EU financial assistance available to local and regional authorities in Eastern Partnership countries
Table of Contents

INTRODUCTION ......................................... 3

EU FINANCIAL ASSISTANCE AVAILABLE TO LOCAL AND REGIONAL AUTHORITIES IN EASTERN PARTNERSHIP COUNTRIES..................................... 5

Regional instruments.................................. 5

Bilateral programmes .................................. 17

Thematic programmes................................. 20

OVERVIEW OF FINANCIAL INSTRUMENTS AVAILABLE TO LRAS BY COUNTRY ..................... 27

FINANCING THROUGH THE EUROPEAN INVESTMENT BANK AND THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT ......................... 27

The European Investment Bank (EIB) ... 27

The European Bank for Reconstruction and Development (EBRD) ......................... 32

LIST OF ABBREVIATIONS .............. 36

LIST OF TABLES AND BOXES ....... 38

The report was written in June 2018 by Center for Social and Economic Research (CASE)
(Authors: Karolina Zubel and Przemysław Kowalski)
It does not represent the official views of the European Committee of the Regions.
Introduction

This brochure provides an update on the European Union (EU) financial assistance available to local and regional authorities (LRAs) in Eastern Partnership (EaP) countries, including some programmes, instruments, and other financing opportunities that were not covered in the 2015 brochure published by the Committee of the Regions (CoR). It focuses on the priorities outlined in the ‘Eastern Partnership - 20 Deliverables for 2020: Focusing on key priorities and tangible results’ strategy, including: a stronger economy; stronger governance; stronger connectivity (also in terms of infrastructure); and a stronger society.¹

The brochure also takes into account the Eastern Neighbourhood Instrument (ENI) Mid-Term Review which was published in April 2018. With a total budget of around EUR 15.4 billion (for the period 2014-2020),² the ENI funds concrete initiatives and supports mutually agreed objectives such as thematic programmes for civil society organisations (CSOs) or cross-border cooperation (CBC) across the European Neighbourhood Policy (ENP). However, conditions and eligibility criteria are defined on an individual instrument-by-instrument basis depending on the peculiarities of the tool or programme at stake. The 2018 ENI Mid-Term Review emphasises the importance of political stabilisation and the ‘more for more’ conditionality in providing funds, which means that greater political stability allows better access to funds.

This edition of the brochure provides also a comprehensive guide to the multiple new possibilities of financial assistance to LRAs in the EaP region discussed during Conference of Regional and Local Authorities for the Eastern Partnership (CORLEAP) meetings that arose since the publication of the 2015 edition. Newly created or opened for EaP partners programmes on research and innovation (Horizon2020) or economic growth (Mayors for Economic Growth) go hand in hand with the ‘20 deliverables for 2020’ strategy and thus identify concrete tangible results for citizens as delivered by the EaP in the four priority areas agreed during the EaP Summit in Riga. These new opportunities should be carefully explored by LRAs not only because the role of local authorities is crucial to the multi-level governance of well-functioning democratic states, but also because it is the most effective in answering the local citizen’s needs.

Financial and technical assistance is one of the most powerful tools that can be used to promote the EU’s vision of decentralised, long-term regional development among its partners. To help LRAs in the EaP region navigate the available financing possibilities and to support their assessment of needs and eligibility for assistance within the different EU financial instruments, this brochure divides the available assistance into regional, bilateral, and thematic programmes (see Table 1). Additionally, technical and financial opportunities provided by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) are presented in the last section.

**Table 1**

*Overview of EU financial instruments available to LRAs in EaP countries*

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Programme / Instrument</th>
</tr>
</thead>
</table>
| **Regional** | • Cross-Border Cooperation Programmes  
• EaP Territorial Cooperation Programmes (EaPTC)  
• Community Led Urban Strategies (COMUS)  
• Covenant of Mayors (CoM)  
• Sustainable Urban Demonstration Projects (SUDeP)  
• Mayors for Economic Growth  
• Eastern Europe Energy Efficiency and Environment Partnership (E5P)  
• European Neighbourhood Programme for Agriculture and Rural Development (ENPARD)  
• EU4Energy Programme  
• Partnership for Good Governance (PGG)  
• Neighbourhood Investment Facility (NIF) |
| **Bilateral** | • Single Support Framework  
• Ukraine – Local Empowerment, Accountability and Development Programme (U-LEAD)  
• Pilot Regional Development Programmes (PRDP) |
| **Thematic** | • European Instrument for Democracy and Human Rights (EIDHR)  
• Instrument contributing to Stability and Peace (IcSP)  
• Civil Society Organisations and Local Authorities (CSO-LA)  
• Human Development and Migration & Asylum (HDMA)  
• Creative Europe  
• Erasmus+  
• Horizon2020  
• Support for Improvement in Governance and Management (Sigma)  
• Technical Assistance and Information Exchange (TAIEX) |
EU financial assistance available to local and regional authorities in Eastern Partnership countries

