

# ENPI info centre

## The People Behind the Projects

Neighbourhood Investment Facility (NIF) > Interview with Richard Weber

## Blending loans and grants to finance investments for the Neighbourhood



■ **Richard Weber,**  
Deputy Director-General  
of EuropeAid

The **Neighbourhood Investment Facility (NIF)** is an innovative financial instrument of the European Neighbourhood Policy (ENP), whose primary objective is to kick-start key infrastructure projects that require considerable financial resources, as well as to support private sector development in the neighbourhood region. The NIF is aimed at creating a partnership, pooling together grant resources from the European Commission and the EU Member States and using them to leverage loans from European Finance Institutions as well as contributions from the partner countries.

The leverage effect of NIF contributions is high: in 2009, €99.7 million of NIF grants generated a total contribution from European Finance Institutions of approximately €2.5 billion – in other words almost €25 for each euro provided by the NIF – and the total cost of the investments concerned reached over € 5 billion. The projects chosen – from water treatment to hospitals – “have a direct impact on the life of the people,” explains **Richard Weber, Deputy Director-General of EuropeAid** in an interview with the **ENPI Info Centre**.

### *What is the NIF trying to achieve?*

The Neighbourhood Investment Facility is a young instrument. It was created by the European Commission in June 2008 to try to help our neighbours in the East and South finance big infrastructural investment when they cannot be directly financed by the private sector. These investments mainly concern public services to the citizens. Such public goods need large scale funding which each country may find difficult to obtain on the market in the form of loans, especially in difficult times like the present financial crisis. Then grants of the type that the NIF provides can be very useful.

### *What are the priorities of the new facility? Could you give some examples?*

Environment, water treatment or drinking water, transport, especially big infrastructure installations for ports and airports, interconnection between electricity networks, energy saving, renewable energy. The social sector is also high on the agenda, for example, construction of hospitals and schools.

There is also support to SMEs through risk capital envelopes, when the private sector perceives risks as too high to lend money to SMEs, and the NIF can promote innovation in our partner countries.

### *What are the challenges in implementing the NIF?*

The biggest one is to reconcile the NIF funds with the countries needs. In the first 18 months of operations, the facility had at its disposal +/- €150 million of grants. This is clearly not enough to sub-

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**“Environment, water treatment or drinking water, big infrastructure installations for ports and airports, but also the construction of hospitals and schools are among the priorities of the NIF.”**

sidise all submitted investments in neighbouring countries, and a stringent selection, which is of course a challenge, had to be made.

*What is the direct impact of NIF-funded projects on citizens in the Partner Countries?*

A project that funds a water treatment facility is a good example of impact. The people concerned will immediately feel the difference when the quality of the water is improved, or when they get direct access to drinking water. Their qual-

ity of life is improved as a result. In Egypt in the South or Moldova in the East, the NIF is intervening to improve water quality. The NIF is also, for example, financing with the Development Bank of the Council of Europe, the refurbishment of the central hospital in Chisinau, which is the key medical facility in the country. In parallel, in Ukraine, the NIF finances the electricity networks and installations. All these projects have a direct impact on the life of the people.

*What is the distribution of funds for the East and the South?*

For the time being we have a global portfolio over 18 months of roughly €9 billion of operation, which is the total amount of potential investments. That includes the grants and loans from the IFIs and partners of the consortia formed by these institutions, as well as the part that is financed by the Partner Countries themselves. Of these, €5 billion are envisaged for the South and €4 billion for the East.

**“We have a global portfolio over 18 months of roughly €9 billion of operation, which is the total amount of potential investments.”**

Of the total amount, €4 billion is the part financed by the loans of the IFIs, and the EU subsidies account for €170 million. So you see that the leverage of our grant is very important. With these +/- €200 million we generate investments worth +/- €9 billion.

*Is there any conditionality attached to all these instruments?*

Of course! A lot of money is at stake, so we need to negotiate with Partner Countries the matrix of cooperation. We agree on the objectives and expected results together. But at the end of the day they are in the driving seat in implementing the reforms that will ensure a decent life for their citizens.

## NIF - Neighbourhood Investment Facility

[http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment\\_en.htm](http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment_en.htm)

*Timeframe*

2007-2013

Bringing together grant funding from the European Commission and the EU Member States and loans from European Public Finance Institutions, the NIF (Neighbourhood Investment Facility) is an innovative instrument of the ENP, aiming at mobilising additional funding for infrastructure projects in the Neighbourhood area. The NIF focuses on the key sectors of energy, environment and transport while also providing support to SMEs development and social sector infrastructures.

NIF operations constitute a practical lever focusing on countries with ENP Action Plans agreed with the EU. On a case-by-case basis, other Neighbourhood countries may also benefit from NIF grant support for projects of cross border or regional nature to which the EU and its Neighbouring partners attach particular interest.

The ENPI Info Centre is an EU-funded Regional Information and Communication project highlighting the partnership between the EU and Neighbouring countries. The project is managed by Action Global Communications.

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