiative (PPRD-East, and v) Environmental Governance Flagship Initiative<sup>7</sup>.

The multilateral EaP framework has a four level structure: Heads of State or Government, Ministers of Foreign Affairs, four thematic platforms, and, at technical level, panels that support the work of the platforms on more specific subjects. Sector cooperation can also be enhanced through specific ministerial meetings.

#### 1.1.4.2 The Black Sea Synergy (BSS)

Since its launch in 2007 the BSS has become gradually more concrete. The EU considers the BSS as a means to increase cooperation among the countries surrounding the Black Sea. Under the BSS, there are now plans to establish specific partnership in the area of Environment and Transport that can also be instrumental to facilitate the identification of suitable projects for financing.

#### 1.1.4.3 The Euro-Mediterranean Partnership (EMP)

Unlike the newly created EaP, the Euro-Mediterranean Partnership dates back to the Barcelona Conference and ensuing Declaration of November 1995. The Declaration paved the way for a more integrated approach with a view to establishing a comprehensive Euro-Mediterranean partnership in order to turn the Mediterranean into a common area of peace, stability and prosperity through the reinforcement of political dialogue and security, an economic and financial partnership and a social, cultural and human partnership. Since then, the EMP has offered a

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<sup>7</sup> Source: "EaP Summit - 29-30 September 2011, Warsaw: Update on Eastern Partnership implementation" EuropeAid Development and Cooperation DG - 02/09/2011  
[http://www.eeas.europa.eu/eastern/docs/2011\\_eap\\_implementation\\_en.pdf](http://www.eeas.europa.eu/eastern/docs/2011_eap_implementation_en.pdf)

strong policy framework for the EU's relations with the Mediterranean countries and has formed the basis for a continuing dialogue and cooperation.

In this context, it is explicitly recognised that the ENP “will build on ‘the acquis’ of the EMP by fully integrating a tailor made approach adapted to each country or group of countries”<sup>8</sup>. It is nevertheless worth noting that, with the ENP, a shift in the centre of gravity of the cooperation with the MPC can be noted from the Euro-Mediterranean to the Euro-Arab area; shift which is the direct result of the fact that two of the non-Arab Southern Mediterranean countries (Cyprus and Malta) have become Member States, while one country (Turkey) is a candidate to accession.

The EMP is also comprised by two complementary tracks, the bilateral and the regional agenda. The institutional framework of the Barcelona process is summarised in Figure 2.

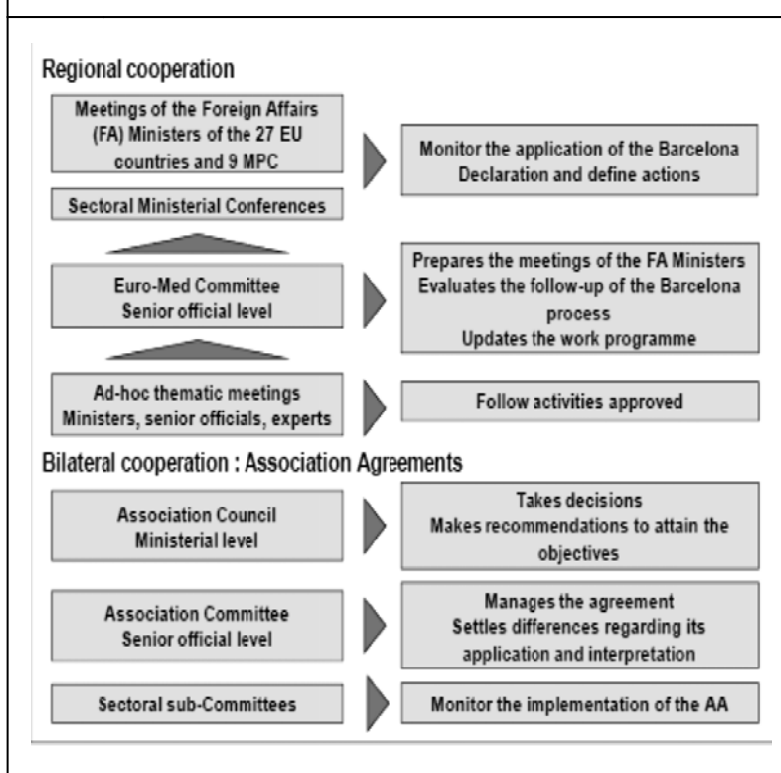
As far as the bilateral dimension is concerned, the basic partnership framework established for the Mediterranean area is similar to that of the Eastern region, whereby Southern partners have concluded Association Agreements<sup>9</sup> that provide for political dialogue, free trade in manufactured goods between the partner and the EU through tariff dismantling over a transitional period, and various forms of economic cooperation.

At the multilateral level on the other hand, an important difference is related to the fact that an explicit regional dimension encouraging the development of intra-regional initiatives and cooperation in a broad spectrum of sectors has been in existence since 1995.

While there is a perfect correspondence between the members of the EaP and the countries covered by the Eastern dimension of the ENP (even though it should be noted that some regional programmes e.g. TRACECA and INOGATE also include Central Asian countries), the same cannot be said for the Southern region. In fact, while the ENP encompasses 10 countries in the Southern Neighbourhood, the EMP, which was then re-launched under the heading of Union for the Mediterranean (UfM) in 2008, encompasses 16 Southern Mediterranean, African and Middle Eastern countries<sup>10</sup>.

The re-launch was an opportunity to render relations both more concrete and more visible with the reinforcement of regional and sub-regional initiatives. Among them: i) the de-pollution of the Mediterranean Sea, including coastal and protected marine areas; ii) the establishment of

Figure 2: Institutional Framework of the Barcelona process: Union for the Mediterranean



<sup>8</sup>European Neighbourhood Policy Strategy Paper COM (2004) 373, 12.05.04, page 22.

<sup>9</sup>Association Agreements are now in force with all countries with the exception of Syria (AA ready for signature) and some countries, notably Morocco, Israel, Jordan, Egypt, Tunisia, and the Palestinian Authorities are seeking to further enhance their bilateral relations with the EU.

<sup>10</sup>Albania, Algeria, Bosnia and Herzegovina, Croatia, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey. Countries underlined are those that are encompassed in the Southern ENP region. Libya is covered by the ENP but is not a member of the UoM.

maritime and land highways that connect ports and improve rail connections so as to facilitate movement of people and goods; iii) a joint civil protection programme on prevention, preparation and response to natural and man-made disasters; iv) a Mediterranean solar energy plan that explores opportunities for developing alternative energy sources in the region; v) a Euro-Mediterranean University, inaugurated in Slovenia in June 2008; vi) the Mediterranean Business Development Initiative, which supports small businesses operating in the region by first assessing their needs and then providing technical assistance and access to finance.

## ANNEX 11

### EVALUATION QUESTION ANALYSIS, ADDITIONAL DATA

<b>1</b>	<b><u>ANNEX 11 - EVALUATION QUESTION 1</u></b>	<b>2</b>
<b>2</b>	<b><u>ANNEX 11 - EVALUATION QUESTION 2</u></b>	<b>14</b>
<b>3</b>	<b><u>ANNEX 11 - EVALUATION QUESTION 3</u></b>	<b>16</b>
<b>4</b>	<b><u>ANNEX 11 - EVALUATION QUESTION 4</u></b>	<b>37</b>
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## 1 ANNEX 11 - EVALUATION QUESTION 1

### EQ 1.2 - RELEVANCE TO CONTEXT

#### Adaptation to ENP context and strategic changes

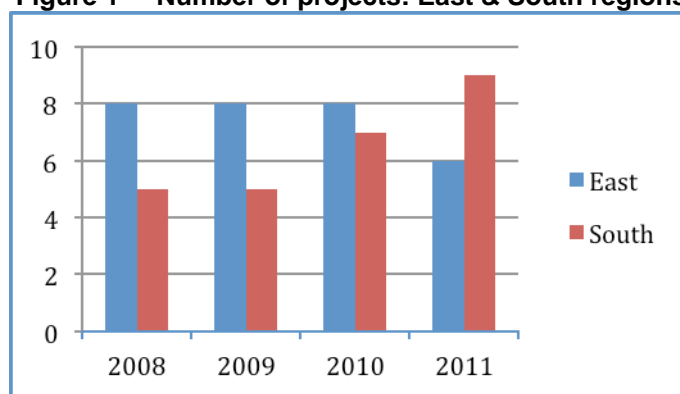
The most significant changes that occurred at NIF strategic level since 2008 dealt with the following subjects:

- **Raising additional resources** to cater growing demand, primarily through an increased contribution of the EC budget. As a response to the financial crisis the Revised Strategy Paper 2007-2013 & Indicative Programme 2011-2013 for the ENPI inter-regional programme, which covers NIF strategy reckoned that :« Large-scale investment in energy and transport infrastructure, environment and SME development will be crucial to recovery from the financial crisis ».

The resources of the NIF were steadily increased since 2008 as shown in figure 4. The approved amounts raised from € 72 million in 2008 to € 97,7 million in 2009, €105,5 million in 2010 and €142,3 million in 2011. Indeed, the use of NIF resources have almost doubled between 2008 and 2011.

- **Reinforcing involvement in the South.** The figure below shows the number of projects finally approved over the years 2008-2009. It evidences the raising importance of NIF interventions in the South. This is even more obvious when considering the NIF pipeline: as of May 2012, the NIF pipeline for the South included 29 projects for a potential NIF contribution of € 357m, as against 5 projects and € 41m in the East<sup>1</sup>. This shows a rapid adaptation of the NIF instrument to the emergencies created by the socio-political events in the ENPI South area.

Figure 1 – Number of projects: East & South regions



Source: NIF data and Evaluation Team analysis

- **Raising emphasis on Strategic Objective 3.** As the issue of job creation became more and more pressing, particularly in the South, NIF has increased its involvement in enterprise support, under Strategic Objective 3, as shown in the following table:

Table 1 – Enterprise support

Years	2008	2009	2010	2011	Pipeline 2012

<sup>1</sup> Source: NIF Secretariat document Pipeline 20120508

<b>Number of projects</b>	1	2	2	3	4
<b>NIF contribution (€m)</b>	2.88	17.0	17.0	30.0	63.0

All 4 projects included in the pipeline were in the South, illustrating NIF involvement in supporting private sector development, with the purpose of fostering job creation.

- **Adjusting instruments.** NIF adjusted its instruments, in particular by abandoning interest rate subsidies. Interest rate subsidies were discarded to avoid distorting competition with financing institutions and also because it would have created rights and obligations for the EU over the long term as Finance Institutions loans often have a tenor of 20 years or more;
- **Adjusting to global challenges and climate change;** following the increased pressure of addressing climate challenges and the EU commitment to the subject<sup>2</sup>, in November 2010 a Climate Change Window (CCW) was opened in the EU blending mechanisms, including NIF. One year later, at the Durban Climate Change Conference (11/ 2011) the Commission presented how blending mechanisms could effectively be used to contribute in the fight against climate change.

## EQ 1.3

### DETAILED ANALYSIS OF RELEVANCE OF PROJECTS

#### Relevance to Strategic Objective 1

Strategic Objective one deals with better transport infrastructure and interconnectivity in the Neighbourhood area and energy infrastructures. Transport projects embrace:

- Better (faster, cheaper and safer) transport infrastructure within beneficiary countries and between them.
- Better interconnection between the EU and the Neighbours through the extension of the Trans-European Network to the East and South.
- Faster and cheaper movement of people and goods between the EU and its neighbours, and between neighbours and the Member States particularly on the sub-regional level.

SO1 is in line with EU policies for closer integration of the transport system with the neighbouring countries<sup>3</sup>. It is finalized to create and an efficient transport infrastructure network able to ensure interconnection and interoperability with EU networks its neighbours. The trans-European transport networks extension to the neighbouring countries through five main transport axes will address bottleneck affecting international and long-distance traffic, facilitate trade and exchanges and have positive effects on economic development .The Five axes to connect the EU and the neighbours individuated <sup>4</sup> are the following:

1. Motorways of the Seas: to link the Baltic, Barents, Atlantic (including Outermost Regions), Mediterranean, Black and the Caspian Sea areas as well as the litoral countries within the sea areas and with an extension through the Suez Canal towards the Red Sea.
2. Northern axis: to connect the northern EU with Norway to the north and with Belarus and Russia to the east. A connection to the Barents region linking Norway through Sweden and Finland with Russia is also foreseen.
3. Central axis: to link the centre of the EU to Ukraine and the Black Sea and through an

<sup>2</sup> Commission Communication, "stepping up climate finance", November 2009

<sup>3</sup> Commission Communication on Guidelines for transport in Europe and neighbouring regions adopted in January 2007

<sup>4</sup>COM(2007) 32 -COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT „Extension of the major trans-European transport axes to the neighbouring countries Guidelines for transport in Europe and neighbouring regions“

inland waterway connection to the Caspian Sea. A direct connection from Ukraine to the Trans-Siberian railway and a link from the Don/Volga inland waterway to the Baltic Sea are also included.

4. South Eastern axis: to link the EU with the Balkans and Turkey and further with the Southern Caucasus and the Caspian Sea as well as with the Middle East up to Egypt and the Red Sea.
5. South Western axis: to connect the south-western EU with Switzerland and Morocco, including the trans-Maghrebin link connecting Morocco, Algeria and Tunisia and its extension to Egypt.

Four out of five axes directly encompass NIF intervention area. They will contribute most to promoting international exchanges, trade and traffic. They also include some branches in regions where traffic volumes are relatively low due to political problems, aiming therefore to strengthen regional cooperation and integration in the longer term.

In order to better understand NIF transport projects relevance to the SO1 it is useful to group the interventions according the following four sub-sectors:

1. Airport
2. Public Transport (PT)
3. Metro/tramway/urban rail project

The two sub-sectors “public transport” and “metro/tramway” cover projects whose main objective is to improve urban mobility at the local level. Table 7 describes NIF transport projects relevance to the interconnectivity objective.

**Table 2 – NIF transport projects and relevance to the interconnectivity objective**

Country	Year of Approval	Title	Sector	Type of Support	Sub-sector	Impact area
Moldova	2008	Chisinau Airport Modernisation Project	Transport	TA	air	International
Moldova	2008	Moldova Road Rehabilitation project (2nd Phase)	Transport	Grant	road	National/regional
Morocco	2008	Programme National de Routes Rurales	Transport	TA/Grant	road	National/regional
Tunis	2009	Réseau Ferré Rapide de Tunis	Transport	TA/Grant	metro/tram	Urban
Georgia	2009	Tbilisi Railway Bypass Environmental Clean up	Transport	TA/Grant	metro/tram	Urban
Morocco	2008	Tramway de Rabat	Transport	TA	metro/tram	Urban
Morocco	2009	Tramway de Rabat	Transport	Grant	metro/tram	Urban
AM	2009	Yerevan Metro	Transport	Grant	metro/tram	Urban
Tunisia	2010	2nd tranche Réseau Ferré Rapide de Tunis	Transport	Grant	metro/tram	Urban
Moldova	2010	Chisinau Public Transport project	Transport	Grant	PT	Urban
Egypt	2011	Alexandria public transport project FS	Transport	TA	PT	Urban
Egypt	2011	Cairo Metro Line 3 Phase 3	Transport	TA/Grant	metro/tram	Urban
Moldova	2011	Moldova Road Rehabilitation project (3rd Phase)	Transport	TA/Grant	road	National/regional
Georgia	2011	Georgia East-West Highway	Transport	Grant	road	International

Source: NIF data and Evaluation Team analysis

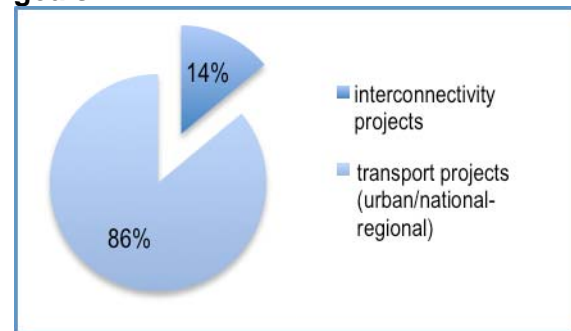
Only two projects, “Georgia East-West Highway” and the airport of Chisinau directly affect the interconnectivity dimension of SO1.