Regional instruments

Cross-Border Cooperation Programme

European Cross-Border Cooperation (CBC), also known as Interreg A, is a key priority of the ENI, supporting cooperation between bordering regions from at least two different countries and aiming to tackle mutually agreed upon common challenges in order to reinforce the regions’ steady growth potential, while enhancing the cooperation process for the purposes of the overall development of the EU and its neighbourhood. The ENI CBC supports projects with partner countries along the external land and sea borders and builds on the achievements of its predecessor, the European Neighbourhood and Partnership Instrument (ENPI) CBC.

The land border programmes for the Eastern neighbours include Belarus, Ukraine, and Moldova and the sea basin programmes are open to Georgia, Armenia, Ukraine, Moldova (Black Sea Programme), and Belarus (Baltic Sea Region Programme). Although all LRAs and non-governmental actors from the regions at stake are eligible to participate, Azerbaijan decided to opt out from the CBC programme.

Each of the individual projects is managed separately. The relevant project documents can be found in the respective footnotes:

**Land Borders and Sea Crossing Programmes:**
1. Latvia / Lithuania / Belarus,
2. Poland / Belarus / Ukraine,
3. Hungary / Slovakia / Romania / Ukraine,
4. Romania / Ukraine, and
5. Romania / Moldova.

**Sea-Basin Programmes:**
1. Baltic Sea Programme (Belarus is fully covered),
2. Black Sea Programme (Moldova, Georgia, and Armenia, as well as some parts of Ukraine: Odessa, Mykolaiv, Kherson, Sevastopol, Zaporosh’ye, and Donetsk Oblasts participate).

---

7 See more: [https://huskrupa-cbc.eu/](https://huskrupa-cbc.eu/)
8 See more: [http://ro-ua.net/en/](http://ro-ua.net/en/)
9 See more: [http://www.ro-md.ro-ua-md.net/en/](http://www.ro-md.ro-ua-md.net/en/)
10 See more: [https://www.interreg-baltic.eu/home.html](https://www.interreg-baltic.eu/home.html)
11 See more: [http://blacksea-cbc.net/](http://blacksea-cbc.net/)
Moreover, a new technical assistance project: Technical support to the implementation and management of ENI CBC programmes (TESIM), has been created in place of the previous Regional and Capacity Building Instrument (RCBI) and ENPI Interact projects. It is aimed at helping ENP countries successfully participate in these programmes.\(^\text{12}\)

**Objectives:**

Participating countries in each programme define their specific priorities reflecting the common challenges they face in their respective regions. However, all priorities must fit in the three overarching strategic objectives as follows:

- Promoting economic and social development;
- Addressing common challenges concerning the environment, public health, safety, and security;
- Promoting better conditions and modalities for ensuring the mobility of persons, goods, and capital. The promotion of local cross-border people to people actions is applied where relevant in pursuing the above objectives.\(^\text{13}\)

**Budget:** see Table 2

**Table 2**

*EU funding for respective CBC programmes*

<table>
<thead>
<tr>
<th>Programme</th>
<th>Funding Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hungary / Slovakia / Romania / Ukraine</td>
<td>EUR 73.9 million, see <a href="https://huskroua-cbc.eu/">https://huskroua-cbc.eu/</a></td>
</tr>
<tr>
<td>Romania / Ukraine</td>
<td>EUR 60 million, see <a href="http://ro-ua.net/en/">http://ro-ua.net/en/</a></td>
</tr>
<tr>
<td>Romania / Moldova</td>
<td>EUR 81 million, see <a href="http://www.ro-md.ro-ua-md.net/en/">http://www.ro-md.ro-ua-md.net/en/</a></td>
</tr>
<tr>
<td>Baltic Sea Programme</td>
<td>EUR 263.8 million from European Regional Development Fund (ERDF) and EUR 8.8 million from ENI, see <a href="https://www.interreg-baltic.eu/home.html">https://www.interreg-baltic.eu/home.html</a></td>
</tr>
<tr>
<td>Black Sea Programme</td>
<td>EUR 49 million, see <a href="http://blacksea-cbc.net/">http://blacksea-cbc.net/</a></td>
</tr>
</tbody>
</table>

**Contact point:**

Contact information differs depending on the programme; all the details are provided on the respective programme websites.

