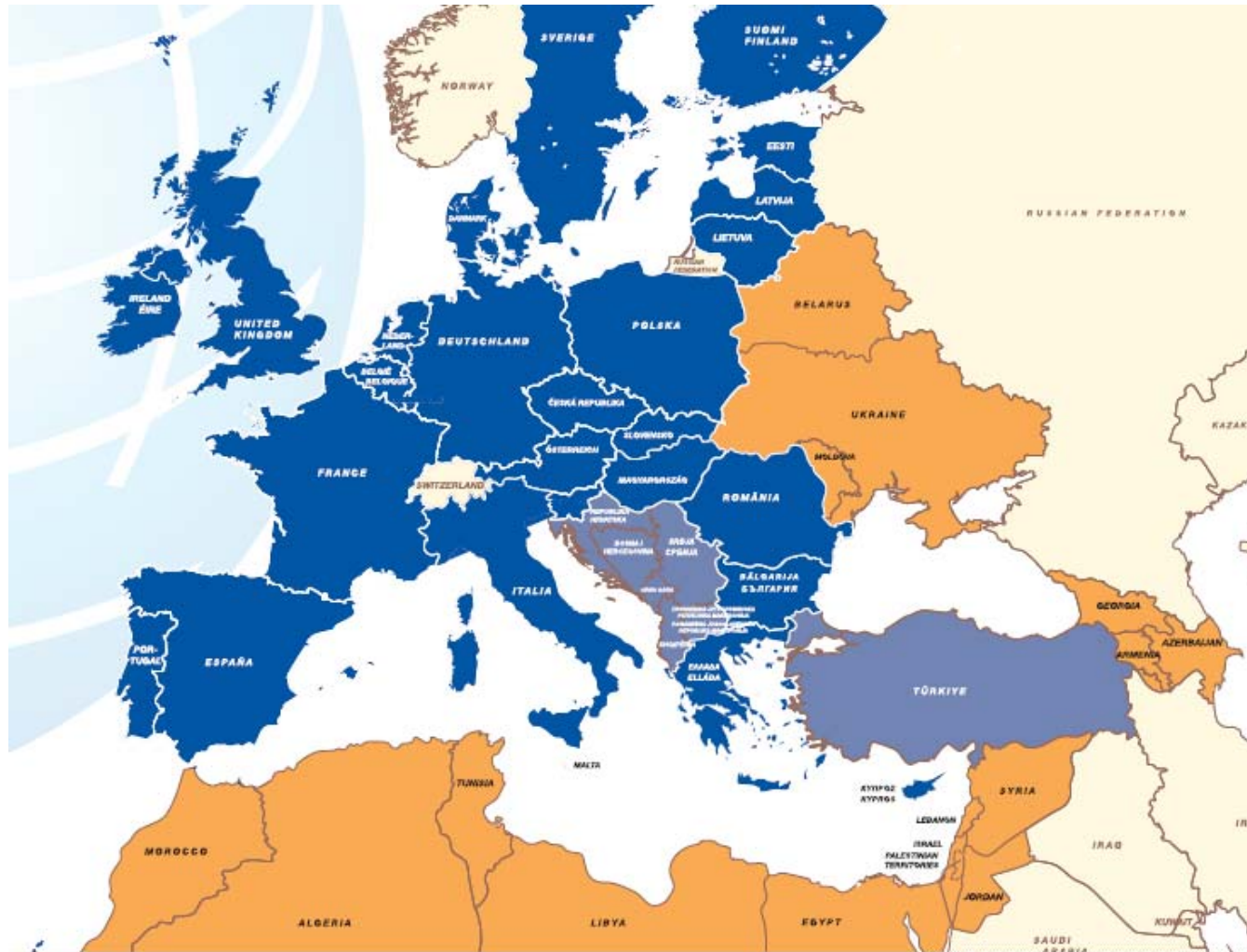


Neighbourhood Investment Facility (NIF)

EuropeAid



Definition

- Facility is an innovative financial mechanism launched in 2008 which supports operations from the **European development finance institutions** in the neighbourhood region.