The “Georgia East-West Highway” is a project **Figure 2 – Percentage of transport**



that is fully in line with NIF SO1. The Highway is part of the corridor, one of the five major transnational axes in neighbouring countries. And it is also part of the Transport Corridor Europe, Caucasus, Asia (TRACECA), which is an international transport programme involving the EU and 14 of States of the Eastern European, Caucasian and Central Asian region that aims at developing transport initiatives. The remaining twelve projects have a low degree “interconnectivity” since their impact is more oriented to urban transport issues (tramways, metros and Public transport assistance) or have a regional impact (i.e. rural roads).

### projects relevant to interconnectivity goals



Source: NIF data and Evaluation Team analysis

The low number of interventions supporting “interconnectivity”, is explained by the following reasons:

- Interconnectivity amongst partner Countries does not seem always a priority in the context of the Southern Region;
- Often transport infrastructure interventions supporting regional interconnectivity are not mature to be financed;
- The Countries investment policies are more oriented on financing infrastructures that have a wide impact on regional/national level (solving thus the problems of accessibility) than the large scale international projects;
- Often interventions are oriented on solving issues of urban mobility that have a wider and positive impact on environmental issues.

Public/urban transport projects have as well specific relevance to the SO2 for effectively addressing the “environmental” Objectives with the sustainable mobility.

Energy infrastructure projects are consistently relevant to Strategic Objective 1.

### **Relevance to Strategic Objective 2**

Strategic Objective 2 addresses threats to the common environment, including climate change. Environmental challenges embraced by the objective include fields of: climate change, air, water, waste and industrial pollution, specifically covering the following areas:

- Promotion of integrated waste management (household, municipal and industrial).
- Introduction of integrated water management, including necessary related infrastructure.
- Reduction of air, soil and water pollution including monitoring infrastructure when needed.

The facility portfolio is positively addressing environmental threats. All the Water and Sanitation projects fulfill the criterion of protection of the environment. Wastewater projects contribute positively to climate changes action with adaptation and mitigation measures to reduce GHG impacts.

NIF projects are relevant to the context of the Euromed - Horizon 2020 Initiative to de-pollute the Mediterranean Sea and the Danube Black Sea (DABLAS) Task Force.

In the case of water and sanitation projects the SO2 refers to increased protection of the environment and better focus and control of climate changes impacts, notably by promoting waste management and integrated water management including all the necessary related infrastructures.

To assess NIF water and sanitation projects relevance to the SO2 these have been grouped in three categories:

1. Water
2. Wastewater
3. Water and Wastewater

Table 3 evidences how most water and sanitation projects have a specific relevance to the national and region context.

**Table 3 – NIF water and sanitation projects relevance to national and regional impacts**

Country	Year of Approval	Title	Type of Support	Sub sector	Impact area
Moldova	2008	Feasibility Study for Improvement W&S Systems in Chisinau	TA	Water & Waste water	National /Regional
Egypt	2008	Improved Water and Wastewater Services Programme (IWSP)	Grant	Water & Waste water	National /Regional
Tunisia	2008	STEP (Part I)	Grant	Water & Waste water	National /Regional
Armenia	2009	Armenia Small municipalities water project	TA/Grant	Water & Waste water	National /Regional
Lebanon	2009	Kesrwan Wastewater	TA	Water & Waste water	National /Regional
Tunisia	2009	STEP (Part II)	Grant	Water & Waste water	National /Regional
Egypt	2010	IWSP II - Upper Egypt	TA	Water & Waste water	National /Regional
Egypt	2011	IWSP II - Upper Egypt - Additional NIF contribution	TA	Water & Waste water	National /Regional
Morocco	2010	Programme National d'Assainissement	TA/Grant	Water & Waste water	National /Regional
Georgia	2010	Water Infrastructure Modernisation (EIB Window)	TA	Water	National /Regional
Georgia	2010	Water supply and sewage of Batumi and surrounding villages	Grant	Water & Waste water	National /Regional
Moldova	2010	Water Utilities Development Programme in Moldova	Grant	Water & Waste water	National /Regional
Morocco	2011	Drinking Water Efficiency Programme	TA/Grant	Water	National /Regional
Armenia	2011	Kotayk Solid Waste project	Grant	Waste water	Local/Urban
Tunisia	2011	Study for the waste water sewerage of industrial zones	TA	Waste water	National /Regional

Source: NIF data and Evaluation Team analysis

Strategic Environmental Assessments (SEA) have been carried out for the waste water projects (i.e. IWSP in Egypt) to ensure that plans and programmes take full account of climate change issues. Some of these studies are under finalization (i.e. STEP in Tunisia).

### Relevance to Strategic Objective 3

One of ENP strategic objectives is “Sectoral reform and modernization”, which covers a number of sectors, including “*Employment and social development*”. This translated into NIF third strategic objective of “Promoting equitable socio-economic development and job creation through the support for small and medium size enterprise and the social sector”. Job creation became more crucial than ever in the ENPI South region, shortage of jobs being one of the main underlying causes for the social unrests related to the “Arab spring”. SMEs were indeed identified as the main potential source of new jobs, putting their development on top of the agenda both for governments and for international donors.

Limited access to Medium-Long Term (MLT) financing severely hampers the development of SMEs, particularly in the Middle East / North Africa (MENA) region. MLT financing is very difficult to obtain, both in foreign and local currency. Banks usually require excessive collaterals for loans. Risk capital is in very limited supply. This issue is common to all countries in the region, justifying cross border initiatives taken by FI.

The analysis of relevance evidences that NIF projects are often related to two or even three Strategic Objectives. For instance the “Yerevan Metro” (Armenia 2009) contributes effectively to its sector objective (SO 1). The project converges as toward (SO2) through a positive environmental impact. The improvement of the efficiency of urban transport will produce also positive social and economic impacts (SO3).

In line with the renewed ENP in the Mediterranean region and in order to quickly respond to the population needs, the NIF invested in 2011 in several projects aimed at supporting small businesses in the Mediterranean region. Projects included the MENA Fund for Micro, Small and Medium Enterprises (SANAD) managed by KfW as well as the Enterprise Growth Programme and Business Advisory Service (formerly known as TAM/BAS programme) managed by the EBRD. The NIF also contributed to the Project Preparation Framework to fast-start EBRD's support to the Southern and Eastern Mediterranean region which mainly benefits to the private sector, in line with the EBRD's transition mandate.

Only two NIF projects are categorized into the "social" sector of intervention, related as well to SO3<sup>5</sup>. The limited contribution to social goals, relates to a minor demand from Finance Institutions and the fact that social interventions are better addressed through other development cooperation tools with stronger grant components.

Only one project was financed to support the private sector at national level (wine sector upgrading in the Republic of Moldova, approved in 2010).

### Consistency with National and Regional Indicative Programmes

NIF projects consistently converge towards priorities established by multi-annual national and regional Indicative Programmes. This finding is confirmed by the assessment of the 13 National and 2 Regional programmes encompassing NIF Countries<sup>6</sup>. Results, summarized in table 9, show that NIF projects links to NIP and Action Plans are well established for the majority of the intervention, although in some cases relevance to NIP could not be clearly defined (16% of assessed projects) and for 6% the relevance to Action Plans was not clearly established.

**Table 4 – Analysis of relevance: relevance of NIF projects to NIPs and Action Plans**

Relevance level	Yes		No		Not available		Unclear	
	N.	%	N.	%	N.	%	N.	%
Relevance to NIP	42	82,35	/	/	1	1,96	8	15,69
Relevance to Action Plan	35	68,63	/	/	13	25,49	3	5,88

Source: NIF data and Evaluation Team analysis

All NIF regional projects are related to Private Sector support<sup>7</sup>. This is in line with the RIPs for the ENP regions. Two RIPs are relevant to the ENPI and thus to the NIF : a) Regional Indicative Programme (2011-2013) for the Euro-Mediterranean Partnership, b) Regional East Strategy Paper and Indicative Programme (2010- 2013). Private sector development and SME support are among the priorities of both RIPs :

- In the East, one of the objectives is « To support the improvement of the business climate for SMEs and support their development »; expected results are « Improved access for SMEs to advisory services »
- In the South, one of the priorities of the RIP is « Enhancing investment promotion, business development and industrial cooperation » A Specific objective is to « Develop, in partnership with the private sector, the capacity of the Mediterranean organisations to support investment and investors [...] »

### Complementarities with National and Regional Indicative Programmes

NIF objectives include the establishment of complementarities with other interventions supported by the EC and Member States, linking to national and regional indicative

<sup>5</sup> The "support programme to the education sector" (Morocco) approved in 2009 and "Capacity assessment and modernization of the Republican Clinical Hospital in Chisinau", Republic of Moldova, approved in 2010.

<sup>6</sup>See Annex 8.

<sup>7</sup> The Regional Energy Efficiency Programme for Corporate sector is also relevant to SO1.

programmes. Most NIF interventions, focusing on infrastructure development, do demand complementary measures (i.e. institutional strengthening, capacity development, sector coordination) to support sustainability. The need of strengthening complementarities with other interventions has been highlighted by several stakeholders.<sup>8</sup>

The facility needs yet to develop the tools to enhance the development of such complementarities:

- EU Delegations most times are only lightly involved in the early stages of pipeline development and project preparation, often with low levels of project appropriation with no significant involvement in policy dialogue and development of complementarities.
- The system does not provide specific “incentives” to establish complementarities,
- NIF “standard project submission form” and the checklist for project assessment do not include specific criteria for complementarities.
- Development of complementarities (with opportunities and risks involved) is not monitored.

Case Studies evidence how several interventions established complementarities with other development cooperation instruments part of National or Regional indicative programmes. The assessment of the 12 case studies evidenced that only 50% of the projects established interactions and support mechanisms with other interventions.

### **Relevance to beneficiaries needs**

Projects selected do match needs and priorities of beneficiaries’ as evidenced by both case studies and Result-Oriented monitoring assessment. Relevance to beneficiaries needs is supported by the early stages of the project design cycle of Finance Institutions and its checked through the project formulation phase. The evaluation did not meet instances of projects do not matching beneficiaries’ needs and priorities.

### **Relevance and priority definition: criteria guiding NIF project selection**

Project selection establishes minimum eligibility standard requirements, aspects which are specified by the “grant assessment fiche”.

NIF selection process does not involve a system for weighting of relevance or project prioritization according to its relevance.

#### **Recommendations:**

- Interconnectivity should be maintained as a high priority for NIF projects, as it enhances achievement of ENP goals;
- Mechanisms should be supported to promote “interconnectivity” goals and projects in NIF. A scoring mechanism applied to project selection could weight for instance favourably projects contributions to interconnectivity;
- Methodologies and tools should be established to strengthen poverty reduction focus of NIF projects, including: i) poverty assessment harmonized tools, ii) poverty reduction indicators and iii) screening and scoring projects also according to the social benefits and poverty reduction potential.
- Mechanisms should be established to strengthen complementarities, including: an involvement of EU Delegations in the early stages of pipeline development and project design; evidencing complementarities through the project fiche, assessing project proposals also for the complementarities established, and monitoring (through result-oriented monitoring) the establishment of complementarities.
- The adoption of weighting and scoring mechanisms to prioritize NIF grants allocations according to predetermined criteria could be opted as a strategy to enhance

<sup>8</sup> Interviews with Delegations, F1, F2, F3 and F4.

relevance and optimize impact for the invested resources. Project prioritization may result effective when the amount of projects will significantly exceed resources available, as a strategy to improve quality (impact opportunities, effectiveness, efficiency) of NIF portfolio. The steady increase of the number of projects in FI pipelines would justify the introduction of priority criteria that allow selecting the “best” interventions. Such mechanism would also be conducive to promote the new approach to ENP and the “more for more”, supporting reformers in the Neighbourhood. Setting scoring mechanisms for projects selection may imply risks of relative unbalances in geographical distribution of projects (although minimum quota may be assigned to areas and for sectors).

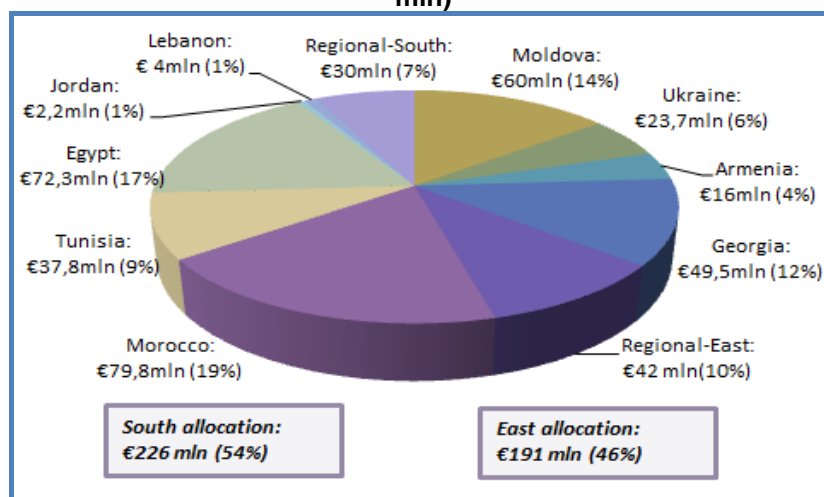
## EQ1.4 TARGETING

### Geographical distribution of NIF interventions

NIF financing is accessible only to the 12 ENP countries which have negotiated and signed ENP Action Plans<sup>9</sup> with the EU. Because of its high level of economic development, Israel did not have access to NIF financing. Among the other eligible countries only the Occupied Palestinian territories have not received NIF grants so far.

In geographical terms, the NIF portfolio was nearly equally split between the East and the South regions during the 2008 – 2011 period, with the former one receiving €191 million and latter one € 226 million.

**Figure 3 – Geographical distribution of NIF funds, 2008-2011 (in € mln)**



Source: NIF data and Evaluation Team analysis

Concerning transport, water and sanitation the projects geographical distribution both in term of number of projects financed and NIF budget contribution is well balanced. The following table illustrate the Projects' geographical distribution in the two areas of reference, North and South.

**Table 5 – Projects geographic distribution: number of projects for transport, water&sanitation**

Region	Sectors				Total	Distribution
	Sub-sector	Transport	Water/			

<sup>9</sup>Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Republic of Moldova, Occupied Palestinian Territory, Morocco, Tunisia, Ukraine.