---

\(^\text{12}\) See more: [https://tesim-enicbc.eu/](https://tesim-enicbc.eu/)

\(^\text{13}\) See more: [https://tesim-enicbc.eu/about-eni-cbc/](https://tesim-enicbc.eu/about-eni-cbc/)
Territorial Cooperation Programmes (EaPTC)

Similar to the CBC programme, the Eastern Partnership Territorial Cooperation Programme (EaPTC) creates an opportunity for EaP countries to identify and jointly address common challenges in their border regions focused on social rapprochement and sustainable economic development. Although EaPTC programmes are administered separately, each initiative focuses on the mutually agreed priorities, such as: addressing common challenges such as climate change, youth engagement, environmental sustainability; supporting local cross-border people-to-people contacts; improving the living conditions of citizens from both bordering regions through various initiatives; and implementing infrastructure projects.¹⁴

The EaPTC comprises the four following projects:
1. Armenia (the Shirak, Lori, and Tavush regions (or marzes)) – Georgia (the Samtskhe-Javakheti and Kvemo Kartli regions);
2. Azerbaijan (the Ganja-Gazakh and Sheki-Zaqatala regions) – Georgia (the Kvemo Kartli and Kakheti regions);
3. Belarus (the Brest and Gomel regions (or oblasts)) – Ukraine (the Volyn, Rivne, Zhytomyr, Kyiv, and Chernihiv regions (or oblasts)); and
4. Moldova (the whole country) – Ukraine (the Odesa, Vinnytsya, and Chernivtsi oblasts). fifteen

Objectives:

The main objective is to strengthen the people-to-people relations by helping bordering LRAs in developing joint solutions answering peoples’ needs and regional challenges in general.

Budget:
EU funding for the EaPTC comes from regional allocations under the 2013 budget year of the ENPI. As set out in the EaPTC Programme Strategy and respective Joint Operational Programmes (JOPs), the allocations amount to:

<table>
<thead>
<tr>
<th>Country Pair</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia – Georgia</td>
<td>EUR 1.35 million</td>
</tr>
<tr>
<td>Azerbaijan – Georgia</td>
<td>EUR 1.35 million</td>
</tr>
<tr>
<td>Belarus – Ukraine</td>
<td>EUR 3.30 million</td>
</tr>
<tr>
<td>Moldova – Ukraine</td>
<td>EUR 3.30 million</td>
</tr>
</tbody>
</table>

Contact point:

For more information related to Belarus – Ukraine & Moldova – Ukraine TC Programmes, please refer to eaptc-kiev@giz.de, for Armenia – Georgia and Azerbaijan – Georgia TC Programmes to eaptc-tbilisi@giz.de

Community-Led Urban Strategies (COMUS)

Community-Led Urban Strategies (COMUS)—the joint programme of the EU and the Council of Europe (CoE)—seeks to stimulate social and economic development through enhancing cultural heritage, exploring and testing innovative planning models for small- and medium-sized historic towns in EaP countries, with the exception of Azerbaijan. Based on community-led processes, COMUS invests in heritage resources as a matter of priority by integrating the protection and sustainable re-use of heritage with the planning of the built environment’s future shape as a dynamic asset towards local development.

Objectives:

As COMUS is an opportunity to bridge heritage preservation concerns with municipal empowerment and economic growth, the main objective is to support LRAs in drafting meaningful and replicable development strategies.

Budget:
The budget available for COMUS purposes is EUR 650,000.

Contact points:

https://pjp-eu.coe.int/en/web/comus/contacts
https://pjp-eu.coe.int/en/web/comus/partners

BOX 1: Example of a project successfully funded in an Eastern Partnership country: Belarus

**COMUS: City of Mstislav**

**EU contribution:** EUR 650,000

**Beneficiaries:** Mstislav

**Description:** The main objective of the project was to stimulate social and economic development through enhancing cultural heritage in the historic part of the town. Additionally, the priorities for Mstislav included: elaboration of the city's sustainable development strategy focusing on heritage and tourism development; specialised training for the city authorities; construction of a belt highway aimed at reducing the traffic in the historical centre.


