

## ANNEX

### ACTION FICHE FOR NIF

#### 1. IDENTIFICATION

Title	European Union Budget contribution to the NIF – Additional commitment for 2010		
Total cost	€25 million: €3 million from budget line ENPI South (19.080101) and €2 million from budget line ENPI East (19.080103)		
Aid method / Management mode	Project approach - <i>Centralised management (direct &amp; 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 2010 contribution of €25 million to the Neighbourhood Investment Facility (NIF) from the EU budget.

This Action Fiche does not repeat general elements of the 2007, 2008, 2009 and July 2010 decisions (€50 million - (C(2007)6280), €50 million – (C(2008)2698), €70 million - (C(2009)3951), €15 million - (C(2009)8985) and €85 million – C(2010)4400) 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 i.e. to 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 small and medium enterprises (SMEs).

In this context, the European Commission established the Neighbourhood Investment Facility (NIF) through the European Neighbourhood and Partnership Instrument. Five EU budget contributions to this facility were approved in 2007, 2008, 2009 and July 2010 after approval by the ENPI Committee, for a total amount of €270 million (€155 million from ENPI South budget line, €115 million from ENPI East budget line).

The overarching objective of the NIF 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, 35 projects were approved representing a total investment of more than €10 billion. The NIF contribution to these projects totalled €260 million.

At the 9<sup>th</sup> operational meeting of the NIF Board on 2 July 2010, a considerable difference was observed between resources still available for the year under the NIF and the pipeline of projects presented by eligible European public finance institutions both in the East and in the South. Resources were particularly scarce for the Eastern Neighbourhood where remaining funds were below €5 million while for the Southern Neighbourhood they amounted to approximately €40 million. This explains why the proposed distribution between the two regions for this additional contribution of €25 million from the EU Budget targets mostly the Eastern neighbourhood region.

Appendix I for information: Operations approved by the NIF Board in 2010 (as of 2 July 2010)

Appendix II for information: Indicative pipeline of operations to be financed in N+1 (update of Appendix III of July 2010 Financing Decision)

Appendix III for information: Indicative distribution per Management Mode (update of Appendix IV of July 2010 Financing Decision)

**Appendix I for information: Operations approved by the NIF Board in 2010 (as of 02/07/2010)**

02/07/2010

Projects approved by the NIF in 2010 for the Southern Neighbourhood

Country	Lead Finance Institution	IFIs consortium composition	Operation's Title	Sector	Beneficiary	Total Budget (M€)	2010 NIF Contribution		Loan envisaged by IFIs	National / other contribution		Remarks
							TA and/or studies	Grants		M€	Contributor	
1	Egypt	AFD (50) and KfW (50)	Egyptian Power Transmission (2009)	Energy	EEHC (Egyptian Electricity Holding Corporation)	762	4	16	360	382	150 (WB) + 232 (EG)	Final approval by written procedure on 28/04/10
2	Egypt	KfW	Egypt Concentrated Solar Power Plant	Energy		up to 500	3					Final approval on 23/03/2010
3	Jordan	EIB	Jordanian electricity transmission	Energy	National Electric Power Company (NEPCO)	150	2.2		90			Final approval on 02/07/2010
4	Morocco	AFD (20)	Programme National d'Assainissement (PNA) (cf. 2009)	Environment	ONEP	176		10	78	88		Final approval on 02/07/2010
5	Tunisia	AFD (50)	Réseau Ferré Rapide (RFR) de Tunis	Urban transport		550		14	297	225	Government	Final approval 2nd tranche (EUR 14 M) on 23/03/10
						1.638	9.2	40.0	825	695		
						Total amount approved in 2010		49.2				