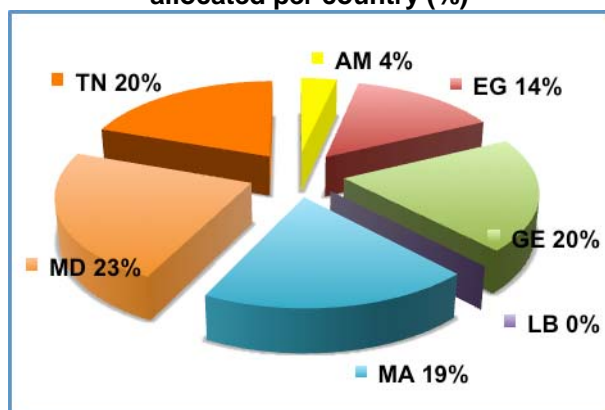
			Sanitation		(%)
East	air	1		1	3%
	metro/tram	2		2	7%
	PT	1		1	3%
	road	3		3	10%
	wastewater		1	1	3%
	water		1	1	3%
	water and wastewater		4	4	14%
	<b>East Total</b>	<b>7</b>	<b>6</b>	<b>13</b>	<b>45%</b>
	<b>%</b>	<b>54%</b>	<b>46%</b>	<b>100%</b>	
South	metro/tram	5		5	17%
	PT	1		1	3%
	road	1		1	3%
	wastewater		2	2	7%
	water		1	1	3%
	water and wastewater		6	6	21%
	<b>South Total</b>	<b>7</b>	<b>9</b>	<b>16</b>	<b>55%</b>
	<b>%</b>	<b>44%</b>	<b>56%</b>	<b>100%</b>	
<b>Grand Total</b>	<b>14</b>	<b>15</b>	<b>29</b>	<b>100%</b>	
<b>%</b>	<b>48%</b>	<b>52%</b>	<b>100%</b>		

Totally 29 projects were financed by NIF, 14 for transport sector and 15 for water and sanitation. It is important to note that in the case of W&S several projects are split in different phases (i.e. STEP I and II, IWSP I and II) thus the same project is double counted. Totally 29 projects were financed by NIF, 14 for transport sector and 15 for water and sanitation. Transport Sector received € 142,8 Million, the larger NIF contribution and about twice the W&S budget, and W&S € 69,9 Million. The main geographical differentiation is about the amount of grant and TA received.

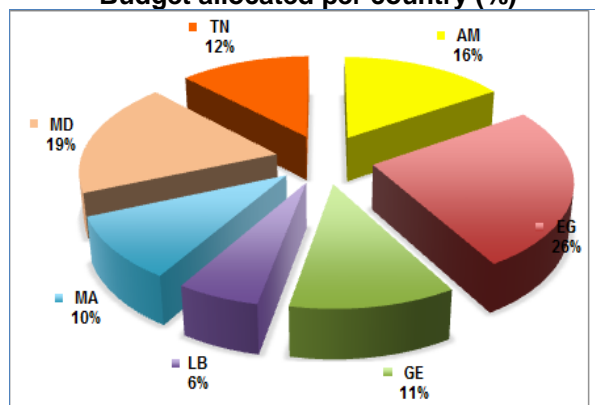
East countries received more NIF grant on Transport sector (€ 40 M Vs € 17 M) and less TA (€ 1,75m vs € 5,5m) than South Countries. With reference to W&S sector the analysis is similar. East countries received more NIF investment grants (€ 17,5 m vs € 13 m) and less TA than countries in the South (€ 7 m vs € 17,8 m).

The countries distribution of NIF funds over the 2008-2011 period is shown on Figure 5 and 6 below. The biggest recipient countries are Morocco for the transport sector and Egypt for the W&S. The reasons are related to the number and size of the financed projects. Morocco received NIF contribution for 3 projects (Tramway of Rabat I and II, and programme for rural roads) and Egypt for the 3 phases of IWSP.

**Figure 4 – Transport sector: NIF Budget allocated per country (%)**



**Figure 5 – Water & Sanitation sector: NIF Budget allocated per country (%)**



Source: NIF data and Evaluation Team analysis

## NIF interventions and GDP per capita

The table below shows amounts invested by the NIF related GDP per capita. It shows that NIF investments per person over the 2008-2011 period varies between € 16.7 in Moldova and 0.3 in Jordan.

**Table 6 – NIF grants, population, GDP and investment per capita**

Countries <sup>10</sup> / Regions	Population (Millions)	GDP per capita at PPP (US\$)	NIF grants (€m)	NIF invest <sup>†</sup> / per capita (€)
Armenia	3,3	5829	16	4,8
Georgia	4,5	5503	49,5	11,0
Moldova	3,6	3392	60	16,7
Ukraine	45,6	7251	23,7	0,5
Regional East	66,2		42	0,6
<b>Total East</b>	<b>66,2</b>		<b>191,2</b>	<b>2,9</b>
Egypt	82,8	6324	72,3	0,9
Jordan	6,4	6007	2,2	0,3
Lebanon	4,3	14709	4	0,9
Morocco	32,7	4986	79,8	2,4
Tunisia	10,7	9415	37,8	3,5
Regional South	136,9		30	0,2
<b>Total South</b>	<b>136,9</b>		<b>226,1</b>	<b>1,7</b>

Source: WB report, Evaluation Team analysis

### Regional projects

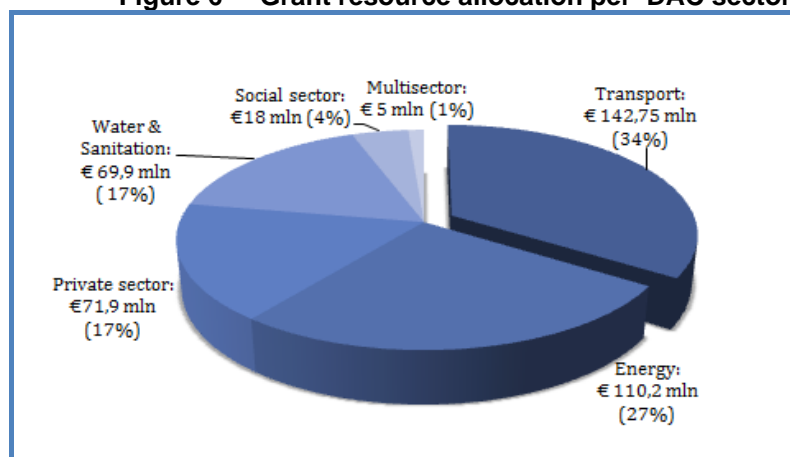
NIF investment per capita in regional projects over the period 2008 – 2011 was three times larger in the East than in the South; this is because all regional NIF projects but one are investments in SME financing funds, which were developed earlier in the East than in the South. NIF 2013 pipeline includes several regional projects in the South, which may significantly increase per capita NIF investments in regional projects in the South.

## NIF investments by sector

The sectoral distribution of NIF funds over the 2008 - 2011 period is shown on the figure below.

<sup>10</sup> This table covers only the 2008-2011 period. It does not show any investment in Azerbaijan as the first NIF investment in this country was approved in 2012 only.



**Figure 6 – Grant resource allocation per DAC sector**

Source: NIF data and Evaluation Team analysis

The above figures shows that Strategic Objective 1 (SO1) received 61% of NIF investments, SO2 and SO3 sharing the remaining 39%. This split of resources follows a) Finance Institutions demand and b) orientations on pipelines set by the FIG.

### NIF and debt sustainability

The table below compares the amount of EFIs' financing under NIF over the period 2008 - 2011 to the total external debt of beneficiary countries.

**Table 7 – EFI financing and total external debt**

Countries	External debt €M	Total FI lending under NIF (2008-2011) €M	EFI lending/external debt %
Armenia	4021	13	<b>0,32</b>
Azerbaijan	3221	570	<b>17,70</b>
Georgia	8523	335	<b>3,93</b>
Moldova	3552	217,1	<b>6,11</b>
Ukraine	75000	1623	<b>2,16</b>
Egypt	23546	1341	<b>5,70</b>
Jordan	4248	0	<b>0,00</b>
Lebanon	26500	111	<b>0,42</b>
Morocco	17454	717	<b>4,11</b>
Tunisia	14431	298,6	<b>2,07</b>

Source: World Bank. 2011 data, NIF Secretariat and Evaluation Team analysis

## 2 ANNEX 11 - EVALUATION QUESTION 2

Annex 11/ EQ 2 provides additional information on the following aspects of NIF projects preparation process:

1. Result Oriented Monitoring assessment of quality of project preparation;
2. Project selection criteria in NIF
3. Summary approaches of project preparation by Lead Finance Institutions

### 1. Result Oriented Monitoring (ROM) and review of preparation quality

The 6 reports of “Result Oriented Monitoring” for NIF projects score positively for the criterion of project relevance and quality of preparation:

- Projects are relevant and respond to the needs of the target groups. They are in line with the Partner Government policies.
- In terms of quality of the design, monitors have pointed out that a detailed feasible and flexible log frame doesn't exist for all the projects. Monitors evidence some issues of limited information (for instance projects in Ukraine). In general the objectives are achievable, clear and logical. The expected results are holding true.
- In all the projects the stakeholders have been involved in the process of design, positively cooperating with the foreign partners both during the preparation phase and, in some cases, also during the implementation phase. The overall average score is positive.
- Design takes into account in all projects environmental issues and good governance.

### 2. Projects Selection Criteria

*(NIF General Framework, 2008)*

Additionality, Not duplicating other financial resources, No duplication with FEMIP (South), Quality of proposals, Expected impact, Leverage effect, Value-added, ODA eligible, Stimulating (private) investments, Direct link to priorities of the ENP Action Plans and of beneficiary countries, Cost-effective

#### Preference is given to projects:

Supporting higher risk activities; Improving social services and social infrastructures; Helping to reduce regional disparities; Promoting social returns or global public goods returns; Improving access to finance for MSME's; Supporting the development of local capital markets; Supporting the development of a local labour market and improved opportunities for employment; Supporting environmental projects with cross-border effects; Leveraging sectoral reforms; Seeking to ensure donor harmonisation and complementarity of investments; Promoting sustainable socio-economic development with a particular focus on pro-poor growth.

## Summary approaches to project preparation by three Lead FI

Phase	EIB <sup>11</sup>	KfW <sup>12</sup>	AFD <sup>13</sup>
<b>Policy dialogue</b>	Project approach to dialogue: using projects to leverage on sector reforms (i.e. tariffs increase)	Always part of KfW approach; Specific policy development criteria; project / national programme based approach to dialogue: using projects / national programmes to leverage on sector reforms (i.e. tariffs increase)	Related to sector and projects Often project results include sector reform / capacity building;
<b>Identification</b>	In general demand driven; request from Promoter; Check with Eligibility criteria,	No pre-defined approach; most projects from inter-governmental discussions/negotiations. All projects fit into the country strategies of the Federal Ministry for Economic Cooperation and Development (BMZ) and the partner country's development strategies.	Demand driven; Project promoters;
<b>Preparation</b>	Due diligence process; result based framework; Project team; Financial assessment and risks analysis;	Preparation period and feasibility study includes a 7 – 10 days field mission; deep process; technical expertise legal, institutional and macroeconomic conditions, developmental objectives and indicators, the financial strength and management capacities of the project implementing agency, the economic and technical appropriateness of the project or programme, risks to sustainability.	Financial and economic analysis; main tool: CBA
<b>Environmental assessment</b>	Part of the appraisal process; All EIB projects need to be acceptable in environmental terms (assessment of all net and residual Environmental Impacts over the project life-cycle (design, construction and operation) – Mandatory E&S assessment; EIA according to the EIA Directive 2011/92/EU including requirement of an Environmental and Social Management Plan and system to be put into place SEA according to SEA Directive 2001/42/EC (in the EU and Accession Countries) outside of the EU SEA guidance taken from OECD/DAC. Biodiversity	Part of the appraisal process; see details in EQ 2.2	Part of the appraisal process; see details in EQ 2.2

<sup>11</sup> Interview with Eefje Schmid, 12 December 2012; EIB, environmental\_and\_social\_practices\_handbook

<sup>12</sup> Interview with Tatjana Bruns, KfW, 13/12/ 2012 and KfW website (project cycle).

<sup>13</sup> Interview with Arnaud Desmarchelier, AFD, 17/12/2012, AFD website information on the project cycle.

	Assessment – Approach guided by the Habitats Directive (Appropriate Assessment Methodology) Consultation and disclosure – required throughout the project cycle – establishment of a stakeholder engagement plan and recourse mechanism		
<b>Social analysis</b>	Social Impact Assessment (social assessment guidance notes); ESMP required;	Impacts on poverty reduction, the social and cultural setting, conflict relevance, environmental protection and gender equality, Part of the project/programme appraisal	Not mandatory, depending from risk level. Mostly to introduce safeguards. ESMP yes as per Equator
<b>EU standards as benchmarks for social and environmental assessment</b>	Yes	Yes	Yes
<b>Host country standards</b>	Yes	Yes	Yes
<b>Public disclosure</b>	Yes, 30-day rule and publication on promoter website	Only project categorisation disclosed	No
<b>Ex-antes assessment</b>	Yes	Yes	No. It's recognized as a constraint, due to limited resources availability.

Source: see footnotes

### 3 ANNEX 11 - EVALUATION QUESTION 3

#### Overview of NIF contributions

The following table shows an overall analysis of NIF investments during the 2008 – 2011 related to FI contributions and total project costs.

**Table 8 – NIF investments: FI contributions and total project costs (in € mln)**

Total NIF amount invested	417,7
Total Investments by Lead FI	3,544
Total investments by FI	6,551
Total project costs	16,354
NIF total amount invested / Lead FI investments	11,8 %
NIF total amount invested / Total FI contribution	6,4 %
NIF total amount invested / Total project cost	2,6 %

Source: NIF data and Evaluation Team analysis

This table shows that the total average contribution of NIF is substantial. On average, it reduced by 6.4% the amounts lent by FIs, thereby providing them with a substantial cost advantage vis-à-vis their borrowers and other donors.

Indeed, the level of NIF contributions related to the amounts of FIs interventions varied a lot from one project to another. The lowest NIF contribution covered only 0.3% of the FIs lending, in the case of “Ukrenergo Corporate Sustainable Development” financed by the EBRD. In several cases NIF funding covered the entire cost of preparatory works, feasibility studies or pipeline assessments (see paragraph on TA below). Among the 11 case studies which were analysed for this evaluation, NIF lowest contribution was 1% of FI lending in the case of the “Hydropower rehabilitation project” in Ukraine. On the other end, NIF covered 100% of the SEMED project in the South, intended to feed a pipeline of new investment opportunities in the private sector.

NIF grants finance **three<sup>14</sup> types of intervention** in support of projects:

- i. Investment grants, used to finance part of total project cost in order to reduce its financial burden for beneficiary institutions
- ii. Technical assistance, which covers part of the cost of the expertise needed to prepare projects of support their implementation
- iii. Risk capital operations, aimed at providing funding to local financial institutions which finance the development of the private sector.

Over the 2008 – 2012 NIF grants have been used as follows:

**Table 9 – NIF grants per category (in € million, 2008-2011)**

Year	TA	Investment grants	Risk capital	Total NIF Grant
2008	25,2	42	0	67,2
2009	52,2	40,5	10	102,7
2010	35,8	59,7	13	108,5
2011	39	92,3	8	139,3
2012 (10 months)	40,1	104,1	34	178,2
<b>Total</b>	<b>192,3</b>	<b>338,6</b>	<b>65</b>	<b>595,9</b>

*Source: Evaluation Team Analysis*

**By sector**, the three types of NIF intervention over the 2008 – 2011 period were split as follows:

**Table 10 – NIF grants per category (in € million, 2008-2011)**

Sectors	Total NIF amount	TA	Investment Grant	Risk Capital	Total FI financing	Total amount	NIF investment / FI financing %	NIF investment / Project cost %
<b>Strategic Objective 1</b>								
<b>Transport</b>	122,7	31,2	91,6	0	1870	4650	<b>6,6</b>	<b>2,6</b>
<b>Water / Sanitation</b>	89,9	26,8	63,1	0	968,7	1881	<b>9,3</b>	<b>4,8</b>
<b>Energy</b>	110,2	42,4	67,8	0	3267	7329	<b>3,4</b>	<b>1,5</b>
<b>Strategic Objective 3</b>								
<b>SME support, social</b>	94,9	51,9	12	31	645,6	2867	<b>14,7</b>	<b>3,3</b>

<sup>14</sup>Interest rate subsidies which were originally included in NIFs intervention tools have not been used in order to avoid creating distortion of competition in financial markets.

