

ANNEX

ACTION FICHE FOR NEIGHBOURHOOD INVESTMENT FACILITY

1. IDENTIFICATION

Title	European Union Budget contribution to the Neighbourhood Investment Facility (NIF) – commitment for 2010		
Total cost	€85 million: €45 million from budget line ENPI South (19.080101) and €40 million from budget line ENPI East (19.080103)		
Aid method / Management mode	Project approach - <i>Centralised management (direct & indirect), joint management, and partially decentralised management.</i>		
DAC-code	– 41010 – 23010 – 21010 – 32130 – 16050	Sector	– Environmental policy and administrative management; – Energy policy and administrative management; – Transport policy and administrative management; – SME development; – Multisector aid for basic social services

Preliminary Remark

The purpose of the Action Fiche is the financing of the Neighbourhood Investment Facility (NIF) from the EU Budget in 2010.

This Action Fiche does not repeat general elements of the 2007, 2008 and 2009 decisions (€50M - C(2007)6280, €50M – C(2008)2698, €70M - C(2009)3951 and €15M - C(2009)8985) on the NIF, as they remain valid to date. Only updates on programme implementation are presented hereunder.

2. RATIONALE

Background information

In 2008, the European Commission established the Neighbourhood Investment Facility (NIF) through the European Neighbourhood and Partnership Instrument. Four EU Budget contributions to this facility were approved in 2007, 2008, May 2009 and November 2009 after approval by the ENPI Committee for a total amount of €185 million (€10 million from ENPI South budget line, €75 million from ENPI East budget line).

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.

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 equitable socio economic development and job creation through the support for small and medium size enterprise and the social sector.

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, 25 projects were approved in 2008 and 2009 representing a total investment of €7.3 billion. The NIF contribution to these projects totalled €170 million (€9 million in grants and €81 million in technical assistance), leveraging a total loan amount close to €4 billion from European public finance institutions. With the proposed €85 million in 2010 to be added to the already committed €185 million, the objective of allocating a total amount of €250 million to Priority Area 5: "*Promoting Investment projects in ENP Partner countries*" set out in the 2007-2010 indicative Interregional programme will be exceeded by €20 million, which will allow the Commission to frontload part of the 2011-2013 indicative programme (for instance SME initiatives).. The indicative pipeline of NIF projects for 2010 and 2011 exceeds however the foreseen resources.

3. DESCRIPTION

There are no changes regarding objectives, expected results and indicators for the 2010 commitment in reference to those stated under NIF decisions C(2007)6280, C(2008)2698, C(2009)3951 and C(2009)8985.

4. IMPLEMENTATION

The implementation of the NIF regarding the different management modes, which are totally identical to those approved under the C(2008)2698 decision, follows the rules and procedures of the European Commission.

The procurement and grant award procedures for each of the management modes laid down under the decisions approving the previous EU Budget commitments for the NIF are maintained for the 2010 NIF commitment.

Appendix I: 2009 Action Fiches for Financing Decision on NIF Contribution
a) [\(C\(2009\)3951\)](#) and b) [\(C\(2009\)8985\)](#)

Appendix II for information: Pipelines of operations approved by the NIF Board in 2009

Appendix III for information: Indicative pipeline of operations to be financed in N+1

Appendix IV for information: Indicative distribution per Management Mode

Appendix I(a)

ACTION FICHE FOR NIF 2009 – C(2009)3951

1. IDENTIFICATION

Title	Community Budget contribution to the NIF		
Total cost	€70 million : €45 million from budget line ENPI South (19.080101) and €25 million from budget line ENPI East (19.080103)		
Aid method / Management mode	<i>Centralised management (direct & indirect), joint management, and partially decentralised management.</i>		
DAC-code	– 41010 – 23010 – 21010 – 32130 – 16050	Sector	– Environmental policy and administrative management; – Energy policy and administrative management; – Transport policy and administrative management; – SME development; – Multisector aid for basic social services

Preliminary Remark

This Action Fiche does not repeat general elements of the 2007 and 2008 decisions (€50 M - (C(2007)6280) and €50 M – (C(2008)2698)) already approved on the NIF as they remain valid for 2009. Only new elements and repetitions necessary for comprehension are presented hereunder.

2. RATIONALE

2.1. Sector context

In order to achieve the objectives of the European Neighbourhood Policy, reduce the social, economic and political barriers between the EU and its neighbours and to extend EU policy initiatives to Neighbour countries, bilateral and regional financial assistance foreseen under the European Neighbourhood and Partnership Instrument will promote essential reforms, capacity building and modernisation measures in the 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 SMEs.

In this context, the European Commission has established the Neighbourhood Investment Facility (NIF) through the European Neighbourhood and Partnership Instrument. Two EC budget contributions to this facility have already been decided, after positive opinion of the ENPI committee and the NIF Board approved a first batch of operations in June 2008.

The NIF focuses on Energy, Environment and Transport investments and provides also support to SMEs development and to Social Sector infrastructures. The NIF operates by providing grants to support loans to partner countries from EIB, EBRD and other eligible European, multilateral and national, development finance institutions.

2.2. Complementary actions

The NIF provides our Eastern neighbours with financing instruments which are currently unavailable whereas for our Southern neighbours, the NIF is complementary and adds value to the FEMIP-financed operations.

Community financing provided to support FEMIP is principally geared towards private sector development whereas NIF grants towards the South will essentially support public investments in energy, transport and environmental infrastructures. The Commission, Member States and the EIB will ensure complementarity between both instruments and avoid any duplication.

2.3. Donor coordination

This measure has been prepared in close coordination with EU Member States.

By enabling joint European operations, combining bilateral and community grant funding with eligible Finance Institutions loan operations, the NIF will generate greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the new EC Financial Regulation. The NIF will finance larger operations, better support partners in carrying out necessary reforms and investments, and bring greater visibility for the European dimension of external cooperation.

3. DESCRIPTION

3.1. Objectives

The NIF's main purpose is to promote investments and key infrastructures in transport, energy, environment, with a particular focus on climate change mitigation and adaptation, and to support social and private sector development in Eastern and Southern Partner Countries. The Facility will also support the growth of the SMEs, by making available a range of financial instruments in the East and the South whilst ensuring for the South that there is no duplication but complementarity with FEMIP.

The leverage effect of the NIF grants should generate a multiplying factor of 4 to 5 times the amount of grants. The input of the financing institutions will increase the leverage effect on additional resources to be directed towards the neighbourhood beneficiary countries.

Operations financed by financial institutions pooling their loan resources in consortia with NIF support will also allow to increase risk and credit ceilings to the benefit of our partner countries and promote the financing of categories of investments which at present cannot be financed either by the market or by development finance Institutions separately.

This financing decision concerns the 2009 Community contribution to the Facility. NIF annual Community contributions will be drawn from two distinct budget lines, ENPI South (19.080101) and ENPI East (19.080103). These two contributions will in no case be fungible. Utilisations for the East and utilisations for the South will be strictly kept separate.

3.2. Expected results and main activities

They remain the same as the ones presented in 2007 and 2008:

For the sake of clarity, the type of operations the types of operations to be financed under the Facility are the following:

- Investment co-financing in public infrastructure projects,
- Loan guarantee cost financing ,
- Interest rate subsidy,
- Technical assistance (financed as part of a specific investment operation or as a global envelope made available to eligible financial institutions),
- Risk capital operations (financed as part of a specific investment operation or as an envelope made available to eligible financial institutions).

