

## Neighbourhood Investment Facility (NIF)

### 1. List of projects that received a final approval in 2008

#### Eastern Region

The NIF contribution to the nine projects approved for the East amounts to € 37.15 million. The total amount of these projects is around € 1.1 billion.

Country	Consortium of European Finance Institutions	Title of the operation	Total Cost	NIF contribution
Georgia	KfW, EBRD and EIB	Black Sea Energy Transmission System	220	8
Republic of Moldova	CEB	Capacity Assessment and Modernization of the Republican Clinical Hospital located in Chisinau	18	3
Republic of Moldova	EBRD and EIB	Road Rehabilitation project	92,5	12
Republic of Moldova	EBRD, KfW and EIB	Feasibility Study for Improvement of Water and Sanitation System in Chisinau	59	3
Republic of Moldova	EBRD and EIB	Technical Assistance for the Chisinau Airport Modernisation Project II	46,25	1,75
Ukraine	EBRD and EIB	Technical Assistance for Ukrenergo high voltage transmission networks	301,28	0,8
Ukraine	EBRD and EIB	Technical Assistance support for Ukrainian Municipalities	135	5
Ukraine	EBRD and EIB	Technical Assistance for Burshtyn TPP Rehabilitation and Efficiency Improvement	250,8	0,8
Regional	EBRD	Technical Assistance support to Financial Intermediaries	2,8	2,8

#### Southern Region

The NIF contribution to the six projects approved for the South amounts to € 33.8 million. The total amount of these projects is around € 1.6 billion.

Country	Consortium of European Finance Institutions	Title of the operation	Total Cost	NIF contribution
Egypt	KfW, AFD and EIB	Improved Water and Wastewater Services Programme	295	5
Egypt	KfW and EIB	Wind farm Gabal El Zayt	340	10
Morocco	EIB and AFD	Programme National de Routes Rurales (PNRR2)	397	9,8
Morocco	AFD and EIB	Tramway de Rabat / Salé	346	5
Tunisia	KfW and AFD	Réhabilitation station d'épuration et de station de pompage (STEP)	127	3
Tunisia	KfW, AFD and EIB	Centrale électrique thermosolaire (20 MW)	Up to 120	1

## **2. Description of the approved projects (situation as at 31.12.2008)**

### **a) Eastern Region (9 projects)**

#### **1. Georgia: Black Sea Energy Transmission System**

(€ 220 million, of which € 8 million financed by the NIF)

Lead Finance Institution: KfW / Co-Finance Institution: EBRD and EIB

The project comprises in particular the construction of 315 km of transmission line allowing the link between the power supply systems of the southern Caucasus with Turkey and Europe. This not only stabilises the domestic power supply systems and reduces transmission losses in Georgia as well as in Armenia and Azerbaijan; it also makes the region independent from single supply sources. The project will also establish one important precondition for the development of Georgian hydro power resources.

#### **2. Republic of Moldova: Capacity assessment and modernisation of the Republican Clinical Hospital (RCH) in Chisinau**

(€ 20.500.000 of which € 3.000.000 financed through the NIF contribution)

Lead Finance Institution: Council of Europe Development Bank (CEB)

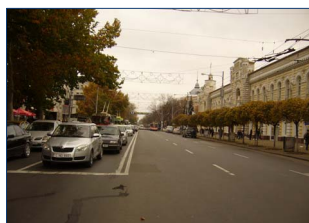
The project aims to improve the efficiency of health assistance in the Republic of Moldova by modernising one of the main hospitals of the country located in Chisinau. More specifically, by strengthening the surgical profile and a better integration of different specialities, this hospital will become 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.



#### **3. Republic of Moldova: Road Rehabilitation project**

(€ 92.500.000 of which € 12.000.000 financed through the NIF contribution)

Lead Finance Institution: EBRD / Co-Finance Institution: EIB



The Project purpose is to halt the deterioration of the road network in the Republic of Moldova and ensure key road links are maintained. 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.