How ?

- Grant funding (investment co-financing,...)
- Technical assistance
- Risk capital operations

Sectors covered

- Transport
 - Energy
 - Environment
 - Social
- } **Infrastructure**
- Private sector (in particular SMEs).

Main Objectives (1)

Projects supported by the NIF aim at :

- 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.**

Main Objectives (2)

- Mobilise additional funding in the Neighbourhood region (leverage loans)
- Support the priorities of the ENP Action Plans or related thematic policy priorities
- Avoid replacing private financing (additionality)
- Be complementary to corresponding regional, national and local strategy and measures

Eligible Finance Institutions

Finance Institutions authorized to submit operations to the benefit of the NIF:



Multilateral European Finance Institution (EIB, EBRD, CEB, NIB)



European public **national** development finance institutions from Member States (AFD, KfW, OeEB,...)



Other Finance Institutions where MS own altogether the highest share of the capital, following an unanimous decision



Geographical Scope

- **Neighbourhood countries with Action Plan**
- On a case by case basis, **other countries** taking into account regional or specific circumstances

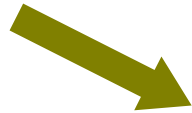
 **No predefined allocation per Country or Sector**
but two budgetary lines (South and East)

NIF Source of funding

EC Budget Contribution (€ 700 M between 2007-2013)



- € 50 M in 2007 - € 50 M in 2008 - € 85 M in 2009



MS and Partner countries voluntary Direct Contribution to a **Trust Fund**



- *Signature of the NIF Trust Fund Agreement (26/01/2009)*
- *15 Member States contributed for a total amount of € 47 M*



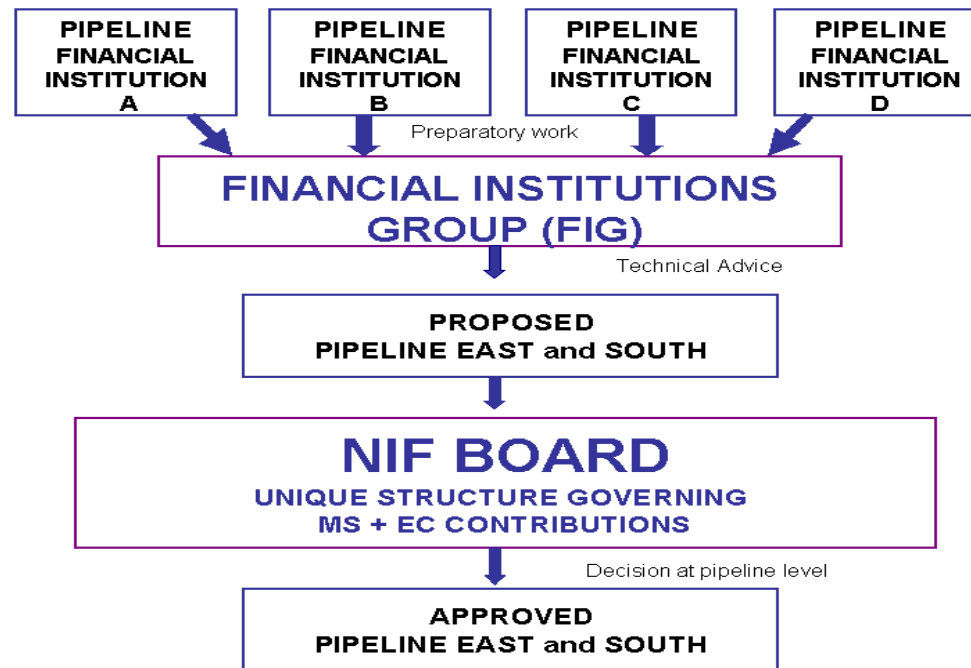
Architecture of the NIF



NIF Modus Operandi

- Projects are presented by a Lead Finance Institution...