3.3. Stakeholders

The final beneficiaries of the Facility will be the Partner countries, either directly or indirectly through their central, regional and local administrations or semi-public institutions.

Other final beneficiaries will be the private sector and in particular SMEs for categories of operations dedicated to the private sector development.

Countries benefiting from the ENPI instrument will be eligible for NIF financing following the signature of an ENP Action Plan¹. This does not apply to countries that do not qualify for ENPI support because of their level of development². 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.).

Both multilateral and national European development finance institutions will be direct beneficiaries and important stakeholders of the Facility. They will be the only

¹ Presently, Morocco, Tunisia, Egypt, Jordan, Lebanon, Palestine, Ukraine, Moldova, Georgia, Armenia, Azerbaijan

² For example, Israel because of its status as developed country.

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 (BERD), the Council of Europe Development Bank (CEDB) or the Nordic Investment Bank (NIB), will be eligible to the NIF. Eligibility of other multilateral finance institutions will be 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) will be eligible provided that the Member State concerned gives a direct contribution to the Facility.

3.4. Risks and assumptions

A stable political and security climate on the regional level in general and on the country level in particular is needed to promote and secure investments.

South and East Partner countries must be ready to increase the level of investments on their own resources as well as through loans.

The pipelines of operations must be of sufficient quality and volume and supply sufficient additionality.

Strong commitment of beneficiaries must exist.

3.5. Crosscutting Issues

Partner countries and eligible financial institutions will ensure that all projects financed with EU budget respect Community principles in terms of environmental, public procurement, state aid, and equal opportunities

4. IMPLEMENTATION ISSUES

4.1. Implementation method

The content and categories of operations, the implementation and governance rules of the NIF for the period 2007-2013 have been adopted by the 2007 decision of the Commission (C(2007)6280)). Moreover, elements such as selection criteria and operating mechanisms (NIF working process) have been agreed with the Member States and acknowledged by the Coreper on the 19th of March 2008 (see annex I). The NIF Strategic Orientations have been adopted by the NIF Board in December 2008.

The range of management modes to be used in order to implement the NIF needs to be broadened in order to address the different modalities for supporting projects based on the experience already acquired through the projects presented by the Finance Institutions. The management modes used in relation to the previous and future NIF financing decisions will be:

- For investment co-financing, partially decentralised management;
- For technical assistance, partially decentralised management when the Beneficiary country is the contracting authority, or joint management / centralised indirect management when the finance institution is the contracting authority on behalf of the Beneficiary country (depending on the type of the lead finance institution);
- For risk capital operations, loan guarantee cost financing and interest rate subsidy, joint management / centralised indirect management (depending on the type of the lead finance institution).

1/ Direct Centralised Management

Based on the pipeline, the indicative proportion for this management mode in relation to NIF operations is 5%.

2/ Indirect Centralised Management

Only AFD and KfW are concerned by this management mode as they have successfully passed the assessment allowing delegating them budget implementation tasks of the Commission in the indirect centralised management mode, according to the requirements of Article 56 of the Financial Regulation (see Annex II).

Before any other financing institution³ is entrusted with delegated tasks the authorising officer has to carry out a satisfactory ex-ante assessment to obtain evidence of the fulfilment of the criteria mentioned under art. 56 of the FR and request the modification of the initial financing decision.

Based on the pipeline, the indicative proportion for this management mode in relation to NIF operations is 15%.

3/ Joint Management

Joint management will be used to delegate implementation of tasks to international organisations.

Only the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the Council of Europe Bank (CEB) and the Nordic Investment Bank (NIB) are concerned by this management mode.

EIB, EBRD, CEB and NIB are currently subject to an external review in relation to Article 53d of the Financial Regulation. In anticipation of the results of this review the authorising officer deems that, based on the long-standing and problem free cooperation with these Organisations, joint management mode can be proposed and Standard Convention for International Organisation can be signed in accordance with the provisions laid down in Article 43 of the Implementing Rules to the Financial Regulation.

³ such as the Oesterreichische Entwicklungsbank AG (OeEB) recognised eligible to the NIF by the Board on 26/09/2008.

Before any other international organisation is entrusted with delegated tasks the authorising officer has to ensure that it applies accounting, audit, internal control and procurement procedures which offer guarantees equivalent to internationally accepted standards and request the modification of the initial financing decision.

Based on the pipeline, the indicative proportion for this management mode in relation to NIF operations is 15%.

4/ Partially Decentralised mode

Any project implemented under the decentralised management mode will be implemented with ex ante control through the signature of a financing agreement with the Beneficiary country concerned

The Commission (or the delegated finance institution) controls ex ante the contracting procedures for procurement contracts > 50.000 EUR and ex post for procurement contracts • 50.000 EUR. The Commission (or the delegated finance institution) controls ex ante the contracting procedures for all grant contracts.

In case of decentralisation of payments (only possible where the award procedures for the relevant contracts have been decentralised), through the programme estimates, payments are decentralised for contracts up to the ceilings indicated in the table below.

The Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< 300.000 EUR	< 150.000 EUR (Budget)	< 200.000 EUR	• 100.000 EUR

The indicative proportion of each management mode is detailed in the Annex V attached for information to the present financing decision.

4.2. Procurement and grant award procedures

4.2.1. For **direct centralised management mode**, all NIF contracts will be awarded and executed according to the applicable Commission procedures and standard documents for the implementation of external actions.

4.2.2. For **joint management mode**, the procedures and rules (procurement and grants) of the following international organisations (EIB, CEB, NIB, EBRD) are applicable in accordance with Articles 53d FR and 43(6) IR.

4.2.3. For **indirect centralised management mode**, internal procedures and procurement rules of the implementing partners (AFD and KfW) will be applicable in accordance with the provisions of Article 56.1 FR, these procedures have been assessed as equivalent to the international standards (see signed Appendix attached) and can be accepted by the Commission within the present financing decision.

4.2.4. For **partially decentralised management** (investment co-financing to public infrastructure projects), the local government entrusted by the Commission will agree with the donors on the procurement rules to be used.

Taking into account that the contribution of the Community - brought through the delegated third country - to these infrastructure projects will be pooled with the funds of other donors and will represent a small fraction of the overall funding, the Commission can agree to the following:

- a.) Procurement rules of AFD and KfW can be applicable as they have been assessed as equivalent to international standards under Article 56.1 FR ex-ante assessment.
- b.) Procurement rules of World Bank can be applicable as they have been assessed as equivalent to the international standards,
- c.) Procurement rules of EIB, CEB, NIB or EBRD can also be applicable, as long as the Commission has the evidence (on the basis of an assessment made by the relevant Authorising Officer) that they offer guarantees equivalent to internationally accepted standards.

In anticipation of the results of the external review in relation to Article 53(d) FR, the authorising officer proposes the application of the procurement rules of these international organisations, on the basis of his own evaluation and comparison, which allows him to deem that their procurement rules are in accordance with the provisions laid down in Article 56(2) of the Financial Regulation.

4.3. Budget and calendar

The EC budget contribution to the NIF will be decided annually.