Source: NIF data and Evaluation Team analysis

NIF investment in proportion to total FI lending varied substantially, from 3.4 % in the energy sector to 9.3 % in the water / sanitation sector. Similarly, NIF investments related to total project cost vary from 1.5% in the energy sector to 2.6 % in Water / Sanitation. This seems to be due to the fact that sanitation projects require more support because they usually have a lower rate of economic return than investments in transport and energy. Also water/sanitation projects have on average a higher environmental component.

Comparing NIF investments under **Strategic Objective 3** with those in other sectors is not relevant as they are of a very different nature. However, it can be noted that the TA component is proportionately higher than in other sectors. This is due to the important TA support needed by local Financial Intermediaries. Also, the role of NIF funds invested in this sector is to leverage funding from other sources, rather than funding project directly. Following is an assessment of the effectiveness of the three types of NIF intervention. The assessment is based essentially on the findings of the evaluation team sector experts who analysed and visited 12 projects selected as Case studies (see Chapter 2 above).

The NIF is still at an early stage in terms of physical progress of infrastructure projects, but an analysis of projects can already give indications on their likely outcomes. The effectiveness of NIF grants is analysed as follows:

- i. *Strategic Objective 1*: assessing the effectiveness of each of the sectors of intervention and of the two instruments (investment grants and Technical Assistance)
- ii. *Strategic Objective 2*, strategic area of intervention addressing threats against the environment and climate change; the effectiveness and impact of NIF financing will be assessed on the basis of Rio Markers. Rio markers also apply to SO 1 and 3.
- iii. *Strategic Objective 3*: assessing the effectiveness of SME support and social projects which use three instruments: Investment grants (for social projects), TA and risk capital investments.

### EQ 3.1 EFFECTIVENESS OF INVESTMENT GRANTS Background Analysis

#### Effectiveness of Investment Grants to achieve Strategic Objectives 1

**Interconnectivity** is a crucial element of ENP policy, reflected in SO1 of the NIF. Indeed, there is a common interest between the EU and ENP countries to upgrade existing infrastructure/networks and to develop additional ones to enhance the energy security of the EU and its ENP partners, particularly with improved interconnection between national gas and electricity networks. The EC has established guidelines for Trans-European Energy Networks (TEN-E Guidelines) and the “Priority Interconnection Plan” which identifies projects of common and European interest for gas and electricity interconnections including between the EU and neighbouring countries. In December 2007, the Euro-Mediterranean energy ministers adopted a priority action plan for 2008-2013, which includes a list of priority infrastructure projects of common interest in the region.

#### ➤ **Transport**

One of the objectives of the ENP is to foster the implementation of an efficient **Transport** infrastructure network able to ensure interconnection and interoperability with EU networks

which is vital for the development of the free trade area encompassing the EU and its neighbours. In reality the NIF interventions cover a wide range of projects in the transport sector as shown in the following table:

**Table 11 - NIF Investment grants and TA grants in the Transport Sector (€m)**

Title	Lead FI	Total NIF amount	TA	Investment Grant	Total FI financing	Total amount	Invest Grant/ total NIF amount	Invest grant/ Total FI financing	Invest Grant/ Total costs %
Chisinau Airport Modernisation Proj. (Moldova)	EBRD	1,75	1,75		44,5	46,25	0,0%	0,0%	0,0%
Moldova Road Rehabilitation project (2nd Phase)	EBRD	12		12	150	181,2	100,0%	8,0%	6,6%
Programme National de Routes Rurales (Morocco)	EIB	9,8	1,8	8	120	397	81,6%	6,7%	2,0%
RéseauFerréRapide de Tunis (Tunisia)	AFD	14	7,5	6,5	297	550	46,4%	2,2%	1,2%
Tbilisi Railway Bypass Environ. Clean up (Georgia)	EBRD	8,5	2,5	6,0	0	253,5	70,6%	100,0%	2,4%
Tramway de Rabat (Morocco)	AFD	5	5		60	346	0,0%	0,0%	0,0%
Tramway de Rabat (Morocco)	AFD	3		3			100,0%	100,0%	N.A
Yerevan Metro (Armenia)	EBRD	5		5	10	16,6	100,0%	50,0%	30,1%
2nd tranche RéseauFerréRapide de Tunis (Tunisia)	AFD	14		14			100,0%	100,0%	N.A
Chisinau Public Transport project (Moldova)	EBRD	3		3	10	15,45	100,0%	30,0%	19,4%
Programme National d'Assainissement (Morocco)	AFD	10	0,9	9,1	78	176	91,0%	11,7%	5,2%
Alexandria public transport project FS (Egypt)	AFD	0,50	0,5			0,5	0,0%	100,0%	0,0%
Cairo Metro Line 3 Phase 3 (Egypt)	AFD	20,00	10	10	900	2075	50,0%	1,1%	0,5%
Moldova Road Rehabilitation project (3rd Phase)	EBRD	16,2	1,2	15			92,6%	100,0%	N.A
Georgia East-West Highway	EIB	20,00		20	200	592	100,0%	10,0%	3,4%
<b>Total</b>		<b>142,8</b>	<b>31,2</b>	<b>111,6</b>	<b>1870</b>	<b>4650</b>	<b>78,2%</b>	<b>6,0%</b>	<b>2,4%</b>

Source: NIF Secretariat and Evaluation Team analysis

In the above list, only two projects are related to enhancing interconnections (in bold characters). Of the 15 projects, 10 refer to the local/urban dimension. Seven of them are located in the South, reflecting the crucial need for improvement of urban transportation systems in large fast growing cities like Cairo, Tunis or Rabat. These projects are undoubtedly useful for the countries' economic development and infrastructure improvement but they do not have any impact on developing interconnections between countries of the ENP area, in contradiction to SO1.

NIF contributions in the transport sector vary from € 0.5million to € 20million. Larger contributions have a big investment grant component. In the Transport sector investment grants far exceed technical Assistance, with € 111.6 million against € 31.2million respectively. Investment grants amount to 78.2% of total NIF investments in the sector.

The case study below shows a good level of effectiveness of investment grants in the transport sector.

## CASE STUDIES, EFFECTIVENESS OF INVESTMENT GRANTS

### Georgia East-West Highway

The project cost is of € 190 Million and NIF investment grant amounts to EUR 20 Million. The NIF grant was very effective in leveraging additional financial resources as it was used to secure the repayment of the first instalments of the loan extended by the EIB and two International Finance Institutions, the Asian Development Bank (ADB) and the Japan International Corporation Agency (JICA). The grant was needed to make the project affordable to Georgia. Without the grant, the financial burden would have been too heavy for Georgian authorities and the project would have had to be curtailed or implemented over a much longer period of time.

The project will also contribute to NIF social development objectives by improving the efficiency and safety of road infrastructure and operations on the key national roads of Georgia, by addressing

environmental issues through adherence to the European principles for the environment and promoting socio economic development in the country. The works on the Georgia East-West Highway are expected to be completed in 2015. Project results are likely to be in line with expectations and will contribute to NIF social development objectives by improving the efficiency and safety of road infrastructure and will address environmental issues through adherence to the European principles for the environment .

## ➤ Energy

NIF investments in the energy sector for the 2008 – 2011 period are listed below.

**Table 12 - NIF investment grants in the energy sector**

Title	Lead FI	Total NIF amount	TA	Investment Grant	Total FI Financing	Total amount	Investment grant / total NIF financing	Investment grant / total FI financing	Investment grant / total project cost
<i>200 MW Wind Farm in Gulf of El Zayt (Egypt)</i>	KfW	10		10	241,5	340	100,0%	4,1%	2,9%
<b>Black Sea Energy Transmission System (Georgia)</b>	KfW	8	8		260	280	0,0%	0,0%	0,0%
<i>Feasibility Study for Solar Thermal Power Plant in Tunisia</i>	KfW	1	1			90	0,0%	100,0%	0,0%
Ukrenergo Corporate Sustainable Development (Ukraine)	EBRD	0,8	0,8		300	301	0,0%	0,0%	0,0%
<b>Hydropower rehabilitation project (Ukraine)</b>	EBRD	3,6	3,6		350	398,6	0,0%	0,0%	0,0%
East Regional Energy Efficiency Prog. for Corporate sector	EBRD	2	2		300	300	0,0%	0,0%	0,0%
<b>Ukraine Power Transmission Network</b>	EBRD	10	10		800	1110	0,0%	0,0%	0,0%
<i>Egyptian Power Transmission</i>	EIB	20	4	16	360	762	80,0%	4,4%	2,1%
<i>Enguri / Vardnili Hydro Power Cascade Rehabil. (Georgia)</i>	EBRD	5	1	4	35	47	80,0%	11,4%	8,5%
Jordan Electricity Transmission	EIB	2,2	2,2			150	0,0%	100,0%	0,0%
<i>Master plan (combined RE) + FS for CSP in Egypt</i>	KfW	3	3			500	0,0%	100,0%	0,0%
<b>Prep. Studies modern. Ukraine gas transit and storage</b>	EBRD	2,5	2,5			2000	0,0%	100,0%	0,0%
<i>TA 20 MW PV grid connected Power Plant (Egypt)</i>	AFD	0,80	0,80			100	0,0%	100,0%	0,0%
<i>2nd Phase Moldova Energy Efficiency Fin. Facility</i>	EBRD	4,50	1,70	2,80	15	23,3	62,2%	18,7%	12,0%
Moldova Residential Energy Efficiency Fin. Facility	EBRD	5,00		5,00	25	41,8	100,0%	20,0%	12,0%
<i>Ouarzazate Solar Plant (Morocco)</i>	EIB	30,00		30	515	807	100,0%	5,8%	3,7%
<b>Ukraine Power Transmission Efficiency Project</b>	KfW	1,80	1,80		65,5	78,3	0,0%	0,0%	0,0%
<b>TOTAL</b>		<b>110,2</b>	<b>42,4</b>	<b>67,8</b>	<b>3267</b>	<b>7329</b>	<b>61,5%</b>	<b>2,1%</b>	<b>0,9%</b>

Source: NIF Secretariat and Evaluation Team analysis

The above table shows that on 17 projects in the energy sector, 6 were supported by investment grants (column D), of which 3 also received NIF financed TA. Fourteen out of the 17 projects received TA (see EQ 3.2 below). Investments grants in the Energy sector amount to 61.5% of total NIF financing, 2.1% of total FI financing, and 0.9 % of the total project costs. This is clearly less than in the transport sector (see below).

The analysis of the specific objectives of the above projects shows that:

- i. 5 of them (in bold characters in the above table) will contribute to enhancing interconnections within the ENP region. Four of them are in Ukraine and one in Georgia. All but one deal with electricity transmission networks; one is related to gas transit in Ukraine. This proportion looks on the low side considering that enhancing interconnection is a priority within SO1. None of the projects which received investment grants aimed at improving interconnectivity.



- ii. 8 of them (in italics in the above table) support investments in the renewable energy sector. The biggest investments grants went to renewable energy projects, with (a) € 30 million invested in Ouarzazate Solar (Morocco) plant, (b) € 16 million invested in the Egyptian internal power transmission network in order to adapt it to receiving electricity from wind farms and (c) € 10 million in El Zayt wind farm (Egypt). These investments promoting renewable energy also addressed SO2 which encompasses the struggle against climate change.

Among the projects which were selected as case studies for this evaluation only one benefitted from an investment grant from NIF. Its effectiveness is assessed below.

### CASE STUDIES, EFFECTIVENESS OF INVESTMENT GRANTS

#### 200 MW Wind Farm in Gulf of El Zayt (Egypt)

The project benefitted from a EUR 10m investment grant. As seen by Egyptian Authorities, the NIF grant was used to reduce the total cost of the project. They consider that this type of investment must be financially supported by donors and organise a sort of competition among them. The NIF contribution was therefore essential in helping KfW and the EIB for being assigned the financing of this project by the Authorities. KfW also used grant funds from the German government. But the EIB had to rely on the NIF for making its financing proposal more attractive, as it has no alternative.

The NIF grant was also specifically used for financing an Environmental and Social Assessment Study as well as a radar system for protecting migratory birds around the wind farm. Egyptian authorities would probably not have covered themselves such costs.

The project is still at an early stage of implementation. Works have not yet begun on the site. It is therefore premature to make a judgement on the final effectiveness of the project. But the National Renewable Energy Authority of Egypt is confident that the project will prove effective. They are quite satisfied with the NIF financing of environmental components of the project.

The NIF contribution is particularly effective in supporting environmental aspects of the project.

### Effectiveness of Investment Grants to achieve Strategic Objectives 2

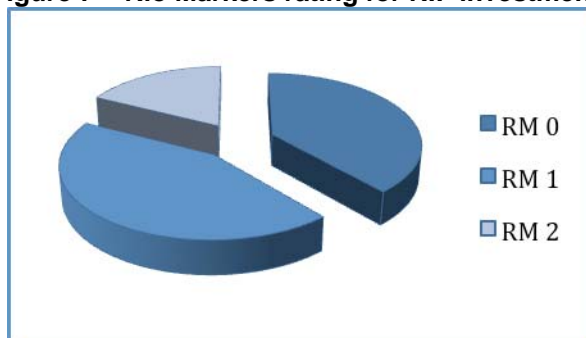
A rating according to Rio Markers is attached to all NIF investments, as shown on the following table, covering investments made till 31/12/11.

Table 13 – Rio Markers rating for NIF investments

Sectors	Environment / climate change objective	Rio Marker 2	Rio Marker 1	Rio Marker 0
Energy	65%	10	1	6
Water / Sanitation	100%	0	14	0
Transport	67%	0	10	5
SME support / Social	0%	0	0	11
<b>Total</b>		<b>10</b>	<b>25</b>	<b>22</b>

Source: NIF data and Evaluation Team analysis

Figure 7 – Rio Markers rating for NIF investments



Source: NIF data and Evaluation Team analysis

**Table 14 - NIF INVESTMENT GRANTS IN WATER / SANITATION**

Title	Lead FI	Total NIF amount	TA	Investment Grant	Total FI financing	Total amount	Investment grant / total NIF financing	Investment grant / total FI financing	Investment grant / total project cost
Feasib. Study for Improvement of W&S System, Chisinau, Moldova	EBRD	3	3		45	59	0,0%	0,0%	0,0%
IWSP (Improved Water and Wastewater Services Prog), Egypt	KfW	5		5	178,9	295,1	100,0%	2,8%	1,7%
STEP (Part I), Tunisia	KfW	5		5	73,5	127	100,0%	6,8%	3,9%
Armenia Small municipalities water project	EBRD	7,6	0,6	7	13	20,8	92,1%	53,8%	33,7%
Kesrwan Wastewater (Lebanon)	EIB	4	4		111	214	0,0%	0,0%	0,0%
STEP (Part II), Tunisia	KfW	3		3			100,0%	100,0%	N.A
IWSP II - Upper Egypt	KfW	10	10		178	300	0,0%	0,0%	0,0%
IWSP II - Upper Egypt - Additional NIF contribution	KfW	3	3				0,0%	100,0%	N.A
Water Infrastructure Modernisation (EIB Window), Georgia	EIB	4	4		40	86	0,0%	0,0%	0,0%
Water supply and sewage of Batumi and villages, Georgia	KfW	4	0,4	3,6	35	44	90,0%	10,3%	8,2%
Water Utilities Development Programme in Moldova	EBRD	10		10	20	31,5	100,0%	50,0%	31,7%
Drinking Water Efficiency Programme, Morocco	KfW	7,0	1	6	70	101	85,7%	8,6%	5,9%
Kotayk Solid Waste project, Armenia	EBRD	3,5		3,5	3,5	8,51	100,0%	100,0%	41,1%
Study for the waste water sewerage of industrial zones, Tunisia	KfW	0,8	0,8		0,8	1,6	0,0%	0,0%	0,0%
<b>TOTAL</b>		<b>89,9</b>	<b>26,8</b>	<b>63,1</b>	<b>968,7</b>	<b>1880,65</b>	<b>70,2%</b>	<b>6,5%</b>	<b>3,4%</b>

Source: NIF Secretariat and Evaluation Team analysis

The average NIF investment in the water/sanitation sector is € 6.4million. Proportionately, NIF investments in the water/sanitation sector are comparable with those in the transport sector; they reach 6.5% of FIs investments and 3.4% of total investment. Eight out of 14 projects were supported with investment grants; 4 of them also received technical assistance.