- ... to the Finance Institution Group (FIG) where they are technically discussed.



- They are then submitted for approval to the NIF Board

- The FIG and the Board are chaired by the Commission, which also acts as the NIF Secretariat

Implementation Modalities

- Use Beneficiary country's systems whenever possible
 - NIF contribution transferred to the beneficiary country (not through the FI) in most cases
- Ensure an harmonised approach towards the Beneficiary
 - NIF Funds are pooled with those from the Finance Institutions (when possible)
 - Procurement procedures are the ones agreed upon amongst donors
- Enhance coordination between European donors
 - Projects financed by a consortium of Eligible FI are strongly encouraged
- Guarantee European visibility

Lead Finance Institution's role

NIF intention is to avoid duplicating tasks already performed by a Finance institution for which procedures have been positively assessed



Project's **monitoring** and **follow-up** are delegated to the Lead Finance Institution (NIF contribution is marginal compared to FI's loans)



Commission relies on external independent **audits** and **evaluation** foreseen by the Lead Finance Institution whenever it is appropriate

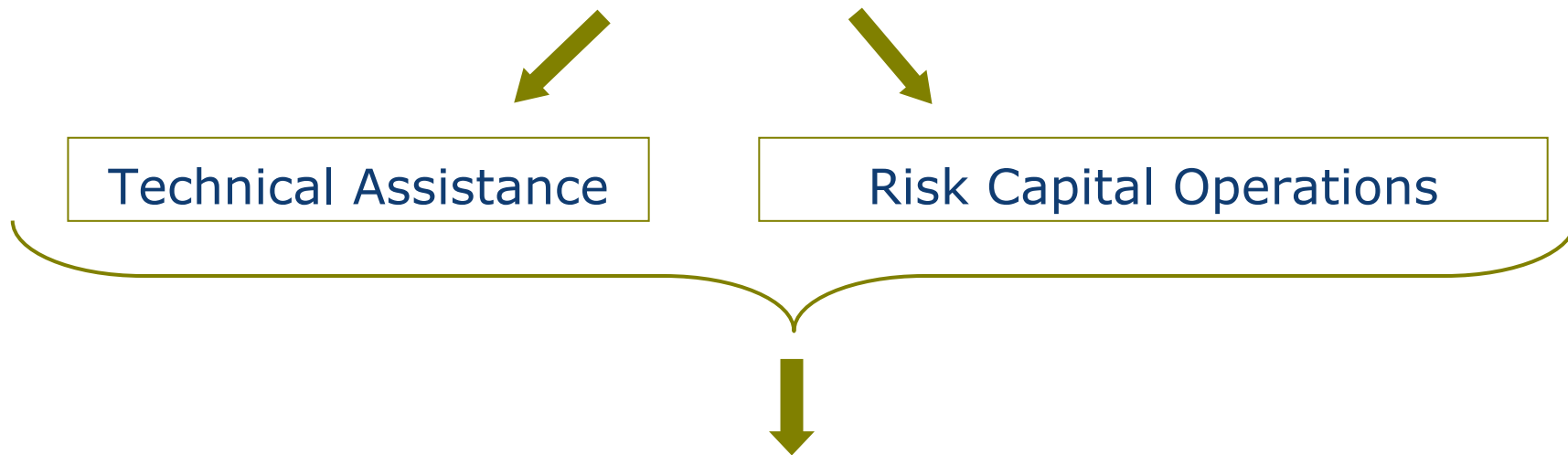
Added value

- Leverage effect : financing operations of a larger scale with several finance institutions
- Increased concessionality
- Reducing transaction costs: donor co-ordination and harmonisation of procedures
- Joint visibility of "European operations"

Complementarity with EC funded operations supporting FEMIP

(Facilité euro-méditerranéenne d'investissement et de partenariat)

- Since 2003, the European Community supports via its budget the EIB's activities related to the FEMIP



32 M € per Year continue to be allocated to this purpose

Questions ?

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