For the year 2009, the Commission will allocate a budget of €50 million, 25M € for the East and 45M € for the South. The allocation has been decided given the existing East and South pipelines of operations presented by the Eligible Finance Institutions and approved by the NIF Board on the 9th of June and 26th of September 2008 (see annex III) and given the consolidated pipeline submitted by the Eligible Finance Institutions for the years to come. The 2009 Commission contribution to the NIF will be financed part from the ENPI South budget line (19.080101) and part from the ENPI East budget line (19.080103). South and East appropriations paid to the Facility will be managed separately in order to strictly respect the Budgetary Authority Decision. South and East appropriations are therefore never fungible and will be used strictly separately.

In accordance with the ENPI Regulation and the Financial Regulation, profits generated by the funds and arising from future NIF operations will be reallocated for further NIF operations.

The pipeline of operations already approved by the NIF Board is attached to the present financing decision for follow-up (see Annex III).

The indicative pipeline of operations to be financed in N+1 is attached to the present financing decision for information (see Annex IV).

4.4. Performance monitoring

An annual report on the implementation of the Facility will be presented to the ENPI Committee.

Performance indicators of each operation will include an estimation of the economic and financial value of investments as well as an indication of the socio-economic and environmental impact achieved through these operations.

4.5. Evaluation and audit

The functioning of the NIF will be subject to an independent evaluation contracted by the European Commission, in line with the mid-term review of the EU's external activities.

At the level of the individual operations, monitoring, evaluation and audit tasks will be under the responsibility of the lead eligible finance institution and will be organised according to the requirements of each project. Audits will be undertaken externally and in line with international standards.

4.6. Operations can also be subject of financial controls by the Commission (including by OLAF) as well as by the European Court of Auditors.

4.7. Communication and visibility

The European Commission and its implementing partners will abide by the visibility rules for Community financing.

Appendix I for information: Neighbourhood Investment Facility – General Framework (14/02/2008) acknowledge by the Coreper on 19/03/2008

Appendix II: Appendix to the action fiche regarding the verification of the conditions for indirect centralised management provided for in art. 56 of the EC Regulation 1605/2002 (Financial Regulation) for a.) AFD and b.) KfW.

Appendix III for information: Pipelines approved by the NIF Board on 09/06/2008 and 26/09/2008

Appendix IV for information: Indicative pipeline of operations to be financed in N+1

Appendix V for information: Indicative distribution per Management Mode

Appendix I for information: Neighbourhood Investment Facility – General Framework (14/02/2008) acknowledge by the Coreper on 19/03/2008

1. Context

The European Neighbourhood Policy (ENP) is substantially deepening the EU's relations with its neighbours, and has become the established vehicle for cooperation with these countries across a wide policy spectrum. The premise of the ENP is that the EU has a vital interest in seeing greater economic development, stability and better governance in its neighbourhood. Spreading peace and prosperity across the borders of the EU prevents artificial divisions and creates benefits for the ENP partners and the EU alike.

2. Objectives

In this context, one of the aims of the European Neighbourhood Policy it is to extend EU policy initiatives to Neighbouring Countries. This extension requires funding to strengthen infrastructure interconnection between the EU and its neighbours in the areas of Transport and Energy, to address common environmental concerns and to support other relevant activities. Current resources are not adequate to meet the investment needs and it is therefore necessary to mobilise additional funding. It is for this reason that it is proposed that grant resources of the Community and the Members States be pooled together in a "Neighbourhood Investment Facility" (NIF) and that such resources be used to leverage loan financing.

Within the NIF, European Public Financial Institutions will play a central role to increase the global resources devoted to infrastructure investments in the neighbourhood beneficiary countries. Indeed, NIF interventions' leverage effect should generate a multiplying factor of at least 4 to 5 times the amount of the subsidy.

By enabling joint European operations, combining bilateral and community grant funding with eligible Finance Institutions loan operations, the NIF will generate greater coherence and better coordination between the donors, in line with the Paris Declaration principles and in compliance with the new EC Financial Regulation. Member States' resources will reinforce the Community effort. The NIF will finance larger operations, better support partners in carrying out necessary reforms and investments, and bring greater visibility for the European dimension of external cooperation.

3. Sectors covered

The Facility will promote key infrastructures⁴ in the transport, energy, social and environment sectors, with a particular focus on climate change mitigation and adaptation, and on growth of the private sector (in particular SMEs).

4. Types of operations

The types of operations to be financed under the Facility will mainly include the following:

⁴ Such as the priority trans-national axes extending EU TENs transport corridors to neighbouring countries and infrastructures projects of similar nature in the energy and environment domains.

- Investment co-financing,
- Loan guarantee cost financing ,
- Interest rate subsidy,
- Technical assistance (financed as part of a specific investment operation or as a global envelope made available to eligible financial institutions),
- Risk capital operations (financed as part of a specific investment operation or as an envelope made available to eligible financial institutions).

The full range of financial instruments will be made available in the East as in the South.

5. Selection Criteria

First of all, NIF interventions must bring additionality. Any duplication with other financing resources already or potentially available will be avoided, in particular in relation with operations which could normally be financed without it by the market.

For operations concerning the South, in order to ensure full complementarity, a written statement will be joined to the project proposal indicating that there is neither duplication with FEMIP operations, nor possibilities to finance it under FEMIP.

The operations supported by the NIF will be ODA⁵ eligible, will stimulate investments in line with the strategic objectives of the Facility and will be directly linked to the priorities of the ENP Action Plans and of the beneficiary countries. The NIF contributions should be cost effective and will be allocated according to the quality of the proposals, the sector of intervention and the expected impact and leverage effect of the operations.

Recognising that the needs to upgrade infrastructure over the coming years are likely to exceed the public sector's capacity to either finance or manage, the operations supported by the NIF should seek, where applicable, the creation of the institutional and policy conditions for sustainability and for catalyzing private financing.

Moreover, operations fulfilling the following criteria will be given preference:

- supporting higher risk activities for which access to finance is limited, such as: energy savings, energy efficiency, increasing renewable forms of energy production, and broadening access to energy services;
- improving social services and social infrastructures;
- helping to reduce regional disparities in income per capita, to improve local development capacities and to increase access to services;
- promoting substantial social returns or global public goods returns and investments for countries with limited borrowing capacities. The use of subsidies simply to increase the volume of lending to the Neighbourhood will be avoided;
- improving access to finance for micro, small and medium enterprises;

⁵ With the exception of those countries outlined in section 9 which may only benefit from NIF interventions on a case by case basis

- 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, as much as possible, important sectoral reforms in beneficiary countries in accordance with the ENP Action Plans;
- seeking to ensure donor harmonisation and complementarity of investments at national and regional level in the beneficiary countries;
- promoting sustainable socio-economic development, with a particular focus on pro-poor growth;

6. Expected results

The expected results of the NIF are increased investment in the following sectors contributing to

(1) better transport infrastructure, notably:

- 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.

(2) Better energy infrastructure, notably:

- Improved transit connections between EU and Neighbour countries as well as between partner countries. Thus increasing security of energy supply for the EU and for the Neighbours.
- Improved safety and security of energy infrastructure.
- Improved energy efficiency and energy savings.
- Increased production and use of renewable energy (wind, solar energy...).

