

EU ENERGY & SUSTAINABLE DEVELOPMENT POLICY IN THE EU EXTERNAL PROGRAMMES

FEMIP & NIF

Energy projects

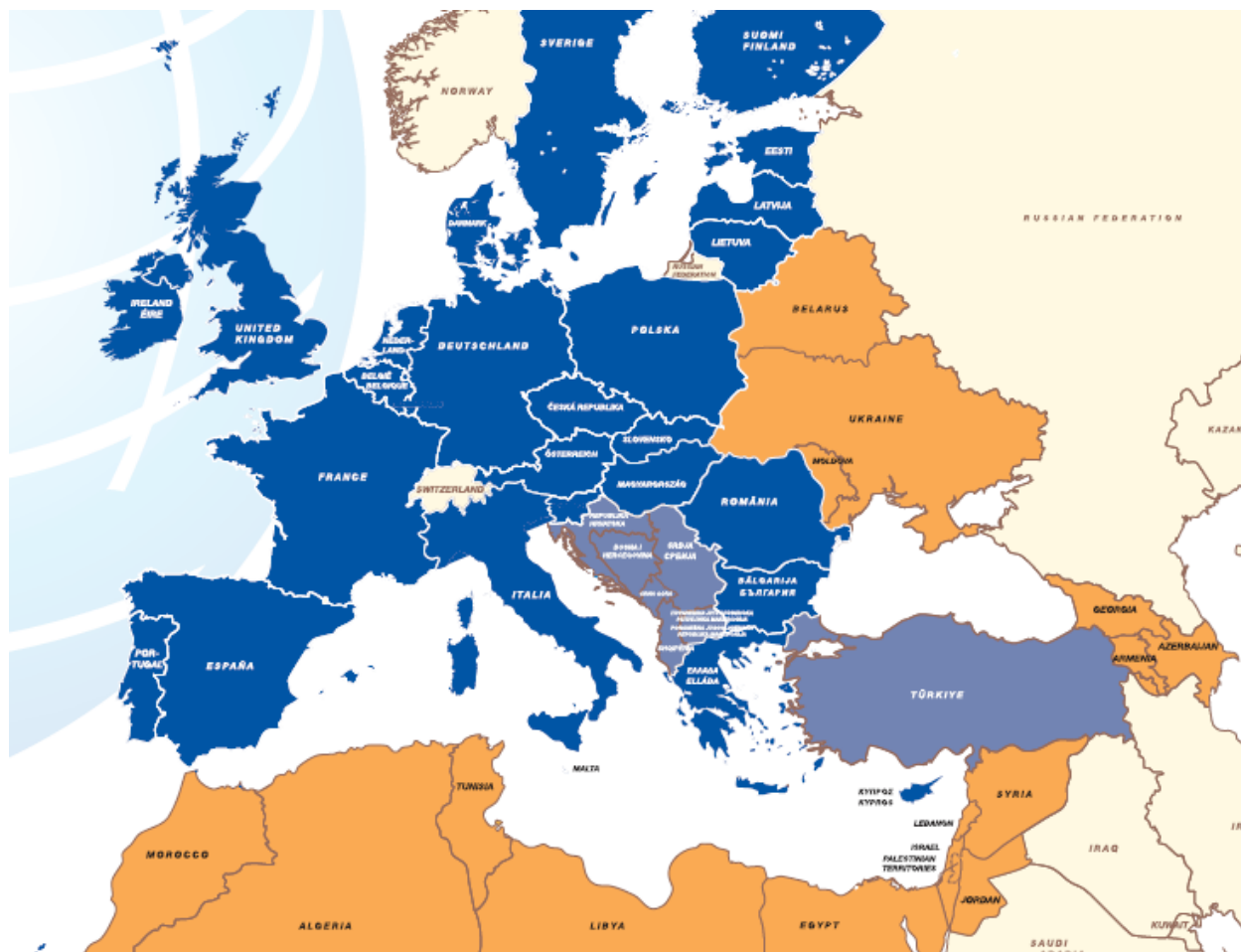
Brussels, November 25th 2008

Agenda

- Introduction
- NIF (Neighbourhood Investment Facility)
- FEMIP (Facility for Euro-Mediterranean Investment and Partnership)
- Examples of Energy projects financed under NIF and FEMIP

Neighbourhood Investment Facility (NIF)

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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).