2010

## Projects approved by the NIF in 2010 for the Eastern Neighbourhood

Country	Lead Finance Institution	IFIs consortium composition	Operation's Title	Sector	Beneficiary	Total Budget (M€)	2010 NIF Contribution		Loan envisaged by IFIs	National / other contribution		Remarks	
							TA and/or studies	Grants		ME	Contributor		
1	Republic of Moldova	EBRD	EIB	Moldova Water Sector Project - Moldova Water Utilities Development Programme	Environment	31,5		10,0	20,0			Final approval first tranche (EUR 5 M) on 23/03/10 - second tranche (EUR 5 M) on 02/07/10	
2	Republic of Moldova	EBRD	EIB	Chisinau Public Transport Project	Transport	15,5		3,0	10,0	2,5	(1,8 from Beneficiary and 0,65 from EBRD bilateral donor)	Final approval on 02/07/10	
3	Georgia	EBRD	EIB	Enguri Hydro Power plant Rehabilitation	Energy	40,0	1,0	4,0	35,0			Final approval on 02/07/10	
4	Georgia	EIB	EBRD	Water Infrastructure Modernisation	Water	86,0	6,0		80,0			Final approval on 02/07/10	
5	Ukraine	EBRD	EIB, WB	Naftogas	Energy	2.000,0	2,5					Final Approval on 23/03/10	
6	Regional	EBRD	EIB, KfW	SME Facility	Private Sector	300,0		15,0	270,0			Final approval first tranche (EUR 15 M) on 02/07/10	
							2.473,0	9,5	32,0				
							Total amount approved in 2010						41,5

**Appendix II 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)**

<b>Country</b>	<b>Operation's Title</b>	<b>Lead Finance Institution</b>	<b>Indicative Total Budget</b>	<b>Indicative NIF Contribution</b>
Egypt	Alexandria Hazardous Waste Treatment Facility	EIB	25	3.5
Egypt	Solar Power Plant (Photovoltaic)	AFD	200	0.4
Egypt	Egyptian Energy Saving project	EIB	TBD	TBD
Egypt	IWSP Upper Egypt	KfW	200	TBD
Egypt	Windpark Gulf of Suez	KfW	340	25
Jordan	Jordan Education Project II	EIB	302	TBD
Jordan	Miyahuna programme of rehabilitation of water network	EIB	80	4
Jordan	Solar Power project – feasibility study	AFD	TBD	1
Lebanon	Kerswan Waterwater (2 <sup>nd</sup> NIF Approval)	EIB	231	6
Morocco	Credit line for energy efficiency investment	EIB	50	7
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-Menzi	KfW or AFD	TBD	TBD
Morocco	Improving efficiency in the Water sector	KfW	90	10
Morocco	Green Moroccan Plan	AFD	250	12
Morocco	Desalination plant of Guelmin/Tan-tan	KfW or AFD	TBD	TBD
Morocco	Desalination plant of Jorf	AFD	TBD	TBD
Morocco	National Programme on rural roads (PNRR 3)	AFD	TBD	TBD
Tunisia	Higher Education	EIB	90	5
Tunisia	Mdhilla	EIB	260	14
Tunisia	Wastewater Reuse for Greater Tunis	AFD	260	15
Tunisia	GCT / de-pollution Gabès	EIB	800	25
Tunisia	Health	EIB	450	20
Tunisia	Thermal Solar Power Plant	KfW	150	TBD
Tunisia	Wastewater treatment plants in industrial areas	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	Sumgait Water	EBRD	8	TBD
Azerbaijan	Solid waste management and disposal	KfW	20	4
Azerbaijan	Energy Distribution	KfW	50	TBD
Azerbaijan	Railway interconnection North-South	KfW	80	TBD
Georgia	Water supply and sewage of Batumi and surrounding villages	KfW	32	4
Republic of Moldova	Electricity transmission line to Romania (Suceava-Balti power interconnection)	EBRD	70	11
Republic of Moldova	Soroca Balti Pipeline (SBP) connections	CEB	41	10
Ukraine	Odessa public transport system	EBRD	73.4	10
Ukraine	Power transmission Efficiency project	KfW	148	12.5
Ukraine	Loan Guarantee Programme for Municipal Infrastructure	KfW	100	5
Ukraine	Lviv water and wastewater - sludge digester	NIB	15	1
Ukraine	Energy Efficiency Support to Ukrtransnafta	EBRD	32.8	2
Regional	SME Facility (2 <sup>nd</sup> Tranche)	EBRD	NA	15
Regional	Energy / Legal policy development in Georgia, Azerbaijan and Armenia	EBRD	NA	1
Regional (Armenia/ Georgia)	Solid waste management and disposal	KfW	20	4
Regional (EaP countries)	Green for Growth Fund	KfW	NA	12

**Appendix III for information: Indicative distribution per Management Mode**

<b>Financing Decision</b>	<b>Management Mode</b>	<b>Indicative Proportion</b>	<b>Effective Contracting according to N+1 rule</b>
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 and 2010 (€170 M)	Direct Centralised Management	5%	on-going
	Indirect Centralised Management	15%	
	Joint Management	15%	
	Partially Decentralised Management	65%	