(3) Increased protection of the environment and better focus and control of climate changes impacts, notably:

- Promotion of integrated waste management (household, municipal and industrial) including necessary related infrastructures.
- Introduction of integrated water management, including necessary related infrastructure.
- Reduction of air, soil and water pollution including monitoring infrastructure when needed.
- Promotion of climate change related investments, i.e. renewable energy, energy saving and cleaner production and other environment friendly techniques.

(4) Improved social services and infrastructures, notably:

- Better access to health care and improved health services installations in urban and rural areas.

- Better education facilities, increased access to education in urban and rural areas.
- Improved vocational training facilities.

(5) Creation and growth of SMEs and improvement of the employment situations:

- Better access to financing for SMEs (availability of a larger range of financial products than what is currently available) at the different stages of enterprise creation, restructuring, modernisation etc.
- Creation of technological poles, enterprise incubators etc.

7. Indicators

- Amount of additional funding mobilised;
- Amount of loans granted by multilateral and national Development Finance Institutions;
- Progress in the implementation of the relevant APs commitments in the Transport, Energy, Environment;
- Progress in the implementation of the ENP related thematic policies aspects in the Transport, Energy, and Environment sector;
- Level of extension to neighbouring countries of key energy infrastructures increasing the level of security of supply and transport axes speeding up journey times;
- Number of projects addressing common environmental concerns and climate change impact (i.e. reduced energy consumption and more diversified energy resources);
- Reduced level of air and water pollution in particular for common marine spaces and freshwater basins;
- Establishment and functioning of SMEs financing schemes and number of SMEs benefiting from such schemes
- Improvement of employment ratios.
- Impact of the NIF operations in the Social Sector (for example rate of women work).

8. Eligible Donors

Member States, the Commission and the ENP partner countries are the eligible donors.

On a case by case basis, Member States and the Commission may decide unanimously to accept other donors or to give access to the NIF to other public European Finance Institutions.

9. Eligible Recipients

ENP partner countries directly eligible⁶ to the NIF are neighbourhood countries having signed an Action Plan, except for those that do not qualify because of their level of development.

⁶ Presently, Armenia, Azerbaijan, Egypt, Georgia, Jordan, Lebanon, Moldova, Morocco, Palestine, Tunisia, Ukraine.

On a case by case basis, other countries which are not directly eligible may benefit from NIF interventions taking into account regional or specific circumstances (Algeria, Belarus, Israel, Libya, Russia, Syria, plus possibly, other countries outside the scope of ENPI). Their eligibility will have to be decided unanimously by Member States and the Commission.

10. Eligible Finance Institutions

The following Finance Institutions are directly eligible and the only ones authorized to submit individual operations, as lead partner, to the benefit of the NIF:

- European Investment Bank (EIB) and the European Bank for Reconstruction and Development (BERD),
- Council of Europe Development Bank (CEDB),
- Nordic Investment Bank (NIB),
- Agence Française de Développement (AFD), the Kreditanstalt für Wiederaufbau (KfW) and other European public national development finance institutions from Member States will also be eligible provided that their Member States give a direct contribution to the NIF.
- On a case by case basis, other Finance Institutions where Member States own altogether the highest share of the capital, following an unanimous decision by the Member States and the Commission.

11. EC Budget contribution

The EC budget contribution to the NIF will be decided annually by the Commission after a consultation of the ENPI committee.

South and East appropriations can not be merged. The amounts of the contribution will be decided in relation to the existing pipelines of operations. The amount devoted on operations for the East or South will only originate from the corresponding budget lines and will be strictly managed and used separately.

As foreseen in Commission's decision dated the 17th of December 2007, part of the EC contribution might be paid into a Trust Fund from 2008 after approval of the Commission following the ENPI procedures. In such a case, EC contribution to the TF will be limited at the level of the highest individual contribution made by the other donors to the NIF.

12. Member States contribution

Member States will be able to contribute either through the Community budget following the provisions governing assigned revenues, the parallel co-financing of specific operations or by contributing to a "NIF" Trust Fund established following an agreement between the Member States, the Commission and the financial institution that will host the Trust Fund.

Member States have agreed that, among those three options which remain open in any case, the preferred mechanism to pool together their direct contributions to the NIF is a Trust Fund. The EIB will be the finance agent to host such a Trust Fund.

The EIB and the Commission will prepare a detailed proposal on the working rules of the Trust Fund, which will be submitted to the first operating meeting of the NIF Board.

Member States may choose to earmark their contributions to Eastern and/or Southern region, although unearmarked funding (covering all of the ENP) is the preferred option.

No earmarking will be possible below the level of Eastern and/or Southern region.

The minimum contribution to the Trust Fund is fixed at one million € Member States have the possibility to pool their resources together

13. The NIF Board

The decisions on NIF's operations will be taken by a board ('NIF Board'). The Commission will preside over the NIF Board, which will be composed of representatives of the Commission, Member States and other donors. The NIF Board will set the overall strategy and take operational decisions. The Board will be served by a Secretariat managed by the Commission.

Strategy meetings of the Board

The NIF Board will meet once or twice 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 will attend these meetings.

During these meetings, the NIF Board will discuss and define the strategy and sectoral priorities for the Facility and verify 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 will also study and exchange information on the needs and situation in the various priority intervention sectors in the partner countries and examine the Facility's effectiveness and results based on the annual activity reports.

Operational meetings of the Board

The NIF Board will in principle meet four times yearly, and if necessary, more frequently, to deal with operational issues. Observers from each eligible finance institution will attend these meetings.

The Board will approve 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 will also decide, 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 will approve on each eligible individual operation presented by the corresponding lead Finance Institution and will fix the type, composition and amount of the NIF contribution to each operation.

It will examine the studies, monitoring and/or evaluation reports.

It will adopt the annual accounts and financial reports.

It will issue any recommendations as to the operational follow-up.

It will fix its own internal working rules

14. Finance Institutions Group (FIG)

The FIG is an informal technical group chaired by the Commission, which will also act as Secretariat. It is composed of all eligible Finance Institutions.

The FIG will be 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, will be 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 will be sent to Board members by the Commission's Secretariat before each Board meeting.

15. Mode of decisions of the Board on NIF operations

The NIF Board will normally operate through consensus.

