



Brussels, 20.4.2016
C(2016) 2471 final

COMMISSION DECISION

of 20.4.2016

**on the fourth complementary financing Decision of the Neighbourhood Investment
Facility to be financed from the general budget of the European Union**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹, and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Annual Action Programme "European Neighbourhood wide Action Programme 2015"² which foresees the EU contribution to the Neighbourhood Investment facility. Following the selection process foreseen in this Annual Action Programme, some projects to be implemented have been selected.
- (2) For projects to be implemented under indirect management, it is necessary to adopt this Decision in order to provide the elements required by the second subparagraph of Article 84(3) of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council.
- (3) The Commission should entrust budget-implementation tasks under indirect management to the entities specified in this Decision, subject to the conclusion of a delegation agreement. In accordance with Article 60(1) and (2) of Regulation (EU, Euratom) No 966/2012, the authorising officer responsible needs to ensure that these entities guarantee a level of protection of the financial interests of the Union equivalent to that required when the Commission manages Union funds. European Investment Bank (EIB), Council of Europe Development Bank (CEB), Nordic Investment Bank (NIB), Agence Française de Développement (AFD) and the Italian Società Italiana per le Imprese all'Estero (SIMEST) comply with the conditions of points (a) to (d) of the first subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012 and the supervisory and support measures are in place as necessary. European Bank for Reconstruction and Development (EBRD) is currently undergoing the assessment under Regulation (EU, Euratom) No 966/2012. In anticipation of the results of this review, the authorising officer responsible deems that, based on the entity's positive assessment under Council Regulation (EC, Euratom) No 1605/2002 and on the long-standing and problem-free cooperation with it budget-implementation tasks can be entrusted to this entity.
- (4) The following entities, Kreditanstalt für Wiederaufbau (KfW) and the Spanish Agency for International Development Cooperation (AECID) will undergo the ex ante

¹ OJ L 298, 26.10.2012, p. 1.

² Commission implementing Decision C(2015)2748 of 23 April 2015 on the European Neighbourhood wide Action Programme 2015 to be financed from the general budget of the European Union.

assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 related to financial instruments. In anticipation of the results of this review the responsible authorising officer deems that, based on the entities positive assessment under Council Regulation (EU, Euratom) No 966/2012 and on the longstanding and problem free cooperation with these entities, budget implementation tasks can be entrusted to them.

- (5) The Commission may entrust budget-implementation tasks under indirect management to the partner country specified in this Decision, subject to the conclusion of a financing agreement. In accordance with Article 60(1)(c) of Regulation (EU, Euratom) No 966/2012, the responsible authorising officer needs to ensure that measures are taken to supervise and support the implementation of the entrusted tasks to the partner country. A description of these measures and the entrusted tasks should be laid down in the Annexes.
- (6) It is necessary to allow the payment of interest due for late payment on the basis of Article 92 of Regulation (EU, Euratom) No 966/2012 and Article 111(4) of Delegated Regulation (EU) No 1268/2012.
- (7) Pursuant to Article 94(4) of Delegated Regulation (EU) No 1268/2012, the Commission should define changes to this Decision which are not substantial in order to ensure that any such changes can be adopted by the authorising officer responsible.
- (8) The measures provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee set up by the basic act referred to in ENI Regulation.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of projects to be implemented and of their modalities

The list of additional projects and financial commitments to be implemented under indirect management in the framework of the Neighbourhood Investment Facility (NIF), as set out in the Annex attached, is approved.

Budget-implementation tasks under indirect management may be entrusted to the entities identified in the Annex attached, subject to the conclusion of the relevant agreements.

Article 2

Non-substantial changes

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution referred to in the first paragraph of Article 2, or cumulated changes to the allocations of specific actions not exceeding 20% of that contribution shall not be considered substantial within the meaning of Article 94(4) of Delegated Regulation (EU) No 1268/2012 where those changes do not significantly affect the nature and objectives of the actions.