---

16 See more: [https://pjp-eu.coe.int/en/web/comus](https://pjp-eu.coe.int/en/web/comus)
Covenant of Mayors (CoM)

The 2020 EU Climate and Energy Package – adopted in 2008 – prompted the European Commission (EC) to endorse and support the efforts deployed by LRAs in the implementation of sustainable and energy efficiency (EE) policies by launching the Covenant of Mayors (CoM) initiative. The CoM is a unique bottom-up movement focused on reinforcing wider national efforts in carbon dioxide (CO₂) reduction which has resulted in a great number of local and regional climate change mitigation projects and green investments.

A special project entitled the Covenant of Mayors East (CoM East) was developed in order to support EaP LRAs in these tasks. The programme helps municipalities to prepare and implement Sustainable Energy Action Plans (SEAPs), which are focused on improving the security of energy supplies as well as reducing dependency on fossil fuels. In order to help the most vulnerable actors to contribute more actively to climate change mitigation, the CoM East is reinforced by additionally budgeted demonstration projects that support selected municipalities with less than 200,000 inhabitants with grants and technical assistance.

Objectives:

The main objective of the CoM East project is to translate the LRAs commitments into concrete measures and to prepare detailed SEAPs specifying the key actions. Ultimately, this contributes to an improvement in quality of life thanks to the significant reduction in CO₂ emissions by municipalities, by encouraging and supporting local authorities to achieve and implement a more sustainable local energy policy. Demonstration projects address the limited resources of municipalities that have signed up to the CoM, but that are not able to finance the measures at stake without additional financial or technical assistance.

Budget:
For the 2016-2020 period, the budget available for the CoM East is EUR 4.5 million, and the budget available for CoM East demonstration projects is EUR 14.2 million (2015-2018 period).

Contact point:
Covenant of Mayors Office
63-67 rue d’Arlon
1040 Brussels, Belgium
+32 26468424 or info@eumayors.eu
Covenant of Mayors Office East
+38 0322553165 or info-east@eumayors.eu

---

17 See more: https://library.euneighbours.eu/content/eu4energy-covenant-mayors-east-ii
18 See more: https://library.euneighbours.eu/content/covenant-mayors-demonstration-projects
Sustainable Urban Demonstration Projects (SUDeP)

In 2013, the EC announced a new programme to help cities in the ENP region to address local sustainable development challenges such as EE, energy supply security, and sustainable economic growth. The eastern component primarily focuses on the implementation of the SEAPs, agreed under the CoM.  

**Objective:**

To help LRAs in implementing the measures incorporated in their sustainable energy action plans targeting sustainable urban development.

Types of services provided:
- Network-building: encouraging beneficiaries to connect to other EaP and EU cities in order to share the best practices;
- Technical assistance: providing LRAs with capacity-building support in designing high-quality proposals for SUDeP—including high-quality project financing plans—as well as during the implementation of demonstration projects; and
- Visibility: ensuring high visibility of the projects by disseminating the results of the programme and its demonstration projects—in particular, the dissemination of best practices that could serve as model actions in the implementation of SEAPs in other cities.

**Budget:**

EUR 25 million for EaP countries (EUR 35.5 million overall):
- Call for proposals (grants): EUR 10.25 million;
- Municipal Finance Facility: EUR 12 million;
- Supporting mechanism: EUR 2.5 million; and
- Scientific support from the Joint Research Centre (JRC): EUR 0.25 million.

**Contact point:**

European Commission  
DG Development Cooperation & EuropeAid  
B-1049 Brussels  
Email: europeaid-F3@ec.europa.eu

---

Mayors for Economic Growth (M4EG)

Launched on 26 October 2016 during a high-level conference in Yerevan, Mayors for Economic Growth (M4EG) is a new EU initiative targeting local authorities throughout the EaP countries. It is believed that with the appropriate guidelines, they can become active facilitators for economic and sustainable growth as well as entrepreneurship and job creation. This can only be achieved by improving the local business environment and attracting investments at local level. Municipalities joining the M4EG initiative are tasked with creating a coalition with the private sector and civil society in order to mutually agree on local development strategies, sustainability analyses, and ways to empower entrepreneurship and job creation.

Objectives:

The overall objective is to support local authorities in EaP countries to provide a new impetus for economic growth and job creation, as well as to ensure that they are able to provide opportunities for economic, social, and cultural participation in people-to-people contacts, community well-being, and a good overall quality of life.