Infrastructure

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 Sources of funding



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



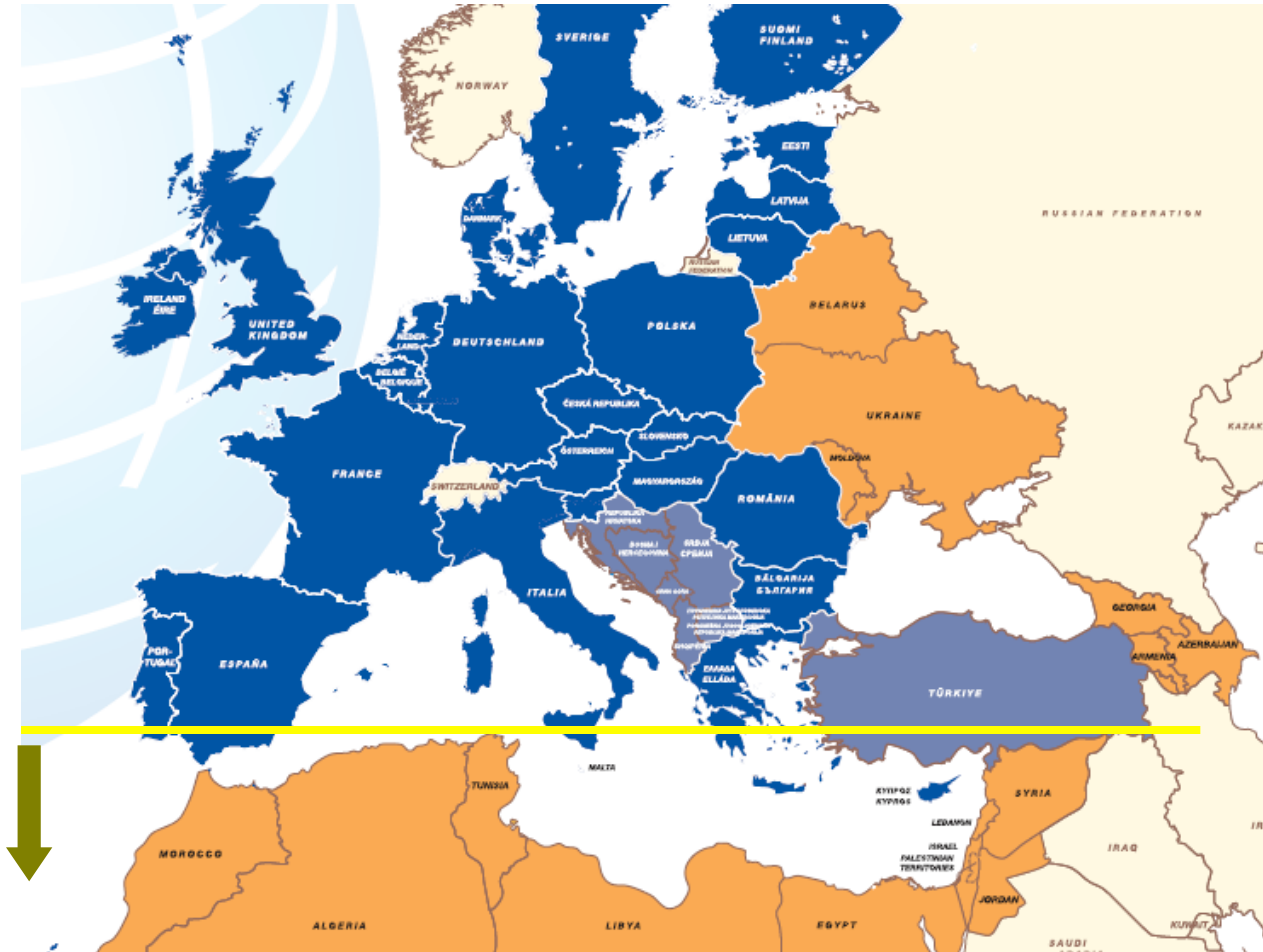
MS and Partner countries voluntary
Direct Contribution to a **Trust Fund**
(minimum of euros 1 million)

Architecture of the NIF

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graph TD; A[The « NIF Board »] --> B[Strategic meeting]; A --> C[Operational meeting]; D[The « Finance Institutions Group » (FIG)];
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- The « **NIF Board** »
    - **Strategic** meeting
    - **Operational** meeting
  - The « **Finance Institutions Group** » (FIG)

# Facility for Euro-Mediterranean Investment and Partnership (FEMIP)

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# Milestones and Definition

- **Aiming to accompany the reform of economic and social structures in the partner countries**
- **Barcelona Process – MEDA -ENPI**
- **October 2002:** EIB operations in the Mediterranean region brought together under the FEMIP
- **Since then:**
  - EIB operations under 'own resources'
  - 'Support to FEMIP' through EC Budget

# Support to FEMIP (EC Budget)



## *How ?*

- Technical Assistance
  - In order to support FEMIP operations managed by EIB
- Risk Capital operations
  - In order to favour private sector development
- Overall focus on private sector operations

# Geographical Scope

- **Neighbourhood countries in the Mediterranean area**



**No predefined allocation per Country or Sector**



# FEMIP Source of funding



EIB operations under own resources  
(**€ > 8 Billion** between 2007-2013)



EC Budget Contribution  
(**€ > 128 M** for RCA, and **€ > 50 M**  
for TA between 2007-2013 )



MS voluntary Direct Contribution to a  
**Trust Fund**

## 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: (Support to) FEMIP

## Morocco:

- ***Fonds Capital Carbon Maroc:***

- Risk Capital participation in a Carbon Fund, which will invest in carbon credits in Morocco under CDM.
- Total Fund Size: € 26 M
- FEMIP contribution: € 6.5 M (from EC Budget)

## Syria:

- ***Deir Azzour Power Project :***

- TA operation to support power plant project financed by EIB.
- Total budget: € 200 M (EIB loan)
- FEMIP contribution: € 3 M technical assistance (from EC Budget)

# Questions ?

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# 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

## Architecture of the NIF : the FIG (3)

- 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.

# Schéma de fonctionnement de la FIV