In the exceptional case that a vote would need to be taken:

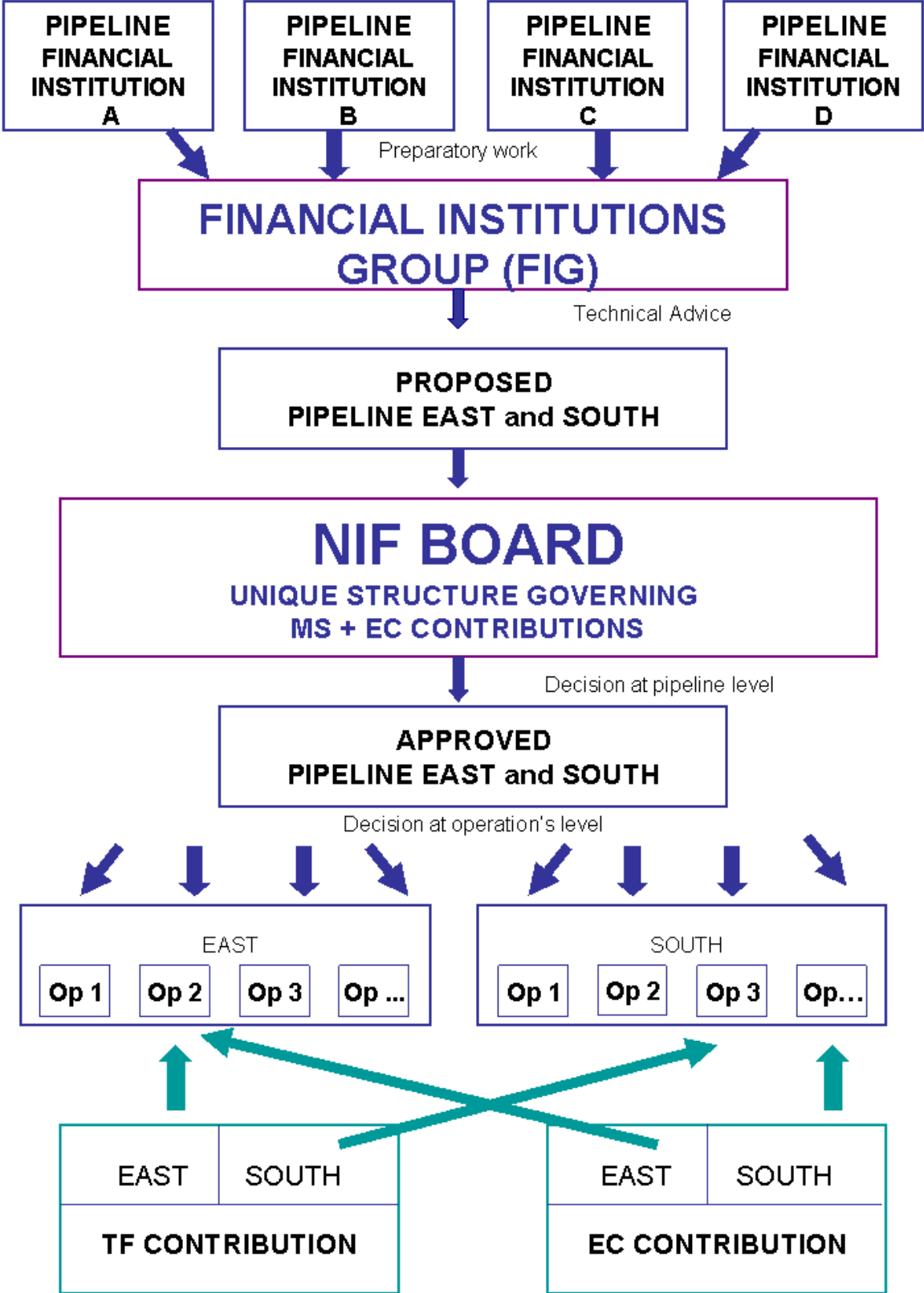
- for the EC budget contribution, the Member States' representatives on the Board will follow the ENPI Committee rules on voting, whereas the Commission will have the right of veto.

- for Member States and other donors direct contributions, their right of vote will be proportionate to their contribution to the NIF (East + South) without taking into consideration any earmarking. Each contribution of 1 Million Euro opens 1 right of vote for 3 years.

Additionally, Member States taking a written commitment to reach the 1 million threshold, within this period of three years, will be authorized to exercise their right of vote from their first partial contribution.

16. Operating Mechanisms

The *scheme* summarising NIF working process is attached.



17. Evaluation and Audit

The functioning of the NIF will be subject to evaluation in line with the mid-term review of the EU's external activities.

An annual audit of the operations and accounts of the NIF will be carried out by an independent external auditor.

18. Duration of the NIF

The NIF is established for the duration of the Financial Instrument, i.e. until 31st December 2013 and may be extended further following Member States and Commission decision.

**APPENDIX II: APPENDIX TO THE ACTION FICHE
REGARDING THE VERIFICATION OF THE CONDITIONS FOR INDIRECT
CENTRALISED MANAGEMENT PROVIDED FOR IN ART. 56 OF THE EC
REGULATION 1605/2002 (FINANCIAL REGULATION)**

The Financial Regulation (FR) (Council Regulation No. 1605/2002) and its implementation rules (Commission Regulation No. 2342/2002) are applicable to Budget Lines 19.08 01 01 and 19.08 01 03.

AFD and KfW are Member States finance institutions eligible to participate in the NIF. In this context, they may be entrusted with management tasks of EC funds.

An assessment made by AIDCO G/2 (cf. Ernst & Young's final report dated 28/04/2008 for AFD and Moore Stephens' final report dated 22/04/2008 for KfW) confirmed that the criteria envisaged by Article 56.1 of the Financial regulation are fulfilled:

Summary table

Article 56.1 FR criterion	AFD Comment	KfW Comment
(a) Transparent procurement and grant-award procedures, which are non-discriminatory and exclude any conflict of interests and which are in accordance with the relevant FR provisions	Criterion fulfilled	Criterion fulfilled
(b) An effective and efficient internal control system for the management of operations, which includes effective segregation of the duties of authorising officer and accounting officer or of the equivalent functions	Criterion fulfilled	Criterion fulfilled
(c) An accounting system that enables the correct use of Community funds to be verified and the use of funds to be reflected in Community accounts.	Criterion fulfilled	Criterion fulfilled
(d) An independent external audit exercised by a national institution for independent external auditing	Criterion fulfilled	Criterion fulfilled
(e) Adequate annual ex post publication of beneficiaries of funds deriving from the EC budget.	Criterion fulfilled	Criterion fulfilled

Prevention of irregularities and fraud and recovery of funds if necessary	Adequate clauses will be included in the Agreement with the delegatee	Adequate clauses will be included in the Agreement with the delegatee
The Commission will ensure supervision, evaluation and control of the implementation of the tasks entrusted	Adequate clauses will be included in the Agreement with the delegatee	Adequate clauses will be included in the Agreement with the delegatee

Conclusion: In his notes of 20/05/2008 for AFD and of 23/04/2008 for KfW, Mr Richelle, Director General of AIDCO confirmed that the conditions placed by Article 56 of the FR are currently being met.

On this basis, the Director AIDCO/A proposes that one of the applicable implementation methods for the Interregional Action Programme 2009 Part I (Neighbourhood Investment Facility) be indirect centralised management and submits it to the Commission for decision.