#### **4. Republic of Moldova: Feasibility Study for Improvement of Water and Sanitation System in Chisinau**

(€ 59.000.000 of which € 1.750.000 financed through the NIF contribution)

Lead Finance Institution: EBRD / Co-Finance Institution: KfW and EIB

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 the Republic of Moldova. Herewith, the living

conditions of the population of Chisinau (approx. 800,000 inhabitants) will be improved and environmental impacts will be reduced.

#### 5. Republic of Moldova: Technical Assistance for the Chisinau Airport Modernisation Project II

(€ 46 250 000 of which € 1.750.000 financed through the NIF contribution)

Lead Finance Institution: EBRD / Co-Finance Institution: EIB



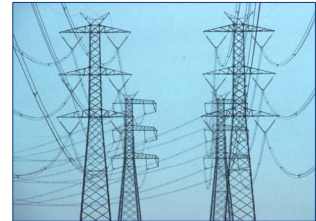
The operation involves rehabilitation and upgrades of the airside facilities at Chisinau International Airport, and for her commercialisation of the Airport. The Technical Assistance financed with NIF funds aims at facilitating the timely and effective implementation of the project, by procuring the services of a consulting firm to provide assistance and advice to the Project Implementation Unit.

#### 6. Ukraine: Technical Assistance for Ukrenergo high voltage transmission networks

(€ 301.280.000 of which € 800.000 financed through the NIF contribution)

Lead Finance Institution: EBRD / Co-Finance Institution: EIB

Full corporatisation of Ukrenergo according to a timeframe to be agreed with EBRD is one of key Project/Loan covenants of EBRD/EIB parallel loans "Rivne-Kyiv High Voltage Line Construction Project" (a project that will substantially improve efficiency, quality and reliability of electricity generation and transmission in Western and Central Ukraine).



The proposed technical cooperation (TC) assignment will assist the Government of Ukraine and Ukrenergo to (i) legally and commercially corporatize the national transmission system operator, (ii) introduce modern management information systems, and (iii) help the new entity address and implement corporate sustainable development strategy.

#### 7. Ukraine: Technical Assistance support for Ukrainian Municipalities

(€ 135.000.000 of which € 5.000.000 financed through the NIF contribution)

Lead Finance Institution: EBRD / Co-Finance Institution: EIB (TBC)

The EBRD is currently developing several investments in Ukraine in municipalities such as Zhytomyr, Rivne, Lviv, Energodar and Ivano-Frankivsk in the water, district heating and urban transport sub-sectors. The technical assistance will support these investments and will take the form of:

(i) Feasibility Studies to assist the Municipalities to prepare bankable investments designed on the basis of a long-term development plan.

(ii) Corporate Development to assist the Company to identify and implement the necessary corporate, financial and operational improvements to meet the related covenants included in the finance documents.

(iii) Implementation Assistance to assist the Company in implementation of the Investment, including all aspects of procurement, review of design, contract administration, engineering supervision and disbursement to provide access to best practice in the implementation of projects and procurement, as well as advice on specific technical issues.

## 8. Ukraine: Technical Assistance for Burshtyn TPP Rehabilitation and Efficiency Improvement

(€ 250.800.000 of which € 800.000 financed through the NIF contribution)

Lead Finance Institution: EBRD / Co-Finance Institution: EIB

The Technical Assistance will support the Government of Ukraine to prepare/implement the following project: "Rehabilitation and Efficiency Improvements of Burshtyn TPP".

Zakhidenergo, a majority state-owned thermal power generator located in Western Ukraine owns three thermal power plants ("TPP") with combined installed capacity of 4,707 MW (approximately 10% of the country's generation capacity); including Burshtyn TPP. The project is intended to replace an old unit with a new modern clean coal power generation unit of 225 MW with full environmental facilities and to rehabilitate the existing infrastructure and other power units improving at least by 10% their efficiency.

The new clean coal unit is expected to be the first unit of supercritical steam parameters equipped with full environmental protection systems to be installed in Ukraine and this will have a significant demonstration effect for all the coal power plants of the country. Together with the rehabilitation of the existing units, the project will make Burshtyn TPP to become the most energy efficient coal fired power plant in the country.

