Neighbourhood Investment Facility (NIF)
Milestones

• **December 2006**: Communication from the Commission on Strengthening the European Neighbourhood Policy

• **December 2007**: First financing decision of the Commission on the NIF (€50M) from the EC Budget

• **March 2008**: Consensus between MS on the implementing modalities for MS direct contribution to the NIF

• **May 2008**: Strategic inaugural Board of the Facility

• **May 2008**: Second financing decision of the Commission on the NIF (€50M) from the EC Budget

• **June 2008**: First operational Board of the Facility with a first batch of projects approved
Definition

- Facility aimed to support, via grant funding, operations from the European development finance institutions in the neighbourhood region.

**How?**

- Investment co-financing
- Loan guarantee cost financing
- Interest rate subsidy
- Technical assistance
- Risk capital operations
Main Objectives

• Support the priorities of the ENP Action Plans

• Mobilise additional funding in the Neighbourhood region

• Allow implementation of projects unfeasible without the NIF contributions.

• Achieve objectives defined during the strategic meeting of the NIF Board
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"
Sectors covered

• Transport
• Energy
• Environment
• Social, and
• Private sector (in particular SMEs).
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)
Eligible Finance Institutions

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

- EIB and EBRD,
- Council of Europe Development Bank (CEB),
- Nordic Investment Bank (NIB),
- AFD, 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.
NIF Source of funding

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

MS and Partner countries voluntary Direct Contribution to a Trust Fund
(minimum of euros 1 million)
Architecture of the NIF (1)

- The « NIF Board »
- The « Finance Institutions Group » (FIG)

Strategic meeting
Operational meeting
Architecture of the NIF: the NIF Board (2)

- **Strategic meeting**
  - In principle, once or twice per year
  - Objective: to discuss strategic issues and define the overall orientations and priorities of the NIF.
  - With the partner countries

- **Operational meeting**
  - In principle, 4 times per year
  - Objective: to approve individual operations based on proposals from the FIG
• The **Finance Institutions Group** (FIG) is an informal technical group *chaired by the Commission* composed of all eligible FI;

• The FIG meets each time before the operational NIF Board to prepare its deliberation;

• The FIG prepares and gives a technical advice on the operations proposed by the eligible Finance Institutions before submitting them to the NIF Board.
Examples: NIF

(East) Georgia:

- **Black Sea Energy Transmission System project**
  - Beneficiary: GSE (Electricity Transmission Company)
  - Total budget: € 220 M
  - Total EFIs contributions: € 195 M (€ 97.5 M KfW, € 97.5 M EIB & EBRD)
  - NIF contribution: € 8 M for technical assistance (from EC Budget)

(South) Egypt:

- **200 MW Wind Farm in Gulf of El Zayt**
  - Beneficiary: NREA (New and Renewable Energy Agency)
  - Total budget: € 340 M
  - Total EFIs contributions: € 241.5 M (€ 191.5 M KfW, € 50 M EIB & EBRD)
  - NIF contribution: € 10 M grant (from EC Budget)
Examples: NIF

(East) Ukraine:

- TA Framework for Burshtyn TPP
  - Beneficiary: Ministry of Fuel and Energy of Ukraine
  - Total budget: 250 € M
  - Total EFIs contributions: 200 € M (EBRD & EIB 100€)
  - NIF contribution: 0.8 € M for technical assistance (from EC Budget)
Architecture of the NIF: recap diagram (4)

1. PIPELINE FINANCIAL INSTITUTION A
2. PIPELINE FINANCIAL INSTITUTION B
3. PIPELINE FINANCIAL INSTITUTION C
4. PIPELINE FINANCIAL INSTITUTION D

Preparatory work

FINANCIAL INSTITUTIONS GROUP (FIG)

Technical Advice

PROPOSED PIPELINE EAST and SOUTH

NIF BOARD
UNIQUE STRUCTURE GOVERNING MS + EC CONTRIBUTIONS

Decision at pipeline level

APPROVED PIPELINE EAST and SOUTH
Questions?

E-mail:
EuropeAid-NIF@ec.europa.eu