The modification of the year under which an adopted project set out in the Annex is financed shall not be considered as a substantial modification as long as the thresholds foreseen in this Article are respected. The responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 20.4.2016

For the Commission
Johannes HAHN
Member of the Commission

**Annex 1 to the fourth complementary financing decision of the Neighbourhood
Investment Facility**

| Title of the project | Selected Entrusted Entity | Maximum amount of EU Contribution |
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| Egypt – 200 MW Wind Farm Project Gulf of Suez | KfW | 30 680 000 |
| Jordan – Wadi Al Arab Water System II | EIB | 14 280 000 |

**Annex 1 to the fourth complementary financing decision of the Neighbourhood
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Egypt – 200 MW Wind Farm Project Gulf of Suez

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|-----------------------------------|---|
| Investment Facility | Neighbourhood Investment Facility (NIF) |
| Opinion of the Operational Board | Positive opinion |
| Sector/DAC code | Energy 23240/Wind Energy |
| Partner country/region | Egypt |
| Lead FI | Kreditanstalt für Wiederaufbau (KfW) |
| Co-financiers | European Investment Bank (EIB), Agence Française de Développement (Afd) |
| EU contribution requested | EUR 30 680 000 |
| Total cost of the project | EUR 313 270 000 |
| Objectives to be fulfilled (main) | This project will contribute to support the Egyptian strategy to fight the energy crises and to contribute to the sustainable, efficient, and ecological production of electrical energy as well as to the avoidance of CO2 emissions. Thus, the project will contribute to the Egyptian Government's goal of increasing the part of renewable energy in the country's electricity mix to at least 20 % by 2022 by generating additional 650 GWh of wind energy and avoiding 289 ktons CO2 per year. |
| Foreseen results | The project will contribute to addressing the country's energy crisis by promoting the use of renewable energies in order to capitalise on Egypt's immense potential for wind and solar power, in particular to promote and showcase the development of the cost efficient, ecological, and socially compatible production of electrical energy as well as the avoidance of CO2 emissions. Specifically, the expected result of the Project is to add 650 GWh of electricity to the Egyptian grid per year and to address climate change and reduce pollution by avoiding the emission of 289 ktons of CO2. |
| Description of the activities | The project comprises all items related to the construction of the wind farm, including a warranty period of 3 years and the services of a supervision consultant and an auditor. Design and construction will comprise in particular: <ul style="list-style-type: none"> • Geotechnical studies • Microsite & Verification • Wind turbines including foundations • Supervisory Control And Data Acquisition (SCADA) • Civil Works (roads etc.) • Internal cabling • Step-up substation |

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| | <ul style="list-style-type: none"> • Environnemental mitigation, in particular bird protection • Training & Documentation • Spares and Consumables • Warranty period (Operation & Maintenance) for 3 years |
| Location | Egypt |
| Duration i.e. implementation period and indicative implementation timetable | <p>Dates of signature of the loans with the beneficiary:</p> <ul style="list-style-type: none"> ➤ Lead Financier 4Q 2016 ➤ Other co-financing EFIs 4Q 2016 <p>Target date of signature of EU Delegation Agreement with Lead FI 4Q 2016</p> <p>Target date of signature of EU Financing Agreement with Beneficiary 4Q 2016</p> <p>Start of activities financed by the EU grant 1Q 2017</p> <p>End of activities financed by the EU grant 2022</p> <p>End of project activities 2022</p> |
| Justification/additionality of the EU grant | <p>The low share of renewable energy in the Egyptian energy sector due to higher generation cost compared to conventional (thermal) generation justifies the implementation of this Project to showcase what would constitute the cost effective and efficient large scale renewable energy generation.</p> <p>Therefore the value added of the EU grant is to contribute to bring generation cost of the wind energy project down to compete with conventional (thermal) generation projects and as a result to allow renewable energy investment to be realised in a tight budgetary situation in Egypt.</p> |