Date:

Signature: Marcus CORNARO,
 Director AIDCO/A
 Authorising officer subdelegated on BUDGET

Appendix III for information: Pipelines approved by the NIF Board on 05/11/08

Neighbourhood Investment Facility (NIF) - 4th Operational Board - Approved Pipeline of Operations for the Eastern Region 2008 page 1/2

Country	Lead Finance Institution	IFIs consortium composition	Operation's Title	Sector	Beneficiary	Total Budget	NIF Contribution		Loan / Grant envisaged by IFIs	National / other contribution		Indicative timing	Remarks
							Technical Assistance	Grants		€	Contributor		
Ukraine	EBRD	EIB	Ukrenergo high voltage transmission networks	Energy	Ministry of Fuel and Energy/ Ukrenergo	301,28	0,8		300	0,48	TC (Germany, Canada and UK)	2008	Final Approval received on 09/06/2008
Ukraine	EBRD		TA Support for Ukrainian Municipalities	Social / Transport / Energy	Ukrainian Municipalities	135	5		108	19,6	Beneficiary	2008	Final Approval received on 09/06/2008
Ukraine	EBRD	EIB	TA Framework for Burshtyn TPP Rehabilitation and Efficiency Improvement	Energy	Ministry of Fuel and Energy of Ukraine	250,8	0,8		200	2,4	Beneficiary	2009	Final Approval received on 05/11/08
Ukraine	EBRD		Energy Efficiency Support to Ukrtransnafta	Energy	Ukrtransnafta	32,8	2		25,8	5	Ukrtransnafta (extent of contribution under evaluation)	2008	Provisional Approval received on 09/06/2008
Ukraine	KfW	EIB, EBRD	Loan Guarantee Programme for Municipal Infrastructure	Social / Transport / Energy	Large Ukrainian Municipalities	100		10	90			2008	Provisional Approval received on 09/06/2008 (€ 5 M from EC Budget and € 5 M possibly financed through the NIF Trust Fund after further approval)
Republic of Moldova	CEB		Capacity Assessment and Modernization of the Republican Clinical Hospital - CHISINAU	Social	Government of Moldova	18	1	2	9	3,3	Government of Moldova WB/IDA	2008	Final Approval received on 09/06/2008
Republic of Moldova	EBRD	EIB	Regional roads	Transport	Republic of Moldova	89,5		12	60	12	World Bank IDA (\$)	2008	Final Approval received on 09/06/2008
Republic of Moldova	EBRD	KfW, EIB	Improvement of Water and Sanitation System in Chisinau	Environment	Ministry of Environment and City of Chisinau	59	3		45	4	Beneficiary	2008	Final Approval received on 05/11/08

Country	Lead Finance Institution	IFIs consortium composition	Operation's Title	Sector	Beneficiary	Total Budget	NIF Contribution		Loan / Grant envisaged by IFIs	National / other contribution		Indicative timing	Remarks
							Technical Assistance	Grants		€	Contributor		
Republic of Moldova	EBRD	EIB	Chisinau Airport Modernisation Project II	Transport	Chisinau International Airport, Moldova (100% state-owned)	46,25	1,75		44,5			2 nd Semester 2008	Final Approval received on 26/09/08
Republic of Moldova	EIB	EBRD	Moldova Water Sector Project	Environment	Government of Moldova	44		10	20	3	EU COM 11 WB/IDA	2008	Provisional Approval received on 09/06/2008 (€ 5 M from EC Budget and € 5 M possibly financed through the NIF Trust Fund after further approval)
Georgia	KfW	EIB, EBRD	Black Sea Energy Transmission System	Energy	Georgian State Electrosystem (GSE)	220	8		200	12	Beneficiary	2008	Final Approval received on 26/09/08
Regional	EBRD		EU NIF / EBRD Framework for support to Financial Intermediaries	Private Sector		2,8	2,8		0				Final Approval received on 05/11/08
Regional	KfW	EBRD, NIB, Oe, EB	Establishment of European Neighbourhood Small Business Growth Facility (ENBF)	Private Sector		TBD		5	6 (+TBD)			2009	Provisional Approval received on 05/11/2008 - NIF contribution is an equity participation
Total 2008						1299,43	25,15	39	1102,3	125			

Total amount requested from the NIF
with a final approval 64,15
with provisional approval 37,15
27

Country	Lead Finance Institution	IFIs consortium composition	Operation's Title	Sector	Beneficiary	Total Budget	NIF Contribution		Loan envisaged by IFIs	National / other contribution		Indicative timing	Remarks
							Technical Assistance	Grants		€	Contributor		
Egypt	KfW (68)	AfD (40), EIB (70)	IWSP (Improved Water and Wastewater Services Programme)	Environment	Holding Company for Water and Wastewater (HCWW)	295	5		179	82,2	Government of Egypt EU - National Indicative Programme (2008)	1st sem. 2008	Final approval 26/09/08
Egypt	KfW (191.5)	EIB (50)	Wind farm Gabal El Zeit	Energy	New & Renewable Energy Authority (NREA)	340		10	241,5	68,5	Government of Egypt EU - National Indicative Programme (2010)	1st sem. 2008	Final approval received 05/11/08
Morocco	AfD (50)	EIB (20)	Tramway de Rabat	Transport		346	5		70	135	Government of Morocco Concessional Loan (RPE) local financing	2008	Final approval received on 05/11/08
Morocco	EIB (60)	AfD (60)	Programme National de Routes Rurales	Transport	CFR	397	1,8	8	120	177	Government World Bank Others	2nd sem.	Final approval received on 05/11/08
Tunisia	KfW (55)	AfD (18.5)	Réhabilitation station d'épuration (STEP) et de station de pompage	Environment	Office National de l'Assainissement (ONAS)	127		3	73,5	50,5	Government of Tunisia	2008	Final Approval 09/06/08
Tunisia	KfW	AfD, EIB	Centrale électrique thermosolaire (20 MW)	Energy		100	1			99		2008	Final approval received on 05/11/08
Total 2008						1.605,0	12,8	21,0	684	887			

Total amount requested from the NIF in 2008 33,8

Appendix IV for information: Indicative pipeline of operations to be financed N+1

Indicative Pipeline of Operations for the Southern Region 2009 (19.08.01.01)

Country	Operation's Title	Lead Finance Institution	Indicative Total Budget	Indicative NIF Contribution
Lebanon	Kerswan Wastewater	EIB	190	10
Egypt	Metro Cairo	AFD	570	?
Egypt	Egyptian Power Transmission	EIB	300	5
Egypt	Alexandria Hazardous Waste Treatment Facility	EIB	?	?
Egypt	Egypt Concentrated Solar Power Plant	KfW	?	1,5
Jordan	Réhabilitation Hôpital Salt	AFD	?	?
Jordan	Jordan Education Project II	EIB	220	?
Jordan	Wastewater treatment and networks	EIB	?	?
Lebanon	CMM Power revenues	EIB	300	15
Morocco	Ligne de crédit optimisation énergétique	EIB	50	7
Morocco	Programme National d'Assainissement (PNA)	AFD	250	20
Morocco	Urban Transport Casablanca	AFD	?	?
Morocco	Education	EIB	2000	20
Tunisia	Réhabilitation station d'épuration (STEP) et de station de pompage	KfW	127	5
Tunisia	Education (Enseignement supérieur)	EIB	?	10
Tunisia	Wastewater Reuse Greater Tunis	AFD	500	?
Tunisia	GCT-Dépollution Gabès	EIB	800	25
Tunisia	RFR	AFD	550	20,5
Tunisia	Projet de dépollution industrielle de la Baie de Monastir	EIB	?	5
Tunisia	Projet de dépollution industrielle de la Baie de Bizerte	EIB	?	5
Tunisia	Routes rurales	EIB	?	?
Tunisia	Efficacité énergétique dans les logements rurales/urbains sociaux	AFD	?	?