Budget:
The budget for the period between 2017 and 2020 is EUR 14.5 million.

Contact point:

Mayors for Economic Growth Secretariat - Central Office
61 Aghmashenebeli Ave., I Floor
0102, Tbilisi, Georgia
+995 322475745 or info@m4eg.eu

---

20 See more: http://www.m4eg.eu/en/
21 See more: https://eeas.europa.eu/sites/eeas/files/mayors_for_economic_growth_concept_2_0.pdf
Eastern Europe Energy Efficiency and Environment Partnership (E5P)

Launched in 2009, the Eastern Europe Energy Efficiency and Environment Partnership (E5P) is a multi-donor fund encouraging municipal investments in sustainable energy and environmental projects in EaP countries. The increasingly challenging energy efficiency requirements, energy security, and environmental issues of the region require a holistic approach as the high levels of energy consumption in the countries at stake continue. The initiative began in Ukraine and has been expanded to cover Armenia, Georgia, Moldova, and Belarus, and is still working to initiate operations in Azerbaijan.22

Objective:

The sectors most likely to benefit include district heating modernisation, water and wastewater treatment, projects to improve energy efficiency in public buildings, and projects to improve sustainability in municipal and transportation infrastructure. Additional information might also be found on the EBRD section below.

Budget:

It is a EUR 180 million multi-donor fund. The fund merges financial contributions from the EU, EaP countries with the exception of Azerbaijan, and a group of 17 nations to provide access to both investment and technical assistance grants for municipal sector projects.23

Contact point:

E5P c/o European Bank for Reconstruction and Development (EBRD)
One Exchange Square
London EC2A 2JN, United Kingdom + 44 2073386000 or e5p@ebrd.com

BOX 2: Example of a project successfully funded in an Eastern Partnership country: Moldova

Chisinau Energy Efficiency

Total cost: EUR 25.30 million; E5P Grant: EUR 5 million; Loan: EUR 20.00 million

Beneficiary: The Municipality of Chisinau

Description: The aim was to implement a rehabilitation programme involving energy efficiency measures and covering public and residential buildings. The investments focus mainly on improvements to the building envelope (wall, roof, slab insulation, windows, and door replacement) and HVAC systems (heating, ventilation, and air-conditioning).

For more information see: http://moldova.e5p.eu/project/chisinau-energy-efficiency/

See more: https://ec.europa.eu/europeaid/node/102945_bg
The European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) is a policy initiative that is part of the EU's commitment to inclusive growth and stability in its neighbourhood, aiming to create economic and social opportunities for people beyond agricultural activities. The programme recognises the importance of agriculture in terms of food security, sustainable production, and rural employment. The ENPARD programme was founded in March 2011. It expanded to the countries of the EaP in June 2012.24

Objectives:

ENPARD focuses on the current state and future development of Local Action Groups (LAGs), particularly in rural areas. It uses an already proven successful European approach to rural development—the LAG/LEADER model. Within this model, it is the energy and resources of the local people that contribute to the rural development process by forming partnerships at the lowest possible level between the private, public, and possibly also civil sectors. As the LEADER approach is associated with local empowerment through local strategy development and appropriate resource allocation, the main tool for the application of this bottom-up approach to sustainable development in the region is involving local representatives in the decision-making process.25 Ultimately, ENPARD’s expected results include the strengthening of cooperation among small farmers and the improved performance of the local institutions engaged in agriculture. The levels of food production and the index of rural poverty are used as the key indicators of progress.

Contact point:

Directorate-General for Agriculture and Rural Development
European Commission
Rue de la Loi 130
1049 Brussels, Belgium
+32 22991111 or +32 2293249

---

25 See more: https://enrd.ec.europa.eu/leader-clld_en
EU4Energy Programme

EU4Energy is a regionally-focused programme implemented by the International Energy Agency (IEA) and the EU, along with the Energy Community and the Energy Charter, which concentrates on the 11 countries from the EaP and Central Asia. The programme aims to improve the quality of energy data and statistics at the local level, shape regional policy-making discussions, strengthen legislative and regulatory frameworks and improve access to information in the countries at stake.

Objectives:

Transforming the region’s approach to green energy and energy efficiency will benefit sustainable economic development, job creation, and further infrastructure investment. It will also contribute to greater resilience and significantly reduce their carbon footprint.