## 9. Azerbaijan and Georgia: Framework for Capacity Building to support Financial Intermediaries

(€ 2.8 million financed by the NIF)

Lead Finance Institution: EBRD

The objective of these technical assistances for the Financial Institutions sector is twofold. First, they target at improving the sector's efficiency, effectiveness and transparency, which would result in the provision of better access to financing for enterprises, particularly Micro, Small and Medium Enterprises. Second, they aim at creating successful and healthy institutions that finance the real economy, operate on market principles and follow sound business practices. In this way we will help in creation of sustainable financial intermediaries.

### **b) Southern Region (6 projects)**

#### 1. Egypt: Improved Water and Wastewater Services Programme (IWSP)

(€ 295 million, of which € 5 million financed by the NIF and € 29 million financed from the EC 2008 Annual Action Programme for Egypt)

Lead Finance Institution: KfW / Co-Finance Institution: AFD and EIB

The objective of the project is to improve sustainable water and wastewater services in 4 Governorates in the Nile Delta (Behira, Gharbia, Sharkia, Damietta) with a population of 16.3 million. It will improve the physical infrastructure of the wastewater collection system and treatment, but also the water supply networks and treatment plants. In line with the EU Water Sector Reform Programme, the IWSP will support the ongoing reform process of the Egyptian Government, focussing on sanitation and will develop the capacity of the operating companies.

#### 2. Egypt: 200 MW Wind Farm project in the Gulf of El Zayt

(€ 340 million, of which € 10 million financed by the NIF and € 20 million to be possibly financed from the EC 2010 Annual Action Programme for Egypt)

Lead Finance Institution: KfW / Co-Finance Institution: EIB



The project is part of a larger national programme in the same region to further expand power generation from renewable energy in Egypt, and as such will support the governmental objective of expanding electricity production from renewable energy sources. The construction of a wind farm of up to 200 MW on the West bank of the Gulf of Suez will improve the access to electricity for the Egyptian population, and contribute to global environmental protection by producing environmentally sound electrical energy and avoiding the generation of CO2 emissions at a reasonable economic cost.

### 3. Maroc: Deuxième programme national de routes rurales (PNRR2)

(397 millions d'euros, dont 9,8 millions d'euros financés par la FIV)

Lead Finance Institution: EIB / Co-Finance Institution: AFD

L'objectif du projet (PNRR2) 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 amènera 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 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.

### 4. Maroc: Programme de développement intégré durable des transports urbains de Rabat et Salé : réalisation des infrastructures du réseau de tramway

(€ 371 millions, dont 5 millions d'euros financés par la FIV)

Lead Finance Institution: AFD / Co-Finance Institution: EIB

L'objectif du projet 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.

### 5. Tunisie: Extension et réhabilitation des stations d'épuration et des stations de pompage

(€ 127,76 millions, dont € 3 millions financés par la FIV)

Lead Finance Institution: KfW / Co-Finance Institution: EIB, AFD

Le programme permettra le renouvellement et l'extension de 19 stations d'épuration (STEP) et de 130 stations de pompage (SP). 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.

#### 6. Tunisia: Feasibility Study for Concentrated Solar Power Plant (CSP)

(Up to € 120 million, of which € 1 million is already financed by the NIF for the feasibility study) - Lead Finance Institution: KfW / Co-Finance Institution: EIB, AFD (TBC)



The study has 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 CO<sub>2</sub> with a reasonable economic effort. Tunisia has excellent natural conditions for the production of solar power. In the medium run, solar power could also become an export product to the EU. Other countries in MENA, notably Egypt, Morocco (with GEF support) and Algeria have begun to invest in Concentrated Solar Power (CSP) Plants. Present costs of CSP-technologies are still above production alternatives. Therefore, investments in CSP still need financial support with a high grant element. The rough estimation of total cost of CSP-Plant (20 MW): EUR 90 - 120 million.