**Annex 1 to the fourth complementary financing decision of the Neighbourhood
Investment Facility**

Jordan – Wadi Al Arab Water System II

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| Investment Facility | Neighbourhood Investment Facility (NIF) |
| Opinion of the Operational Board | Positive opinion |
| Sector/DAC code | Water and sanitation 14021/Water supply - large systems |
| Partner country/region | Jordan |
| Lead FI | European Investment Bank (EIB) |
| Co-financiers | Agence Française de Développement (AFD) |
| EU contribution requested | EUR 14 280 000 |
| Total cost of the project (estimated) | EUR 101 150 000 |
| Objectives to be fulfilled (main) | <p>The main objectives of the Project are the following:</p> <ul style="list-style-type: none"> • Improve potable water availability for the growing population demand in the Northern Governorates of Jordan, which is exacerbated by the high number of Syrian refugees in the area. The Project aims at providing Irbid and its surrounding with an improved reliable source of water and in the short term, reducing the pressure on local wells. • Improve the resilience of the communities in the Northern Governorates of Jordan to extreme droughts and climate change, as overexploitation of the current fragile local groundwater sources will be avoided. • Contribute to the Northern Governorates’ economic and social development by providing water which is the most important natural resource that constrains the economic development and social stability in a highly complex social and humanitarian context. <p>This major infrastructure project is in line with the national strategy for handling bulk water supply (the “reallocation strategy”) designed by Ministry of Water and Irrigation.</p> |
| Foreseen results | <p>The expected results are the following:</p> <ul style="list-style-type: none"> • To increase of 30 million cubic meters per year of water supply by the operator of water and wastewater services in Jordan - Yarmouk Water Co (YWC), including the construction off 25.6 km of new water supply pipelines. • 1.6 million people benefitting from improved access to water. |

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| Description of the activities | <p>The Project's components are the following:</p> <p><i>Component 1 – Intake Infrastructure</i></p> <p>A raw water intake from the King Abdullah Canal and low lift pump station with a capacity of 3,500 m³/h (30 million m³/year) located adjacent to the King Abdullah Canal, on the south side of Manshyeh village in the Jordan Valley.</p> <p><i>Component 2 – Water Treatment Plant – water treatment plant and pumping station</i></p> <p>A new conventional water treatment plant including among others, pre-treatment, filtration, UV disinfection and chlorination and appropriate sludge treatment, as well as a first Pumping Station to the east of Manshyeh village at elevation -198 meters.</p> <p><i>Component 3 – Transmission Pipeline</i></p> <p>A 25.6 km (1,000 mm diameter) transmission pipeline to convey the treated water from the water treatment plant to the Zabda Reservoir at an elevation of +625 meters, in the City of Irbid.</p> <p><i>Component 4 – Three Pumping Stations – PS1, PS2, PS3</i></p> <p>Three booster pumping stations - at altitudes of +26, +240 and +435 m - along the transmission pipeline to lift the treated water to the Zabda Reservoir.</p> <p><i>Component 5 – Technical and Financial Contingences</i></p> <p><i>Component 6 – Works supervision and other related assistance</i></p> <p><i>Component 7 – Communication activities</i></p> | | | | | | | | |
| Location | Jordan | | | | | | | | |
| Duration i.e. implementation period and indicative implementation timetable | <table border="0"> <tr> <td>Target date of signature of EU Delegation Agreement with Lead FI</td> <td align="right">3Q 2016</td> </tr> <tr> <td>Target date of signature of Grant Agreement</td> <td align="right">3Q 2016</td> </tr> <tr> <td>Start of activities financed by the EU grant</td> <td align="right">4Q 2016</td> </tr> <tr> <td>End of activities financed by the EU grant/ end of project activities</td> <td align="right">2020</td> </tr> </table> | Target date of signature of EU Delegation Agreement with Lead FI | 3Q 2016 | Target date of signature of Grant Agreement | 3Q 2016 | Start of activities financed by the EU grant | 4Q 2016 | End of activities financed by the EU grant/ end of project activities | 2020 |
| Target date of signature of EU Delegation Agreement with Lead FI | 3Q 2016 | | | | | | | | |
| Target date of signature of Grant Agreement | 3Q 2016 | | | | | | | | |
| Start of activities financed by the EU grant | 4Q 2016 | | | | | | | | |
| End of activities financed by the EU grant/ end of project activities | 2020 | | | | | | | | |
| Justification/additionality of the EU grant | <p>The main economic interest/justification of the NIF contribution to this Project is to support Jordan's policy to maintain an acceptable level of quality and affordability of water services to the local communities. In particular the Project will be of benefit to local communities/municipalities that are hosting a large number of Syrian refugees.</p> <p>In addition, the proposed blending package (which combines NIF grants with EIB / AFD soft long term loans - 20 years tenor including a 5 years grace period) will contribute to increase the average maturity of the public debt and reduce its financial cost.</p> | | | | | | | | |