Budget:
The budget for the programme’s purposes is EUR 21 million.

Contact point:
Bilyana Chobanova
EU4Energy Project Manager
+32 27759853 or Bilyana.Chobanova@encharter.org

BOX 3: Example of a project successfully funded in an Eastern Partnership country: Belarus

Braslaŭ district – the first climate-neutral municipality in Belarus

EU contribution: EUR 584.363

Beneficiaries: Braslaŭ District

Description: Modernised boilers (straw boilers installed), central heating pipes replaced by isolated ones, solar collectors, heat exchangers and sound and motion sensors installed in public buildings, and 5% of urban street lamps replaced by LED lights.

For more information see:
http://euprojects.by/projects/energy/Brasl%C5%AD%20district%20-%20the%20first%20climate%20neutral%20municipality%20in%20Belarus/?sphrase_id=1455

---

26 See more: https://library.euneighbours.eu/content/eu4energy-covenant-mayors-east-ii
27 See more: https://energycharter.org/partners/eu4energy/overview/
Partnership for Good Governance (PGG)

Building on the experiences of previous joint initiatives towards the region, in April 2014, the EU and the CoE agreed that targeted cooperation activities with EaP countries would be implemented under a ‘Programmatic Cooperation Framework’ (PCF)—renamed the Partnership for Good Governance (PGG) in June 2017.

Objectives:

Five priority areas of cooperation were identified for the PGG: protecting and promoting human rights; ensuring justice; combating threats to the rule of law; addressing the challenges of the information society; and promoting democratic governance. Under these five themes, 15 sub-themes leading to 50 country-specific but also local and regional actions were recommended.

Budget:

The budget is EUR 36 million for the 2015-2018 period. The PGG is funded by the CoE (15%, and the CoE is also responsible for its implementation) and the EU (85%).

Contact point:

Partnership for Good Governance
Office of the Directorate General of Programmes, Council of Europe
Strasbourg Cedex 67075 FRANCE
+33 388412209 or odgp_pgg@coe.int

BOX 4: Example of a project successfully funded in an Eastern Partnership country: Georgia

Local finance benchmarking activity in Georgia

Description: The Centre of Expertise for Local Government Reform, which is part of the CoE's Good Governance Division, launched a local finance benchmarking activity in Georgia in 2015. As a result, the CoE toolkit was adjusted to local needs in 2016 and two phases of piloting followed in 2016-2017, further to requests of the Georgian Ministry of Regional Development and Infrastructure. The local finance benchmarking in 13 municipalities has been piloted, including the four that piloted it at phase I. Additionally, a local finance benchmarking web application was developed, adjusted, and translated into Georgian.

For more information see: https://pjp-eu.coe.int/en/web/eap-pcf/-/workshop-on-reporting-local-finance-benchmarking
Neighbourhood Investment Facility (NIF)

The Neighbourhood Investment Facility (NIF), one of the tools introduced in the framework of the ENP to support critical infrastructure projects in the transport, energy, financial, social, and environmental sectors by combining EU grant resources with loans from other international financial institutions (IFIs), became an integral part of the European Fund for Sustainable Development (EFSD) as the Neighbourhood Investment Platform (AIP) in September 2017. The EFSD is the first pillar of the EU’s External Investment Plan.

Objectives:

The NIF’s main objective is to maximise the impact of EU funding and loans. The facility aims to provide a comprehensive package of instruments designed to help not only local and national authorities, but also companies to make the most of the opportunities arising from the implementation of the Free Trade Agreements (FTAs) the three EaP countries have signed with the EU.

Contact point:

European Commission, Directorate-General for Neighbourhood and Enlargement Negotiations, B-1049 Brussels
Email: NEAR-NIF@ec.europa.eu

BOX 5: Example of a project successfully funded in an Eastern Partnership country: Armenia

Irrigated Agriculture in Ararat and Armavir
Total cost: EUR 100 million; NIF grant: EUR 10 million
Beneficiaries: Ararat and Armavir regions
Description: The aim was to ensure that the extra water resources increase agricultural production, but also improve the livelihoods of rural communities more broadly.

---

29 See more: https://ec.europa.eu/commission/eu-external-investment-plan_en
30 See more: https://ec.europa.eu/neighbourhood-enlargement/node_en
Bilateral programmes

Single Support Framework

The new EU multi-annual programming 2017-2020 (Single Support Framework - SSF) was adopted on 13 September 2017. Under the SSF, funding may also be available to LRAs. LRAs can have access to financial assistance when they can contribute to particular priorities set up bilaterally.