Indicative Pipeline of Operations for the Eastern Region 2009 (19.08.01.03)

Country	Operation's Title	Lead Finance Institution	Indicative Total Budget	Indicative NIF Contribution
Azerbaijan	Modernisation and capacity increase of Baku Electricity Distribution Company	EBRD	> 50	TBD
Azerbaijan	Improvement of Solid Waste Management for Baku (ISWM Baku)	KfW	230	10
Azerbaijan	Road Project	EBRD	> 200	15,5
Azerbaijan	Railway Project	EBRD	> 300	15,5
Georgia	HPP Rehabilitation	EBRD	> 100	1
Republic of Moldova	Electricity transmission link to Romania (Succeava-Balti)	EBRD	> 50	TBD
Republic of Moldova	CET 2	EBRD	> 180	TBD
Republic of Moldova	Chisinau Vodokanal	EBRD	> 10	6,2
Ukraine	TA Framework for Ukrainian Sustainable Energy Projects	EBRD	309,2	2,8

Appendix V for information: Indicative distribution per Management Mode

Financing Decision	Management Mode	Indicative Proportion	Effective Contracting according to N+1 rule
Financing Decision 2007 (€ 50 M)	Indirect Centralised Management	18%	18%
	Joint Management	4%	4%
	Partially Decentralised Management	78%	78%
Financing Decision 2008 (€ 50 M)	Direct Centralised Management	5%	on-going
	Indirect Centralised Management	15%	
	Joint Management	15%	
Financing Decision 2009 (€ 70 M)	Partially Decentralised Management	65%	on-going
	Direct Centralised Management	5%	
	Indirect Centralised Management	15%	
	Joint Management	15%	
	Partially Decentralised Management	65%	

Appendix I(b)

ACTION FICHE FOR NIF 2009 – C(2009)8985

1. IDENTIFICATION

Title	Community Budget contribution to the NIF – Additional commitment for 2009		
Total cost	€15 million from budget line ENPI South (19.080101)		
Aid method / Management mode	Project approach - <i>Centralised management (direct & indirect), joint management, and partially decentralised management.</i>		
DAC-code	- 41010 - 23010 - 21010 - 32130 - 16050	Sector	- Environmental policy and administrative management; - Energy policy and administrative management; - Transport policy and administrative management; - SME development; - Multisector aid for basic social services

Preliminary Remark

This Action Fiche concerns an additional 2009 Community contribution of €15 million to the Neighbourhood Investment Facility (NIF) for the financing of projects located in the Southern Neighbours, to be drawn from the budget line "ENPI South" (19.080101).

This Action Fiche does not recall general elements of the 2007, 2008 and May 2009 decisions (€50 million - (C(2007)6280), €50 million – (C(2008)2698) and €70 million - (C(2009)3951)) in its text on the NIF, as they remain valid to date. Only new elements and repetitions necessary for comprehension are presented hereunder.

Description

To achieve the objectives of the European Neighbourhood Policy, reduce the social, economic and political barriers between the EU and its neighbours and extend EU policy initiatives to Neighbouring countries, financial assistance foreseen under the European Neighbourhood and Partnership Instrument 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 SMEs.

In this context, the European Commission has established the Neighbourhood Investment Facility (NIF) through the European Neighbourhood and Partnership Instrument. Three EC budget contributions to this facility have already been approved in 2007, 2008 and May 2009 after positive opinions by the ENPI committee.

The NIF focuses on energy, environment and transport investment and also provides support to SME development and to social sector infrastructures. The NIF operates by providing grants to support loans to partner countries from eligible European, multilateral and national, development finance institutions.

Officially launched in May 2008, the NIF Board approved a first group of operations in June 2008. From June 2008 to June 2009, the NIF Board approved 23 projects representing a total investment of €6.9 billion. The NIF contribution to these projects totalled €138 million (€17 million from the EC Budget, €21 million from voluntary contributions of the Member States), leveraging a total loan amount of €3.4 billion from the European development finance institutions. Out of total projects approved, 9 were in the Southern Neighbours for a total grant contribution of €71.8 million.

At the 5th operational meeting of the NIF Board on 21 April 2009, a considerable difference was observed between resources still available for the year under the NIF and the pipeline of projects presented by eligible European development finance institutions both in the East and in the South. In particular, the pipeline in the Southern neighbours for the remaining part of the year amounted to a total of €19.5 million, well above total resources available in 2009 for the South, from both the EC budgetary contributions to the NIF and voluntary contributions of the Member States, amounting to a total of €71.76 million⁷. The strong pipeline of eligible NIF projects in the Southern neighbours therefore underpins this request for an additional EC budgetary commitment of €15 million for 2009.

Since the last Financing Decision of May 2009, three new national European development finance institutions have become eligible for the NIF, namely the OeEB (Oesterreichische Entwicklungsbank AG), SIMEST (SOCIETÀ ITALIANA PER LE IMPRESE ALL'ESTERO) and SOFID (Sociedade para o Financiamento do Desenvolvimento, Instituição Financeira de Crédito, SA).

⁷ Reference "Summary of operational conclusions and decisions of the 5th operational meeting of the Board of the Neighbourhood Investment Facility, 21 April 2009". Even taking into account "non-earmarked" resources of €13.06 million available at the time from Member States contributions to the NIF Trust Fund, the pipeline still exceeded available resources.

Appendix II for information: Pipelines of operations approved by the NIF Board in 2009

Neighbourhood Investment Facility (NIF) - Operations for the Eastern Region in 2009 - Final Approval

Country	Lead Finance Institution	IFIs consortium composition	Operator's Title	Sector	Beneficiary	Total Budget	NIF Contribution		Loan / Grant envisaged by IFIs	National / other contribution		Remarks
							Technical Assistance	Grants		EUR	Contributor	
1 Armenia	EBRD	EIB	Yerevan Metro	Environment	Armenian Cities	16,6	0,6	5	10	0,6	ibc	Final Approval Received on 21/04/09
2 Armenia	EBRD	EBRD, EIB	Armenian Small Municipalities Water Project	Water	Armenian Cities	20,8	0,6	7	13	0,2		Final Approval Received on 17/11/09
3 Georgia	EBRD	EIB	Tbilissi Rail	Transport		250	2,5	6,0	125			Final Approval Received on 17/11/09 + written procedure
4 Ukraine	EBRD	EIB	TC Framework for Power Transmission Projects Preparation in Ukraine	Energy		1110	10		800	300	Ukrainian Gov.	Final Approval received for € 5 M on 21/04/09 and additional € 5 M on 17/11/09
5 Ukraine	EBRD	EIB	Hydropower Rehabilitation Project	Energy	JSC UkrHydroEnergo	388,6	3,6		350	45	Beneficiary	Final Approval Received on 18/09/09
6 Regional	EBRD		Institution building and crisis response in the regional financial sector	Private Sector Development			12		td			Final Approval received on 21/04/09.
7 Regional	KfW	EBRD, NIB, Oe-EB	Establishment of European Neighbourhood Small Business Growth Facility (ENBF)	Private Sector		70		10	14	46	Armenia, Azerbaijan	Final Approval received for € 5 M on 21/04/09 and additional € 5 M on 17/11/09
8 Regional	EBRD		Regional Industrial Energy Efficiency Programme	Environment		505,5	2		300 over 2009-10-11			Final Approval by written procedure (08/06/09)
						2391,5	30,7	28,0	1622,0	396,6		
						Total amount requested from the NIF		58,7				