Nine of the 14 NIF investments in the water/sanitation sector include investment grants which range from € 3 million to € 10 million. The case study below is illustrative of the effectiveness of NIF investment grant. It also shows that additional TA for feasibility study might have resulted in the introduction of more effective technologies.

### CASE STUDIES, EFFECTIVENESS OF INVESTMENT GRANTS

#### STEP-Réhabilitation et extension de stations d'épuration (STEP) et de stations de pompage (SP) (Tunisia)

NIF contribution is of € 9 Million over a total cost of €127 Million. The program will allow the renovation and extension of 19 stations of purification (STEP) and 130 pumping stations (SP). The program will provide special attention to the treatment of industrial wastewater. It includes engineering studies and supports the supervision of works, civil engineering works and the supply of electro-mechanical equipment, as well as the construction of transmission pipelines and the provision of equipment necessary for the maintenance of the stations.

Although the Programme does not foresee specific TA, KfW assistance decided to provide a TA component aside the Programme, involving several local ONAS' employees, technicians and engineers, who will be trained both on site and in Germany.

The projects are well coordinated and integrated with FEMIP. EIB study for the coastal cleaning in the North of region was carried out and probably the project implementation will be submitted to NIF for

further grant support. The Stakeholder coordination was very intensive from the starting up of the project. The Project's partners meets regularly and have a consistent exchange of information. In spite of implementation delays, the project's effectiveness is likely to be correct.

### Effectiveness of Investment Grants to achieve Strategic Objectives 3

NIF interventions in the SME support sector did not include investment grants.

The list of projects approved over the 2008 – 2011 period in the social sector is shown in the following table:

**Table 15 - NIF Financing in the Social Sector**

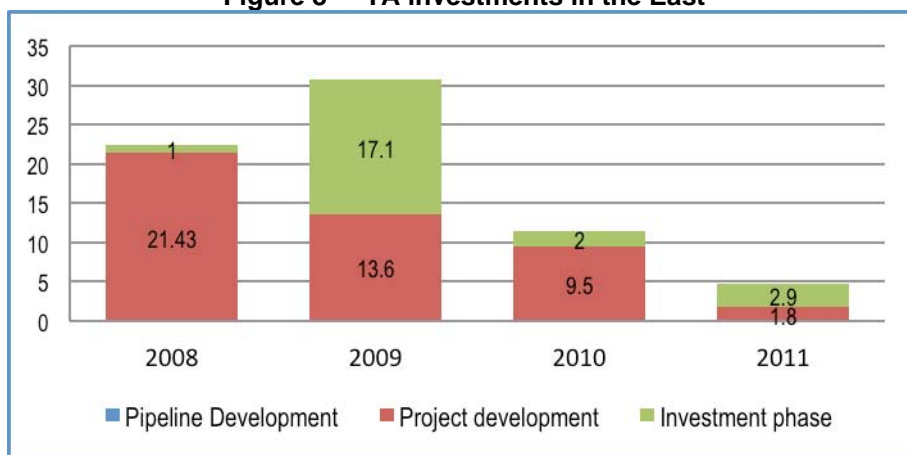
Title	Lead FI	Total NIF amount	TA	Investment Grant	Total FIs financing	NIF contribution/ FI investments
Capacity assessment of the Republican Hospital (Moldova)	CEB	3	1	2	9	33,3%
TA Support for Ukrainian Municipalities (Ukraine)	EBRD	5	5		108	4,6%
Education (Morocco)	AFD	15	5	10	250	6,0%
<b>Total</b>		<b>23</b>	<b>11</b>	<b>12</b>	<b>367</b>	<b>6,3%</b>

*Source: NIF Secretariat and Evaluation Team analysis*

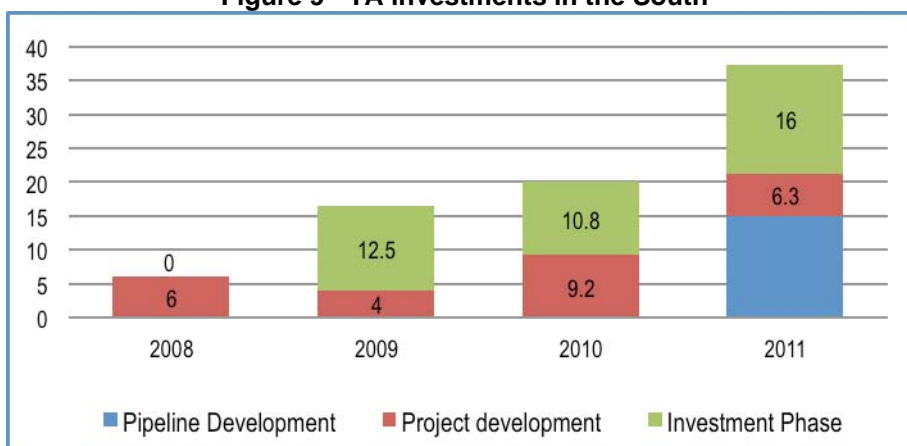
NIF has only in one instance supported social intervention with an investment grant, for the Support programme for the education sector, Morocco, approved in 2009. This was a large project dealing with the construction of new schools. FIs involved were AFD and EIB; the total NIF grant was € 15million (€ 10 million investment grant, € 5 million TA) for a total project cost of € 1900 million. This project also received a EU grant of € 93 million in the form of budget support. The NIF grant contributed to the overall financing of the project. Its effectiveness cannot be assessed separately from the rest of the Support programme for the education sector.

## EQ 3.2 EFFECTIVENESS OF TECHNICAL ASSISTANCE Background Analysis

The split of NIF TA investments between the East and the South shows interesting trends, as illustrated by the following graph:

**Figure 8 – TA investments in the East**

Source: DEVCO, DRN Evaluation Team analysis

**Figure 9 - TA investments in the South**

Source: DEVCO and Evaluation Team analysis

The above tables show that TA investments in the South have been steadily increasing whereas they tended to decline in the East. This reflects a growing NIF support for TA in the investment phase of projects in the South, linked to the growing need of institutional and technical support for project implementation. Also the total amount of TA investments in 2011 was raised by the € 15 million grant extended to the EBRD for their SEMED business development activities (see case studies below).

### Effectiveness of Technical Assistance in achieving Strategic Objective 1

#### ➤ Transport

NIF contributed TA to 10 of the 15 projects in the transport sector. Contributions varied from € 0.5million for the feasibility study of Alexandria public transport system to € 10million for TA supporting the construction of the 3<sup>rd</sup> metro line in Cairo. In the Transport sector TA grants amount to 21.8% of total NIF investments. NIF was the sole contributor to the financing of TA for 3 of the above projects. In 3 other projects NIF investments did not come along with any FI financing, although NIF investments were intended for the preparation of future projects.

### CASE STUDIES, EFFECTIVENESS OF INVESTMENT TA

#### Chisinau Airport Modernisation Project (Moldova)

Chisinau Airport is the main gateway to Moldova's external trade and a key asset to the country's development. Improvement of this public infrastructure will allow better access to EU markets to encourage FDI.

NIF was very useful to attract other financial resources from the EBRD and EIB. NIF TA contribution was EUR 1.75 Million against a total project cost of EUR 40.25 Million. The Project consists in two TA components:

1. The first component covered the "Assistance to Preparation of the Airport Master Plan (AMP)" and has been completed in 2010. During its development the AMP took into consideration different final comments from the Project Implementation Unit (PIU), the Airport Management and external stakeholders.

2. The second refers to "Assistance to Project Implementation and Supervision Services" and was assigned to Ramboll (a Danish engineering company) with the objective to facilitate the timely and effective implementation of the Project, by providing assistance and advice to the PIU on procurement, tender document review, tender evaluation, contracting and contract implementation and administration, reporting to the Lenders and general support for implementation of the works.

Ramboll also acts as assistant for Work Supervision and related contracts to be implemented under the project execution. Ramboll has completed TA to the Airport in the Master Plan preparation. This activity has been suspended since the tender for work execution was cancelled. The Environmental Impact Study and Environmental Action Plan covered Climate Change issues. Furthermore, Annual Environmental & Social Report indicates current status of the environmental and Social Action Plan includes the monthly environmental monitored data.

The TA has proven effective for the design of the Airport Master Plan. But the effectiveness of the project will have to be considered when the works are completed.

### ➤ Energy

The analysis of specific objectives of energy projects shows that:

- i. 5 of them will contribute to enhancing interconnections within the ENP region. This proportion looks on the low side considering that enhancing interconnection is a priority within SO1. All 5 projects were supported by NIF financed TA.
- ii. 8 of them (in italics in table 5) support investments in the renewable energy sector, supported by € 11.5 million NIF grant for TA. These investments promoting renewable energy also addressed SO2 which encompasses the struggle against climate change.

## CASE STUDIES, EFFECTIVENESS OF TECHNICAL ASSISTANCE

### **Black Sea Energy Transmission System (Georgia)**

This EBRD promoted project was supported by a € 8 million grant for financing TA.

The project is of huge interest for the transmission system both nationally and regionally as it opens the possibility of regional connections not only to Turkey but also to Azerbaijan (330 KV), as well as to Armenia and to Russia. NIF financed TA is considered extremely helpful by Georgian Authorities as it covered several aspects very relevant for the project. TA engineering support was particularly effective in the early stage of the project. It helped solve problems related to connecting several high voltage lines with different characteristics of voltage and frequency by introducing the concept of aback to back station in Georgia. NIF funded TA had a very positive impact on project design.

TA was also supplied on short notice to solve environment issues, and to support renewable energies developments related to the project.

## Effectiveness of Technical Assistance to achieve Strategic Objective 2

### CASE STUDIES, EFFECTIVENESS OF INVESTMENT TA

#### **Improved Water and Wastewater Services Programme (IWSP) EGYPT**

NIF contribution is of € 5 m over a total cost of €129 m, involving three FIs (KfW, AFD and EIB). NIF

contribution is related to TA whose main activities are the capacity building of the HCWW (Holding Company for Water and Wastewater -Lot A) and its 4 Affiliated Companies (ACs Lot B). The TA is financed jointly by KfW (€ 8.3 m), EU/NIP (€ 9m for a total cost of € 22,3 m) . Currently one third of the foreseen Activities have been completed.

IWSP covers 4 governorates in the Nile delta region with 16.3 million inhabitants. It will support HCWW and four ACs in order to improve both the water supply networks and treatment plants and the wastewater collection system and treatment. The project is focused first on immediate impact measures in investment, comprising rehabilitation measures. Because of its complexity, the project relies a lot on effective TA.

The early period of the project was partly dedicated to coordinating the procedures and regulation, as well as establishing TA.

The Programme is implemented in two phases. Phase 1 focuses on rehabilitation measures and investment that represents 55% of the total amount, in the water supply, with regards to network efficiency and improvement loss reduction and waste water disposal system. Phase 2 is dealing with new investments for the remaining 45% of the total amount.

The starting of phase 2 depends on the achievement of the three milestones defined in the manual of procedures, mainly related to improving cost recovery, in the water supply and waste water subsectors and on increasing cost management and efficiency.

The project has had a very slow start due to various delays for several activities also related the instable political situation on early 2011.

So far, TA has proven quite effective in supporting the HCWW and ACs for this project whose implementation faces a lot of difficulties.

### Effectiveness of Technical Assistance to achieve Strategic Objective 3

#### ➤ SME support

NIF has financed 8 projects in the SME support sector, 7 of which benefitted from NIF financed TA, as shown on the table below:

**Table 16 - NIF Financed TA in the SME Support Sector**

Title	Lead FI	Total NIF amount	Technical Assistance	Investment Grant	Risk Capital	Total FIS financing	NIF contribution/ FIS Investments
Framework for support Financial Intermediaries (Regional East)	EBRD	2,88	2,88			34,6	8,3%
ENBF - EN Small Business Growth Facility (Regional East)	KfW	10			10	14	71,4%
Financial sector Inst. building and crisis response (Regional East)	EBRD	12	12				100,0%
Filière du vin Upgrading (Moldova)	EIB	2,00	2,0			75	2,7%
SME Finance Facility (Regional East)	EBRD	15	2		13	135	11,1%
SANAD - MENA Fund for MSMEs (Regional South)	KfW	10,00	2		8	20	50,0%
Turnaround Man. in Egypt, Morocco, Tunisia (TAMBAS) (Reg. S.)	EBRD	5,00	5				100,0%
SE Med. Project Preparation Framework (SEMED) (Reg. South)	EBRD	15,00	15				100,0%
<b>Total</b>		<b>71,88</b>	<b>40,88</b>	<b>0</b>	<b>31</b>	<b>278,6</b>	<b>25,8%</b>

Source: NIF Secretariat and Evaluation Team analysis

Seven out of 8 NIF interventions in the SME support sector are related to the financing of regional investments funds. Those funds channel sub-loans to SMEs and individuals through local Financial Partners (FPs), which can be banks, investment funds, micro-credit organisation. TA is essentially devoted to reinforcing the capacities of FPs.

Indeed the difficulty in this type of operation is to determine the right level of support to be brought to local FPs, helping them to avoid taking excessive risk or excessive risk coverage, and understanding the capabilities of MSMEs to generate the income they need to repay

their loans. NIF financed TA provides assistance to selected FPs to help them build their own capacities and experience in SME financing. Indeed many local financial institutions, especially new ones accepted as FPs by the regional investment funds, lack the skills to perform efficiently as intermediaries between the funds and the MSMEs. They require capacity building in the form of advisory services, training, product and systems development.

TA was proportionately higher in the SME support sector than in others, reaching 57% of total NIF investment. The other NIF operations in this sector were risk capital investments, the effectiveness of which is assessed in EQ 3.3. Apart from a specific project aimed at fostering the development of the wine industry in Moldova, all TA in the sector went to strengthening local financial intermediaries in order to enable them to channel funds to SMEs more efficiently.

### CASE STUDIES, EFFECTIVENESS OF TA

#### **SANAD - MENA Fund for MSMEs (Regional South)**

In order to ensure responsible finance and sustainable growth, local Partners Institutions (PIs) in the MENA region are in great need of complementary Technical Assistance (TA). The main focus of the TA Facility is the direct support to PI. Many local financial institutions, especially new ones accepted as PI by the Fund, may not yet be fully qualified to perform as effective and efficient intermediaries between the Fund and the MSMEs. They require capacity building in the form of advisory services, training, product and systems development.

TA is provided by an affiliated TA facility, managed at arm's length by the Fund's Management. The separation of the TA Facility from the Fund allows a dedicated use of the grants as stipulated in the fiduciary agreement. This is also important as donors to the TA Facility and shareholders may pursue different interests.

The estimated breakdown of TA costs is as follows:

Technical Assistance for Microfinance Institutions	€ 2,500,000
Technical Assistance for Banks	€ 4,500,000
Measures to strengthen Financial Sector Intermediaries	€ 750,000
Studies and Assessments	€ 600,000
Operating expenses and unforeseen costs	€ 1,650,000
<b>Total</b>	<b>€ 10,000,000</b>

NIF contributes € 2 million to covering the above TA costs. As the amount contributed by the other donor (German Federal Ministry for Economic Cooperation and Development ("BMZ")) is sufficient to finance activities not eligible under the NIF contribution, the NIF conditions can be considered as satisfied. (source KfW documents)

TA services extended to local Financial intermediaries will have a crucial role in this project. The delivery mechanisms have been designed to ensure the highest possible effectiveness of the project, based on the experience of previous similar SME financing schemes. Indeed, the final success of SANAD is much dependent on the effectiveness of its TA component.

#### ➤ **Social**

**Table 17 - NIF financed TA in the social sector (in € mln)**

Title	Lead FI	Total NIF amount	TA	Investment Grant	Total FI financing	NIF contribution/ FIinvestments
Capacity assessment of the Republican Hospital (Moldova)	CEB	3	1	2	9	33,3%
TA Support for Ukrainian Municipalities (Ukraine)	EBRD	5	5		108	4,6%
Education (Morocco)	AFD	15	5	10	250	6,0%
<b>TOTAL</b>		<b>23</b>	<b>11</b>	<b>12</b>	<b>367</b>	<b>6,3%</b>

Source: NIF Secretariat and Evaluation Team analysis

The case study chosen for this evaluation, "TA Support for Ukrainian Municipalities (Ukraine)" is still at an early stage. Only one of the 7 proposed sub-projects has started.

### Value Added of TA services

One example of NIF financed TA for pipeline development is given below. In this case study, NIF funds were granted to the EBRD exclusively.

#### CASE STUDIES, EFFECTIVENESS OF TA (pipeline development)

##### **South East Mediterranean Project Preparation Framework (SEMED) (Reg. South)**

The usage of TA in the case of the SEMED project is quite different. The NIF contribution of EUR 15 million to the "Southern and Eastern Mediterranean Project Preparation Framework to fast-start EBRD support to the region" was approved by the Board of the Neighbourhood Investment Facility (NIF) on 15 November 2011. The activities covered by this NIF contribution are intended to prepare several investment operations in prospective countries of operation of the Organisation in the SEM region. Preparation work is under way for projects in Egypt, Morocco and Tunisia, but this list of countries could be expanded or changed.

The funding is to help the EBRD preparing investment projects that emerged from the Bank's operational assessment trips to Egypt, Morocco and Tunisia.

The project is entirely financed by the NIF. The sole direct beneficiary is the EBRD. In fact, NIF financed TA will to a large extent cover marketing costs incurred by the EBRD for entering new markets in the South. EBRD's expertise in private sector financing in transition economies is obviously valuable and is likely to contribute to private sector development in the targeted countries (Egypt, Morocco and Tunisia). But the EBRD, which made a net profit of EUR 1.4 Bn in 2010, could have financed this marketing efforts by itself, freeing NIF resources for other more downstream investments, better in line with NIF objectives.

### EQ 3.3 EFFECTIVENESS OF RISK CAPITAL Background Analysis

Over the period 2008-2011, NIF has made 3 investments in risk capital, as shown on the table below.

**Table 18 - NIF : Investments in risk capital**

Title	Lead FI	Total NIF Amount	TA	Risk Capital	Total FI Financing	NIF contribution/ FI invest.
ENBF - EN Small Business Growth Facility (Regional East)	KfW	10		10	14	71,4%
SME Finance Facility (Regional East)	EBRD	15	2	13	135	11,1%
SANAD - MENA Fund for MSMEs (Regional South)	KfW	10	2	8	20	50,0%
<b>Total</b>		<b>35</b>	<b>4.0</b>	<b>31</b>	<b>169</b>	<b>20.7%</b>

Source: NIF Secretariat and Evaluation Team analysis



NIF investments in risk capital operations amounted to €31.0 million at 31 December 2011. A total of 3 projects have been definitely approved, 2 in the EN East area, 1 in the EN South area.

The first NIF investment in risk capital was made in 2009; it consisted in investing € 10 million in a specific ENP window opened in the European Fund for Southeast Europe (EFSE). The EFSE lends funds to local Financial Partners, which in turn lend to the final beneficiaries which can be MSMEs or in some cases private individuals. The resources of the EFSE are provided by three types of investors, under different risk conditions, as shown in the table below:

Risk level	Share Types	Contributors
High	<b>Shares Class C</b> Junior	Donors (International donors, governments)
Medium	<b>Shares Class B</b> Mezzanine	International, European Financial Institutions
Low	<b>Shares / Notes Class A</b> Senior	Private investors (Banks, Investment Funds ...)

The Fund design is based on a risk subordination mechanism in order to leverage public financial resources with private investments. While the junior tranche is funded through grants provided by donors, International or Development Financial Institutions primarily invest in the mezzanine tranche. The senior tranche is designed to also attract commercial investors (banks, private investment funds). This mechanism builds confidence in a segment which is widely perceived as high-risk investment and removes barriers for private investors which are reluctant to taking risks. Should the fund experience defaults on debt or foreign exchange losses, the junior tranche will be primarily liable before calls can be made on other tranches. In addition, capital is also to be attracted from multilateral institutions and private investors for the subordinated mezzanine tranche as well as the highest ranking senior tranche. The Fund can also issue notes for Class A investors.

NIF funds are invested in C Shares. They bear a high level of risk as they are supposed to cover first losses which the EFSE could suffer. The EFSE scheme has been reproduced in the SANAD fund aimed at fostering MSME financing in the South, also supported by a € 10 million NIF investments.

Two of the three operations have been selected as case studies for this evaluation. Their effectiveness is analysed below.

### CASE STUDIES, EFFECTIVENESS OF RISK CAPITAL

#### ENBF - EN Small Business Growth Facility (Regional East)

This was NIF's first risk capital investment, approved in April 2009. The idea was originally promoted by KfW who intended to set up an investment fund for the ENP area similar to the European Fund for Southeast Europe (EFSE) which had been launched in 2005. In the course of the evaluation of the project, following a request by the German Government it was decided to put the ENBF under the umbrella of the EFSE rather than establishing a standalone ENBF. The € 10m contribution of the NIF is therefore administered within the EFSE, by the same fund manager, Finance in Motion. The effectiveness of the ENBF is to be assessed through that of the EFSE.

A recent ROM mission qualifies EFSE effectiveness as high, stating that "in the context of the financial crisis, EFSE has performed well in all its markets". This is confirmed by the November 2012 portfolio data below, evidencing the good performance of the ENBF.

Countries	Nb of loans	Amounts disbursed (€)
Armenia	1 096	30 087 216
Azerbaijan	6 730	25 602 414
Georgia	8 071	114 354 330
Republic of Moldova	931	115 063 500
Ukraine	948	34 174 732
<b>Total ENBF</b>	<b>24 934</b>	<b>349 434 933</b>

(Source, KfW, Finance in Motion, EC ROM)

#### **SANAD - MENA Fund for MSMEs (Regional South)**

The NIF investment in SANAD was approved in July 2011. SANAD was promoted by KfW, which remains the only FI involved. The Fund is targeting the entire spectrum of MSMEs in the MENA region. The average loan size is below USD 15,000. Over a five-year period the Fund is projected to provide almost 150,000 sub-loans to micro, small and medium enterprises. In terms of numbers, the share of micro loans is expected to be over 96% of the number of sub-loans disbursed. In terms of volume, the outstanding portfolio by 2015 is projected to be around 25% to micro, 50% to small, and 25% to medium enterprises. Because financial intermediaries in the South region have a limited experience of medium and long term lending, SANAD includes a large component of TA (EQ 3.2 above).

The SANAD project had a rather slow start because it took more time than expected to find reliable local Financial Partners. November 2012 data below show that on-lending activities have started in two countries only.

Countries	Nb. of loans	Amounts disbursed (US\$)
Jordan	947	1 736 836
Lebanon	102	4 982 266
<b>Total SANAD</b>	<b>1 049</b>	<b>6 719 102</b>

(Source, KfW, Finance in Motion)

Financial partners are the Middle East Micro Credit Company in Jordan, and the BLC Bank in Lebanon. Being based on a scheme similar to that of the ENBF, the SANAD can be expected to achieve its expected results although the local political context could impact SANAD negatively.

### **EQ 3.4 ADDITIONALITY Background Analysis**

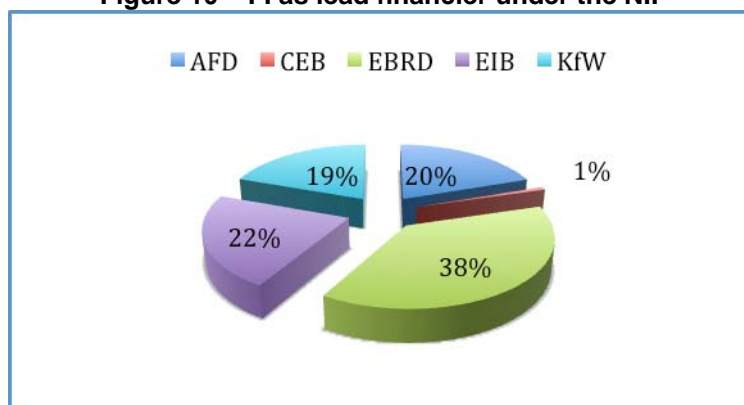
#### ➤ **Use of NIF resources by FIs**

The following table and graph show that essentially 4 FIs have taken the lead in submitting grant request to the NIF: AFD, EBRD, EIB and KfW. The Council of Europe Development Bank (CEB) has done only one operation with the NIF, of very limited size, as shown on the table below.

**Table 19 - NIF contribution per lead FI**

Lead FI	Nb of operations led <sup>15</sup>	Total NIF contribution (€M)	Total lead FI contribution (€M)	Total FI contribution (€M)	NIF Leverage on total FI contribution (ratio)
AFD	9	82,3	465,0	1585,0	19,3
CEB	1	3,0	9,0	9,0	3,0
EBRD	24	158,8	1418,1	2398,6	15,1
EIB	8	92,0	1005,0	1421,0	15,4
KfW	15	81,6	646,7	1137,2	13,9

Source: NIF Secretariat and Evaluation Team analysis

**Figure 10 – FI as lead financier under the NIF**

Source: NIF Secretariat and Evaluation Team analysis

### ➤ **Financial leverage at sector level**

The financial leverage of NIF investments has varied from one sector of intervention to another, as shown on the table below.

**Table 20 – financial leverage of NIF investments**

Strategic objectives	Sector	NIF investment	Leverage NIF/ FIs lending	Leverage NIF/ total cost
<b>SO1</b>	Energy	110,2	29,6	66,5
	Transport	142,8	13,1	32,6
<b>SO2</b>	Water/Sanitation	89,9	10,8	20,9
<b>SO3</b>	SME support	71,88	3,9	11,3
	Social	23,00	16,0	89,3

Source: NIF Secretariat and Evaluation Team analysis

The above table shows a wide disparity of financial leverage between SOs and between sectors. Under SO1, the leverage in Energy is much higher than in Transport. This is essentially because the energy sector has received proportionately substantially less than the transport sector, as already analyzed in § 5.2.1 above. The leverage effect of NIF financing is lower in the water / sanitation sector than in Energy and Transport. This is a consequence of the higher importance of the environment protection component of this sector.

<sup>15</sup> Some projects involve several operations (NIF decisions). Over the 2008 – 2011 period, the NIF Board approved 57 operations for 51 projects.

The lowest leverage ratio is in the SME support sector. This can be explained by three different factors:

- a) Most investment deals are in funds or other types of SME financing facilities; they require a heavy TA support destined to local financial partners;
- b) The risk capital investments, even though in C shares, are supposed to be refunded after the closure of the funds, if losses they cover do not materialise;
- c) The ENP has put a high emphasis on SME development, particularly in the South and in recent years.

### EQ 3.6 - CONTRIBUTIONS TO SOCIAL DEVELOPMENT

One dimension of NIF, which seems arduous to seize is the instrument contribution to poverty reduction and social development. EC development efforts' underlying goal is to contribute to MDG 1 and decrease poverty. This goal maintains its full relevance also for new Development Cooperation Instruments including blending facilities and NIF<sup>16</sup>. Poverty reduction is an explicit long-term objective for ENP and fully applies to the geographical context of NIF, EU neighbourhood and Middle Income Countries, where marked socio-economic differences penalize the poor.

The majority of NIF projects, for their nature of public infrastructures and credit schemes for private sector development do have positive socio-economic benefits which may contribute to poverty reduction through various mechanisms: direct impacts (i.e. job creations for less affluent groups) or trickle down effects (i.e. business development or new infrastructures which will have secondary benefits on poor). Finance Institutions procedures do include mechanisms and procedures of "social assessment" (see analysis in EQ 2). Also specific Finance Institutions objectives, as EBRD "transitional impact" closely relate to socio-economic development and poverty reduction.

NIF has not established specific tools to measure and follow up the achievement of poverty reduction goals.

### EQ 3.7 SUPPORT ACROSS THE PROJECT DEVELOPMENT PROCESS

Support is considered through 10 moments of the project development process.

- **Strategy definition**; this is an important area, upstream of the project development process where NIF could have a critical role in defining strategies, including sectoral strategies, policy reform and other options to drive the instrument and its projects' portfolio toward the achievement of ENP and EC goals. The Strategy Board contributions have been significant, including the adaptation of the three Strategic Objectives to the context and the introduction of the Climate Change Window. This role should be strengthened as it seems a key tool to improve effectiveness and impact opportunities.
- **Identification**; this phase does not see involvement of NIF; projects are identified in general by promoters and submitted to Finance Institutions;
- **Design**; FIs assume full responsibility for the design of projects. NIF could affect the design process through the introduction of specific standards (as in the case for Rio Markers accounting for Climate Change finance); in general the design process of Finance Institution has good standards; NIF requirements for project submission are "minimalistic"

<sup>16</sup> EU Parliament: DCI and blending mechanisms, 2012

compared to the size of grants (average of 8 M € each), including a project fiche which deserves to be strengthened (see EQ 2.1)

- Consultation amongst stakeholders; One of the contributions of NIF to the project cycle is bringing together partners in the formulation of the intervention; NIF promotes FIs to work together and considerable progress has been achieved in this respect. NIF efforts should be directed for a stronger involvement of Delegations in the project development process;
- Assessment; This is a 100% NIF function, including checking quality of design, verification of eligibility and priority criteria, analysis of contributions to EC objectives. The process of consultation is broad but relatively shallow, constrained by the limited information provided, the amount of work of EC services, and a consultation at a moment of the project cycle when design has developed rigidities;
- Screening and decision making; FIG and Operational Board respectively advise and take decisions on project proposals. NIF has full weight in this stage of the project cycle, recommending changes or adaptation of design, deciding allocations and size of grants. NIF could strengthen its impact in the project cycle with the definition of criteria for project selection according to quality of projects.
- Implementation; The joint management procedure delegates management responsibility to the Finance Institutions.
- Follow up, monitoring and evaluation; NIF follow up of projects is in general limited, by the blending mechanism, availability of resources and procedures. NIF to strengthen its contribution to the implementation phase should develop a measurability framework, for results achieved with NIF resources, reinforce reporting, improve and develop external monitoring and evaluation arrangements at project level (as strengthening the Result-Oriented Monitoring for all NIF supported interventions) and develop a monitoring system for the portfolio.