Neighbourhood Investment Facility (NIF) - Operations for the Southern Region in 2009 - Final Approval

Country	Lead Finance Institution	IFIs consortium composition	Operation's Title	Sector	Beneficiary	Total Budget (M€)	2009 NIF Contribution TA and/or studies		Loan envisaged by IFIs	National / others contributions		Remarks
							Grants	Grants		M€	Contributor	
1 Lebanon	EIB (70)	AFD (41)	Kerswan Wastewater	Environment	Sovereign (CDR)	231	4		111	110	Government, grant from Italy, Japan and France (Protocole financier)	Final approval by written procedure in April 2009.
2 Morocco	AFD (45)	EIB (15)	Tramway de Rabat (2nd NIF approval)	Transport		346		3	60	135	Government of Morocco	First Final approval 27/10/08 (EUR 5M for AT). Second Final approval 18/09/09 (EUR 3 M)
3 Morocco	AFD (50)	EIB (200), ADB, EU, WB	Education	Education	Ministry of Education	2,000	5	10	250	45	Concessional Loan (RPE) local financing	Final approval 09/06/09.
4 Tunisia	KfW (55)	AFD (18,5)	STEP (2nd NIF approval)	Environment	Office National de l'Assainissement (ONAS)	127		5	73,5	1,735	Government	First Final approval 9/06/08 (3 M€). Second Final approval 21/04/09 (5 M€).
5 Tunisia	AFD (50)	EIB (177), KfW (70)	Réseau Ferré Rapide (RFR) de Tunis (first tranche)	Urban transport		550	14		297	225	Government	Final approval first tranche (14 M€) on 21/04/09
Total 2009						3,254	23	18	792	2386,5		

Total amount requested from the NIF

41

Appendix III for information: Indicative pipeline of operations to be financed in N+1

Indicative Pipeline of Operations for the Southern Region 2010-2011 (19.08.01.01)

Country	Operation's Title	Lead Finance Institution	Indicative Total Budget	Indicative NIF Contribution
Egypt	Egyptian Power Transmission	EIB	850	20
Egypt	Alexandria Hazardous Waste Treatment Facility	EIB	25	3.5
Egypt	Solar Power Plant (Photovoltaic)	AFD	200	0.4
Egypt	Combined Renewable Energy Master Plan (including the Feasibility Study for CSP)	KfW	500	3
Egypt	Egyptian Energy Saving project	EIB	TBD	TBD
Egypt	IWSP Upper Egypt	KfW	200	TBD
Egypt	Windpark Gulf of Suez	KfW	340	TBD
Jordan	North-South water conveyor	EIB	790	3
Jordan	Jordan Education Project II	EIB	302	TBD
Jordan	Miyahuna programme of rehabilitation of water network	EIB	80	4
Jordan	NEPCO Transmission lines	EIB	450	TBD
Jordan	Solar Power project – feasibility study	AFD	TBD	1
Lebanon	Kerswan Waterwater (2 nd NIF Approval)	EIB	231	6
Morocco	Credit line for energy efficiency investment	EIB	50	7
Morocco	National sanitation programme	AFD	321	10
Morocco	Urban Transport Casablanca	AFD	TBD	TBD
Morocco	Third power transmission line between Morocco and Spain	EIB or AFD	TBD	TBD
Morocco	Solar Power Plant of Ouarzazate	EIB	TBD	TBD
Morocco	Climate Plan	AFD	TBD	TBD
Morocco	Renewable energy or energy efficiency project	AFD	TBD	TBD
Morocco	Hydropower plant M'Dez-El-Menzl	KfW or AFD	TBD	TBD
Morocco	Desalination plant of Guelmin/Tan-tan	KfW or AFD	TBD	TBD
Tunisia	RFR (2nd tranche)	AFD	550	14
Tunisia	Higher Education	EIB	90	5
Tunisia	Mdhilla	EIB	260	14
Tunisia	Wastewater Reuse for Greater Tunis	AFD	260	16
Tunisia	GCT / de-pollution Gabès	EIB	800	25
Tunisia	Modernisation and extension programme for hospitals	EIB	450	20
Tunisia	Thermal Solar Power Plant	KfW	150	TBD
Tunisia	Energy efficiency in the sanitation sector	KfW	TBD	TBD
Tunisia	Climate Plan	AFD	TBD	TBD

Indicative Pipeline of Operations for the Eastern Region 2010-2011 (19.08.01.03)

Country	Operation's Title	Lead Finance Institution	Indicative Total Budget	Indicative NIF Contribution
Armenia	Yerevan metro – Phase II	EBRD	15	5
Armenia	Kotaik solid waste	EBRD	12.5	7.5
Azerbaijan	Modernisation and capacity increase of Baku Electricity Distribution Company	EBRD	< 50	2
Azerbaijan	Sumgait Water	EBRD	8	TBD
Azerbaijan	Solid waste management and disposal	KfW	20	4
Azerbaijan	Energy Distribution	KfW	TBD	TBD
Azerbaijan	Railway interconnection North-South	KfW	TBD	TBD
Belarus	Energy Efficiency Facility	EBRD	TBD	5
Georgia	Replacement of life-expired Air Navigation System	EBRD	13	5
Republic of Moldova	Electricity transmission line to Romania (Suceava-Balti power interconnection)	EBRD	70	11
Republic of Moldova	Moldova Water sector project – Moldova Water Utilities programme	EBRD	31.5	10
Republic of Moldova	Chisinau Public Transport project	EBRD	15.4	3
Republic of Moldova	Facilitation Energy Efficiency Financing	EBRD	20	1.2
Republic of Moldova	Chisinau Water, Sewage Treatment and Water Supply – Phase 1	EBRD	59	8
Ukraine	Preparatory studies for modernisation of Ukraine's gas transit and storage	EBRD	TBD	2,4
Ukraine	Odessa public transport system	EBRD	73.4	10
Ukraine	TA for improving the energy performance of residential buildings	EBRD	TBD	1
Regional (Ukraine, Russia)	Structured SME and Energy Efficiency Fund	KfW	TBD	10.5
Ukraine	Ukrtransnafta	EBRD	TBD	5
Regional	SME Facility	EBRD	NA	30
Regional	Energy / Legal policy development in Georgia, Azerbaijan and Armenia	EBRD	NA	1
Regional	EBRD/EIB fund in oil and gas sector	EBRD	120	4
Regional (Georgia/ Armenia)	TC framework for Hydropower Project Preparation	EBRD	280	10
Regional (Armenia/ Georgia)	Solid waste management and disposal	KfW	20	4

Appendix IV for information: Indicative distribution per Management Mode

Financing Decision	Management Mode	Indicative Proportion	Effective Contracting according to N+1 rule
Financing Decisions 2007 and 2008 (€100M in total)	Direct Centralised Management	5%	0%
	Indirect Centralised Management	15%	13.8%
	Joint Management	15%	23.2%
	Partially Decentralised Management	65%	63%
Financing Decisions 2009 (€85 M)	Direct Centralised Management	5%	on-going
	Indirect Centralised Management	15%	
	Joint Management	15%	
	Partially Decentralised Management	65%	