Much as in the case of economic aspects, the NIF relies on FIs for covering the institutional and non-economic aspects of projects. The effectiveness of investments in infrastructure projects depends not only of the quality of the design and of the works. It also depends on the capacity of institutions that own them to properly manage, operate and maintain facilities. The risk of FIs paying insufficient attention to institutional aspects and other non-economic aspects of projects is limited. An analysis of these aspects is shown in Annex 11 EQ3-3.11.

These aspects are of particular importance for projects under SO1 and SO2. The effectiveness of investments in infrastructure projects depends not only of the quality of the design and of the works. It also depends on the capacity of institutions that own them to properly manage, operate and maintain facilities.

Part of implementation TA financed by the NIF is often dedicated to institutional building. Indeed, institutional aspects are often essential to the sustainability of infrastructure projects as operators of new facilities need training to be able to operate new facilities correctly.

The NIF Project Fiche covers the sustainability of projects (Chapter 3, "PROJECT RELATED PARAMETERS" of Section III "GRANT REQUEST JUSTIFICATION"). Under "Sustainability", FIs are requested to explain:

- *under which conditions will the project be sustainable when the grant support expires*
- *the incentives that could be necessary to enhance the sustainability of the project*

The two above questions are in principle sufficient for inducing applicants to providing the NIF Board with the relevant information concerning institutional and non-economic aspects of the project.

Institutional aspects are central to projects under SO3, as the success of targeted lines of credit risk capital operations is directly related to the capacities of intermediary financial institutions, whether they be banks, investment funds or micro-credit associations.

Strengthening them is essential. Here, institutional capacities are not related to sustainability but to the effectiveness of project's operations. This is the reason why the TA component of projects under SO3 is usually high, particularly in the South, where financial intermediaries have little experience of medium and long term MSME financing. In most cases, their staffs have to learn a new approach to their profession. But having efficient financial intermediaries is so essential to the success of projects that FIs cannot avoid devoting a lot of efforts to building the operational capacities of their partner institutions, with the financial support of the NIF and other donors (see the case of SANAD in § 5.2.7 above). The risk of FIs paying insufficient attention to institutional aspects of projects is limited.

### EQ 3.11 - INSTITUTIONAL AND NON-ECONOMIC ASPECTS

These aspects are of particular importance for the effectiveness and sustainability of projects. The effectiveness of investments in infrastructure projects depends not only of the quality of the design and of the works. It also depends on the capacity of institutions that own them to properly manage, operate and maintain facilities.

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## EQ 3.12 - COORDINATION

The EU has embarked in an in-depth policy review aimed at optimising mechanisms for the blending of grants and loans in development aid to the external regions. In this outlook, the EU has initiated the establishment of an "EU platform for cooperation and development" in relation with the Commission communication "Increasing the impact of EU Development Policy: an Agenda for Change" published in October 2011. This chapter assesses NIF's contribution to strengthening the coordination between aid stakeholders in the ENP region, within the general framework of NIF's Overall and Strategic Objectives.

By establishing a closer coordination between NIF stakeholders, the EU aims at increasing the effectiveness of aid. For the EU this means increasing the impact of NIF grants, within NIFs Strategic Objectives. For beneficiary countries it means raising the economic and social impact of projects, and reducing transaction costs. For the FIs, it means promoting more effective projects, with better economic rates of return, in a more efficient manner. These purposes are related to additionality, as they all contribute to the additionality of NIF grants. They have therefore already been analysed partially under EQ 3.4 above. This chapter will thus be limited to assessing cooperation mechanisms between stakeholders, at strategic and operational level, and to making some recommendations as to ways for enhancing such cooperation.

### **"Ex-ante", policy alignment of FI's operations should be improved**

At **project pipeline** level, the cooperation between DEVCO and the FIs is too limited. DEVCO Headquarters and EU Delegations maintain a constant policy dialogue with ENP countries, resulting in NIPs and Action Plans (APs). Only countries which have signed APs with the EU are eligible to NIF grants. But APs embrace a wide array of political and development domains and are often superficial in their coverage of NIF strategic areas of interventions. APs are general frameworks for ongoing strategic dialogue. They are translated into projects (with their corresponding budgets) on the basis of day to day dialogues between ENP countries and the EU, through DEVCO and EUDs. EUDs in particular have the responsibility to ensure coherence between the various instruments of development aid of the EU and also with development policies of Member States.

FIs have policy dialogues with beneficiary countries too. But such dialogues are oriented towards identifying projects, with the ultimate purpose of concluding lending deals.

At the level of **project identification** the exchanges of information between FIs and EUDs also looks too limited. FIs should take the initiative to discuss with EUDs the content of the projects they intend to promote, in order to ensure their coherence with EU strategy. These exchanges of views should ideally cover all FIs projects. But they should be mandatory when FIs envisage requesting a NIF grant. The ToR of feasibility studies, in particular, should be agreed with EUDs when FIs intend to apply for NIF support.

### **Synergies between FIs should be further reinforced**

It is not easy for institutions that often see themselves as competitors, to shift their mindsets towards joint action. In many cases this will prove impossible. But if they intend to benefit from NIF support, they should be asked to cooperate closer at project identification and implementation levels. The fact that the EU and several FIs jointly present projects to

beneficiaries enhances the image of Europe, and reduces unproductive competition between FIs on specific projects.

Joining efforts at identification level could lead to several FIs collaborating in doing feasibility studies, thereby saving on time and cost, and increasing technical expertise. This may however raise the issue of sharing fees paid by NIF. But FIs should be given an incentive to act together. At least, it would seem logical that NIF financed pipeline studies and in most cases feasibility studies be shared among FIs. Among case studies for this evaluation for example, it would seem normal that the SEMED pipeline study, being entirely financed by the NIF would be shared with other FIs.

Also, as mentioned under EQ 3.4, joint co-financing should be privileged against parallel financing. Parallel financing involves very limited cooperation between FIs and does not reduce significantly transaction cost for the beneficiaries. Joint co-financing is an important element contributing to enhancing additionality, which is of paramount importance under NIF's Overall Objective and for the EU, as emphasized in the Agenda for Change.



## 4 ANNEX 11 - EVALUATION QUESTION 4

### EQ 4.2 LEVEL OF EFFICIENCY OF DIFFERENT TYPES OF INTERVENTIONS FINANCED THROUGH NIF Background Analysis

The management of NIF contributions is delegated to Lead FIs which perceive a remuneration for that service (see EQ 4.1). The management of NIF funds is ruled by the following agreements:

1. In cases where NIF financing comes from the EC budget, funds are used along two different procedures:

- An implementation Agreement is signed between the EC, the Lead FI and, in case of parallel financing, the other FIs involved. Through Implementation Agreements, the EC entrusts the Lead FI with the responsibility and control of the use of NIF funds.
- A Delegation Agreement is signed between the EC and the Lead FI for the financing of preliminary studies (feasibility studies, pipeline building studies), and of risk capital operations.

2. In cases where the funds come from the NIF Trust Fund, the Lead FI defines disbursement schedule and timetable according to the needs of the project.

In all cases the implementation of the component(s) of projects financed by the NIF is managed by Lead FIs. Procurement procedures are those of Lead FIs. The implementation of projects components financed by the NIF is administered and monitored by Lead FIs.

When writing Project Fiches, Lead FIs supply the NIF Board with basic relevant information concerning projects, but the use of NIF funds is not specifically described. It is therefore difficult to make an overall judgement on the efficiency of NIF contributions. The following assessments are based on the case studies which have been selected for this evaluation.

#### ➤ TA for Investment preparation

#### CASE STUDIES EFFICIENCY OF TA

##### Technical Assistance Support for Ukrainian Municipalities

The expected Outputs of TA services were as follows:

- (i) Comprehensive Feasibility Studies, assisting the companies in preparing bankable investments based on long-term development plans.
- (ii) Corporate Development Strategies, assisting the companies to identify/implement necessary corporate, financial and operational improvements to meet covenants.
- (iii) Implementation Assistance for the companies including all aspects of procurement, review of design, contract administration, engineering supervision and disbursement.

The latest ROM report, dated June 2012 states:

« All fundamental information tools, such as log frame or similar tools, activity and resource schedule as well as other detailed information materials are missing, not elaborated or in any case neither provided to the Contracting Authority [...]. The project implementation efficiency demonstrates clear problems, caused by the EBRD's violation of the contractually agreed reporting issues, its weak information policy towards concerned Ukrainian authorities and neglecting the EU's role as donor ».

#### CASE STUDIES EFFICIENCY OF TA

### Technical Assistance for Hydropower Rehabilitation Project in Ukraine

TA services financed by the NIF grant cover the following items:

- i) TA for concrete Project implementation concerning 2 different Hydro Power Plants (HPP).
- (ii) TA for 1 Project implementation of the Hydro Power Supply Plant Kiev with 390 MW ;
- (iii) TA for 1 concrete Project preparation in Kakhkovka with 311 MW;
- (iv) Consultancy for rehabilitation and upgrade of the HPPs in Kaniv and Dnieproersinsk

The latest ROM report, dated June 2012 shows low project implementation efficiency :

“The activities [...] have started with an important delay; to date, they are still in the initial phase. The delay is caused by the slow implementation process of the Project Implementation Agent and not by any political obstacles. [...] It is obvious that if concerned EUD Sector Manager is updated in time and receives comprehensive written information, he/she could recognize implementation gaps and react accordingly. [...]. EBRD internal monitoring has not taken place yet”.

Case studies show a satisfactory level of efficiency of NIF financed TA services, as illustrated by the three examples below. However, the implementation of TA services can be hampered by delays in the implementation of the main projects' works.

### CASE STUDIES EFFICIENCY OF TA

#### Chisinau Airport Modernisation Project (Moldova)

TA service are in two components :

Component 1: Assistance to preparation of the Airport Master Plan that should include:

- demand forecast for the same period till 2030
- civil, electromechanical and navigational engineering inputs;
- environmental engineering inputs, and
- prioritization of the development phases of the Airport.

Component 2: Assistance to project Implementation and Supervision Services

90% of the NIF grant has been disbursed.

All the stakeholders are involved in consultation and decision making mechanisms.

But works have been delayed by a lawsuit initiated against the Airport Authorities by one contractor.

The EBRD has requested the government to take a decision on the next steps of the project. Currently the TA is on standby.

### CASE STUDIES EFFICIENCY OF TA

#### Improved Water and Wastewater Services Programme (IWSP)EGYPT

TA services are expected to help improve the organisational capacity of the Companies affiliated to the Holding Company for Water and Wastewater (HCWW) in order to improve their governance of the water and sanitation facilities.

The early period of the project was partly dedicated to coordinate the procedures and regulation, as well as establishing TA activities The project has had a very slow start due to various delays for several activities, first of all because of the political situation since January 2011. The most important document adopted by the project is the Manuel of Procedures, which is the instrument of management of the project and that depicts the functions, roles and responsibilities as well as the cooperation between the stakeholders. The project is suffering from delays caused by slow and cumbersome administrative project procedures, particularly those related to procurement.

### CASE STUDIES EFFICIENCY OF TA

#### Black Sea Energy Transmission System project Georgia

TA services are expected to (i) provide early engineer, design and project management services and (ii) help provide financing for the construction of alternative routing of the transmission line and for environmental mitigation measures.

The ROM mission of April 2012 reported that :

« At the date of monitoring, the means/inputs were being converted into results in a very efficient

manner. Not only were considerable cost savings achieved, but the results were of good quality and delivered on time. Instrumental to this efficiency were the monitoring and reporting systems on inputs and activities put in place by KfW and by the contracted consultant Fichtner. The continuous involvement of the EU Delegation and the beneficiaries (Transenergo and APA) were also of paramount importance »

TA linked to the development and implementation of specific projects has proven to be a crucial element for improving the effectiveness of projects. Their efficiency is thus high.

## Efficiency of Investment Grants

### CASE STUDIES, EFFICIENCY OF INVESTMENT GRANTS

#### STEP-Réhabilitation et extension de stations d'épuration et de stations de pompage, Tunisia

The NIF contribution covers part of the cost of engineering studies and of the supervision of works, and the supply of electro-mechanical equipment, as well as the construction of transmission pipelines and the provision of equipment necessary for the maintenance of the stations.

The project implementation, which started in 2007, was quite slow first of all because of the political situation since January 2011 and, secondarily, due to the local regulations and procedures that induce long approval delays. This is particularly true of procurement procedures, which involve the intervention of the Commission Supérieure des Marchés.

The project is foreseen to be completed by 2016 only.

### CASE STUDIES, EFFICIENCY OF INVESTMENT GRANTS

#### Deuxième Programme National De Routes Rurales PNRR (2) Morocco

Roads rehabilitation and construction are proceeding in a timely and appropriate manner, as the deadline for achieving all of the PNRR2 was brought forward from 2015 to 2012. The project is now expected to be completed by mid 2013. The project is financed under a parallel financing scheme. The section of roads financed directly by the NIF is currently nearing completion.

The consultation of stakeholders was extensive and permanent. However, the multiplicity of stakeholders involved initially caused delays in the start-up of the project. Moreover, due to procedural reasons the second phase of TA was temporary suspended, delaying the related works.

## Efficiency of risk capital

The efficiency of risk capital investments depends on the capabilities of Fund management companies and on the operational efficiency of local banks and finance institutions which are in contact with final borrowers. The two case studies selected for this evaluation use the same Fund Manager (FM). An analysis of the operating procedures and interviews made by the evaluation team strongly suggest that the FM applies state-of-the art fund management methods and operational practices. Also, the Fund Manager has established local offices in several countries, adding to local knowledge which is important for performing the due diligence procedures and for keeping up to date with the legal and banking framework. Reporting to the Lead FI is timely and comprehensive.

The operational efficiency of intermediate beneficiary financial institutions is the direct result of TA they received and of the experience they have acquired over time. As a specific window of the EFSE, the ENBF shows a good level of efficiency, having benefitted from long established fund distribution channels and procedures. The efficiency of SANAD remains lower at this stage, as few local financial intermediaries have already been identified and trained (see EQ 3 above). But by applying the same methods and operational organisation the Fund Manager can be expected to reach a similar level of efficiency. Also, the large TA

resources which are being invested in training local financial intermediaries can be expected to result in a good level of overall efficiency of the project.

The efficiency of risk capital operations is good, but it depends to a large extent on the effectiveness of TA provided to local financial intermediaries.

## 5 ANNEX 11 - EVALUATION QUESTION 5

### Examples of project impact for the three Strategic Objectives

#### Projects' impact, SO1

Project	Already existing or expected impact
<i>Morocco, Programme national de Routes Rurales</i>	<p>The project will be completed in 2013. Several positive impacts are already tangible:</p> <p>In the project areas where road have been completed, transport costs have been reduced by 17% for people and by 52% for goods as compared to other comparable rural areas;</p> <p>The percentage girls attending school is 55% in the project area, as against 33% outside;</p> <p>It has been possible to find teachers willing to go working in rural areas allowing for the creation of new schools/educational centers.</p> <p>The price of butane gas has decreased, allowing its use by most of the population. Previously, wood was the main combustible, requiring women time and arduous efforts, and causing deforestation</p>
<i>Black Sea Energy Transmission System project (Georgia)</i>	<p>The project can be expected to have a very high positive impact by allowing the establishment of a regional electricity market, similar to the Nord pool.</p> <p>NIF financed TA has also mobilized Georgian counterparts to include environmental issues in their project approach.</p> <p>All NIF project's targets are realistic and will be met.</p>
<i>Technical Assistance to the Chisinau Airport Modernisation (Moldova)</i>	<p>All the foreseen results of the projects have not yet been obtained.</p> <p>However, the anticipated impacts are clear and likely to materialise.</p> <p>Chisinau's airport is a main gateway to Moldova's external trade and its modernisation is a key condition for the country's economic development.</p> <p>Increased operational capacity of the Airport and its upgraded infrastructure will allow the airport to cope with the growing passenger flow, will contribute to meeting ICAO standards and facilitate negotiations on the establishment of Common Air Space between Moldova and EU.</p>
<i>Ukraine Power Transmission Network Reinforcement Project</i>	<p>The project can be expected to have a direct impact on the modernization of the Ukrainian Transmission Network, contributing to a more reliable and stable electricity supply to the Ukrainian citizens.</p>
<i>Technical Assistance for Hydropower Rehabilitation Project in Ukraine</i>	<p>Once completed, the project will have a high positive impact on the modernization of the Ukrainian Transmission Network leading to clear improvements in the electricity supply benefitting the Ukrainian population.</p> <p>The specific impact of the TA financed by the NIF grant was high as it supported the project at a very crucial moment of its design and implementation.</p>

#### Projects' impact, SO2

Project	Already existing or expected impact
<i>Improved Water and Wastewater Services Programme (IWSP) Egypt</i>	<p>The programme will contribute to a substantial improvement in the standard of living and health situation of the population in the programme area. It contributes to the protection of the regional water resources, thus reducing the health risks for local populations. When completed, it will</p>

	<p>increase the coverage up to 99% for water supply services (hygienically safe drinking water) and 40% for wastewater and sanitation services on an impact area of about 10 Million of residents.</p> <p>Although the IWSP project is far from being finalised, it has had already an indirect positive impact by contributing to the implementation of reforms in the water and sanitation sector, and by reinforcing the role local water supply companies (ACs). This is in line with the objectives of EU's budget support to water and sanitation sector in Egypt.</p>
<i>Tunisia, Extension and Rehabilitation of Wastewater Treatment Plants and Pumping Stations (STEP)</i>	<p>When fully completed, the project will provide protection against water pollution leading to a substantial improvement of the living conditions of the populations totalling approximately 1.1 million people.</p>

### Projects' impact, SO3

Project	Already existing or expected impact
<i>TA Support for Ukrainian Municipalities</i>	<p>All NIF project's targets are likely to be met although with some delay. No specific external factors is likely to jeopardize the NIF project's impacts.</p> <p>Day to day cooperation between TA experts and final beneficiaries at municipality level led to an unplanned positive impact on their operations and to institutional strengthening.</p>

The Impact of SME support projects should be measured in terms of jobs created. The number of jobs created is currently not available as:

- a) the ENBF does not publish a specific annual report, its activities and performances being integrated in the annual report of the EFSE
- b) SANAD is still at the stage of identification and training of local financial partners. Training activities are expected to produce a valuable indirect impact by enhancing the efficiency of partners.

## 6 ANNEX 11 - EVALUATION QUESTION 6

### The financial dimension of subsidiarity

The analysis of the financial dimension of subsidiarity assesses whether NIF substitutes other sources of funding which can be available to beneficiary countries under equivalent terms. The following paragraphs consider financing for Investment grants, Technical assistance and Risk capital.

**Investment grants** cover specific elements of larger projects. The effectiveness and efficiency of investment grants has been assessed under EQ3 and EQ4 above. It shows that without NIF contribution projects would have been more expensive for the beneficiary country or would not have materialised at all. In most cases no other equivalent source of financing was available. NIF financing does not substitute other donors' grants but go together with them.

**Technical Assistance** used for improving the quality of projects design, the efficiency of their implementation and their final effectiveness, could in principle be financed by other sources of financing than NIF, such as grants from Member States of TA financing facilities of the EIB or the EBRD. Member States, particularly Germany and France, already contribute to the financing of this type of TA; the NIF contribution is not a substitute for bilateral cooperation but a complement to it. The TA financing facilities of the EIB and EBRD have very limited resources; they could not substitute NIF financing. The subsidiarity of NIF financing invested in TA for the preparation and implementation of projects is therefore obvious. As discussed in EQ3, some NIF projects finance directly FIs for the pipeline

identification and upstream feasibility studies. In these cases NIF financing might be substituted in total or in part, by funding from FIs or beneficiary countries.

The function of NIF **Risk capital investments** is to attract other investors in investment funds for SMEs. NIF investments in Class C shares are necessary for attracting other C shareholders, whose presence is necessary for attracting B and A more risk-averse investors. NIF does not substitute other equivalent sources of funding.

## ANNEX 12

### SUMMARY OF FINANCE INSTITUTIONS' PROCEDURES FOR CLIMATE CHANGE RISK ASSESSMENT

**Table 1 – Summary mechanism and procedures to CC risk assessment by FIs**

	EIB	EBRD	KfW	AFD
Targets	<ul style="list-style-type: none"> <li>• 25% of their total investment portfolio per annum linked to climate action</li> </ul>	<ul style="list-style-type: none"> <li>• € 4.5 bln to € 6.5 bln of SEI financing with a target total project value range of € 15 to € 25 bln;</li> <li>• a target CO2 emission reduction range of 26 to 32 million tonnes CO2/year.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of all development investment and 30% of all investment for the whole bank group related to climate change or environment</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of AFD's foreign-aid funding and 30% of PROPARCO's linked to climate action</li> </ul> <p>(*) <i>Proparco is the subsidiary working with the private sector</i></p>
Governance	The Bank's Projects Directorate of the EIB, that counts on the work of 140 engineers, economists, financial experts and lawyers, is in charge of the environmental assessment of EIB's projects	The powers of the EBRD are vested in the Board of Governors that delegates most of its authority to the Board of Directors. The overall structure of the Bank is organised along seven lines based on shared operational priorities. The Environment and Sustainability Unit within the Operational Policies line has the responsibility for the environmental assessment of the Bank's funded projects.	KfW acts on behalf of the German government and all projects are approved by the German government; hence the German government's policies and strategies linked to climate change mitigation and adaptation flow down to KfW and the Ministry of Environment and Ministry of Development Cooperation are the key ministries.	AFD has established a Climate Change Committee that: (i) controls and manages AFD Group's climate related commitment and their implementation; (ii) informs the highest management level of progress on the construction of the international financial architecture on climate change and the international commitments made by France on the subject; (iii) promotes coordination between the various entities of the AFD group on climate related topics.
Screening criteria/ climate proofing	For CC investments, the EIB only finances projects that fulfill the requirements described in the EIB Environmental and Social Statement and Handbook. These investments undergo the standard 5-step screening process (financial viability, credit risk, procurement requirements, environmental criteria and cost benefit test) plus further screenings, including carbon footprinting, vulnerability, energy efficiency and carbon credit potential. CC indicators have been developed internally to monitor and track climate finance within EIB's investment portfolio.	The projects funded by the Bank should comply with the EBRD's Environmental and Social Policy (2008) . All projects undergo E & S appraisal to decide if an activity should be financed and, if so, the way in which E & S issues should be addressed in planning, financing, and implementation. The Bank has also adopted a comprehensive set of ten specific Performance Requirements ("PRs") that clients are expected to meet, covering key areas of environmental and social impacts and issues.	KfW does not have any screening criteria for climate-related finance and projects are not specifically selected based on their climate characteristics; if projects are viable on their own basis, then Rio markers are attributed. There is however a monthly reporting by business units to the Board on progress against the 30%/50% targets. the reasons for underachieving against targets must be justified and explained at Board level.	AFD has developed a project selectivity matrix for selecting projects; this defines exclusion criteria for projects that would not be funded based on a combination of their GHG characteristics and geography.

Tracking mitigation finance	<p>The EIB promotes several measures to mainstream climate change considerations in EIB operations and to mitigate GHG emissions, in particular: (i) the EIB rates the overall E &amp; S impact of the project taking into account proposed mitigation measures, project risks and residual impacts; (ii) in projects with potentially significant absolute or relative GHG emissions, the EIB requires the Promoter to identify and apply cost effective, appropriate mitigation (GHG reduction) measures; (iii) the promoter should identify any potential adverse direct relationships between the CC aspects of the project (e.g. due to GHG emissions or as a result of adaptation measures), on the one hand, and either social or biodiversity aspects, on the other, and propose appropriate mitigation and/or compensation measures.</p>	<p>Based on the findings of the environmental and social appraisal and the result of consultation with affected stakeholders, the client has the responsibility for developing and implementing a programme of mitigation and performance improvement measures and actions that address the identified social and environmental issues, impacts and opportunities in the form of an Environmental and Social Action Plan (ESAP).</p>	<p>KfW has a well-defined set of instruments to continuously monitor if projects are on track (both financially and with regards to implementation). If KfW has reason to believe that a project is not on-track (e.g. that a biomass project is using coal as fuel), then KfW will visit the project onsite. For mitigation projects, there is also an ex-post evaluation of projects regarding emissions reductions and efficiency of implementation.</p>	<p>AFD systematically calculates the carbon footprint of all projects in its portfolio. In addition, for certain types of projects for which there is currently no tool to quantify the carbon footprint, a qualitative method is used to determine whether or not emissions will be reduced; in particular this is relevant to budget support to countries or local authorities, credit lines dedicated to financing renewable energy or energy efficiency and capacity building actions.</p>
Tracking adaptation finance	<p>The EIB has an in-house guide that outlines general principles and methodologies that can be followed to build resilience to current climate risks, build adaptive capacity and planning and take action to address future climate risks. The monitoring of adaptation finance takes place up until project completion. In projects which might be significantly affected adversely by climate change and increased frequency of extreme weather events, the EIB requires the Promoter to identify and apply cost effective, appropriate adaptation (risk management) measures, to ensure project resilience in the face of uncertainty.</p>	<p>CC was introduced as an important new component of Sustainable Energy Initiative(SEI)2. Accordingly, a pioneering technical cooperation assignment was launched in 2009 to develop approaches for integrating climate risk management and adaptation into project appraisal and development. This has generated a pipeline of 16 pilot projects with total EBRD finance of €382 million that demonstrate how the Bank can build climate resilience into its investments through: (i) "hard" adaptation measures, e.g. physical modifications and additional infrastructure/technology; (ii) "soft" adaptation measures, e.g. adaptive management such as improved flood or hydrological monitoring, emergency response plans adaptation measures.</p>	<p>All KfW Entwicklungsbank adaptation projects are subjected to a systematic climate change assessment, using a two stage process. This assessment makes sure that the intended effects are not endangered by climate change and that any arising opportunities are utilised. In addition the analysis of climate risks and opportunities of climate change is intended to verify whether there is a need for action in the form of adaptation measures.</p>	<p>AFD's approach for adaptation is less developed than its approach for mitigation; AFD is experimenting with a practical tool aimed at estimating projects' vulnerability and aims to develop more integrated tools to assess these impacts.</p>



<b>Areas of excellence</b>	<p>The EIB has developed several tools to ensure an appropriate mainstreaming of climate change considerations in EIB operations, including: (i) a number of sector strategies (in particular Energy, Transport and Water) which take into consideration climate change mitigation and adaptation issues; (ii) the EIB Environmental and Social Statement and Handbook that indicates the requirements that should be fulfilled by EIB projects; (iii) Techniques for incorporating Environmental externalities (cost-benefit analysis and cost effectiveness analysis); (iv) good practices that should be followed at appropriate stages in the project cycle.</p>	<p>The EBRD has developed various initiatives, tools and documents that demonstrate the commitment to environmental and sustainable development in all its activities: (i) the SEI that was launched in 2006 to meet the needs of energy transition in the Bank's countries of operations and to contribute to the reduction in the high energy intensity of the region; (ii) The 2008 Environmental and Social Policy; (iii) The GHG Assessment methodology is applied only to projects that have been identified as having a significant GHG impact (either positive or negative); (iv) The annual Sustainability Reports</p>	<p>KfW has a strong governance process, with monthly reporting to the Board on progress against climate targets. KfW is performing strongly, with 60% of all current KfW Entwicklungsbank projects having environment or climate change characteristics (however, when making comparisons between financial institutions it is relevant to assess how their climate finance definitions vary).</p>	<p>AFD has invested significant resources in the development and implementation of its carbon footprinting approach and, impressively, undertakes a carbon footprint of all projects in its portfolio. AFD includes a greater number of quantitative factors in its CBA than some other financial institutions. AFD have documented a series of policies and business strategies around climate change, including: (i) AFD's 2012-2016 climate strategy ; (ii) AFD's report on its climate activity for 2005-2010 (2011 is only in French for the moment); (iii) AFD's methodology for accounting and tracking climate finance; (iv) AFD's methodology to measure climate impact; (v) AFD's communication brochure on climate</p>
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Source data for EIB, KfW and AFD are derived from ongoing study: "Cooperation with European financial institutions: Climate related standards in assessing investments / infrastructure projects" (AEA-Ricardo, Adelphi and ODI); For EBRD the information is drawn from EBRD website

The analysis of approaches evidences:

- FI have specific CC policies, targets, organizational arrangements, screening criteria and climate finance accounting.
- Standards and processes are fairly developed and comply with EU standards, legislation and procedures for CC.
- Marked differences exist on mainstreaming and tools used.
- Only KfW and AFD amongst lead FI use RIO markers as part of their procedures.
- In general Finance Institutions manifest some scepticism on RIO markers, as not adequate as a tool for decision making on adaptation and mitigation measures; tools with better granularity of climate finance accounting are preferred;
- EIB and EBRD joined the " Joint MDB reporting", an agreement for harmonization amongst 12 Finance Institutions on reporting and CC finance accounting for mitigation and adaptation;
- Some Institutions, as AFD, adopt sophisticated carbon foot printing tools; in general the process of climate change mainstreaming is more advanced amongst FI than in the EC.
- Formal and informal consultation mechanisms are established amongst Finance Institutions to discuss Climate Change related issues.

## ANNEX 13

### RECOMMENDATIONS FOR IMPROVED NIF REPORTING

Recommendations for strengthening of NIF reporting support aid-effectiveness principles and are meant to strengthen adherence to a result-based management framework.

Improved reporting should not significantly accrue the cost and the time for Financing Institutions and partners, but may help to structure the information for an improved understanding and assessment of NIF achievements.

- Need for a result-based framework for the overall project and for NIF grant component (mandatory specification of a measurable chain of results, including baseline, targets, indicators and benchmarks). It should be noted that the current terminology refers to reporting of “activities” rather than results. Result orientation should cover as well a result-based budget and workplan. Summary logical frameworks should be required to be included in annex, with necessary adjustments during project implementation (see recommendations to improve logical frameworks in EQ2). NIF financed products and services should be detailed and quantified. Outcomes related to outputs specified.
- Need for a design of the report format specific and harmonized for all NIF interventions (scope of harmonization could be extended to the other blending facilities). Templates for reporting should be adapted to the type of intervention (for instance Technical Assistance, Investment grants, Risk Capital). This would allow, amongst other, the following benefits:
  - a) Improved follow up of specific regional and national EC and blending facility objectives (such contributions to “policy dialogue”, “external coordination”, “social impacts” “complementarities with other EC interventions”, “capacity building”). These sections should detail targets, progress, plans and issues. Additionality should be followed up during implementation to measure the amount of resources really leveraged through the intervention.
  - b) Comparability of results across pipelines (East and South) and overall project portfolio, allowing to compare and add up outcomes and impacts;
- Provide a feed-back for pipelines development (FIG and Operational Board) and strategy decisions (strategy board); Harmonization and specification of reporting requirements should be extended to:
  - Climate Change action reporting
  - Environmental impacts;
  - Social impacts;
- A system of impact and performance indicators should be developed to allow data management and analysis (development of section 7 of NIF General Framework). Frequency of reporting should be adapted to project specific requirements.