Table 4
Overview of jointly agreed priorities for action in bilateral relations with EaP countries

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>• Private sector development</td>
<td>Georgia</td>
<td>• Public administration reform</td>
</tr>
<tr>
<td></td>
<td>• Public administration reform</td>
<td></td>
<td>• Agriculture and rural development (focus on environment regarding sustainable land management and agriculture, waste management, resilience)</td>
</tr>
<tr>
<td></td>
<td>• Justice sector reform</td>
<td></td>
<td>• Justice sector reform</td>
</tr>
<tr>
<td></td>
<td>• Education and skills development</td>
<td></td>
<td>• Horizontal allocation</td>
</tr>
<tr>
<td></td>
<td>• Capacity building and civil society</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>• Regional and rural development (focus on environment)</td>
<td>Moldova</td>
<td>• Public administration reform</td>
</tr>
<tr>
<td></td>
<td>• Justice sector reform</td>
<td></td>
<td>• Agriculture and rural development</td>
</tr>
<tr>
<td></td>
<td>• Education and skills development</td>
<td></td>
<td>• Police reform and border management</td>
</tr>
<tr>
<td></td>
<td>• Capacity building and civil society</td>
<td></td>
<td>• Others: Capacity development and institution building and civil society support</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Belarus</td>
<td>• Social inclusion</td>
<td>Ukraine</td>
<td>In the current exceptional circumstances, it remains difficult to identify multi-annual priorities for EU’s bilateral assistance. This is why, for the moment, there is no Single Support Framework for Ukraine. Under the ENI, planned EU grant assistance for Ukraine may total up to EUR 1 billion in the period 2014-2020. This figure is indicative: as for all Neighbourhood countries, final allocations will depend on the country's needs and its commitment to reform.31</td>
</tr>
<tr>
<td></td>
<td>• Environment (biodiversity, waste, awareness)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Local/regional economic development</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Complementary support to civil society and capacity building</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

31 See more: https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/ukraine_en
Ukraine – Local Empowerment, Accountability, and Development Programme (U-LEAD)

In 2015, legislation in Ukraine was adopted aiming to provide an enabling environment for decentralisation reforms and to consolidate units of local governance. The process requires external support in such areas as improving service delivery, community security, and social cohesion on local, regional, and national levels.32

The first phase of the programme, managed mainly by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, took place between 2016 and 2018 and ‘tested establishment of Administrative Service Centres (ASCs) in large hromadas, in small hromadas, a mobile version, new construction and remote workplaces’.33 The second phase (2018-2020), is being facilitated mostly by the Swedish International Development Cooperation Agency (SIDA), leads to empowerment of amalgamated communities to deliver high quality administrative services to their citizens at the same time contributing to the ongoing decentralisation reform in Ukraine.

Objectives:

The overall objective of the U-LEAD programme is to contribute to the establishment of multi-level governance which is transparent, accountable, and responsive to the needs of the population in Ukraine.

Budget:
The budget for 2016-2020 is EUR 97 million.

Contact point:

House of Decentralisation, 
20 Velyka Zhytomyrska Street, 4th floor, 
Kyiv 01001, Ukraine 
+380 445812790; pr@u-lead.org.ua (GIZ) or 
+380 445813846; ulead@sklinternational.se (SIDA)

BOX 6: Example of a project successfully funded in an Eastern Partnership country: Ukraine

Establishment of Administrative Service Centres (ASCs)

EU contribution: EUR 30 million (total)
Beneficiaries: 24 pilot communities (hromadas)
Description: The project aimed at developing and testing of different models of providing administrative services in 24 pilot communities (hromadas) by establishing ASCs, which from 2018 are enabling one-stop-shop service delivery.

For more information see: https://tsnap.ulead.org.ua/en/

32 See more: https://component2.ulead.org.ua
Pilot Regional Development Programmes (PRDPs)

Pilot Regional Development Programmes (PRDPs) constitute an additional way for the EU to further its objectives in regional development in the neighbourhood countries. As previous successful rounds of PRDPs show, such initiatives not only support the development of regions but also foster entrepreneurship and innovative infrastructural projects at the local level. In this context, the EU collaborates through the implementation of ambitious regional development reforms and related programmes with partners from Armenia, where the only PRDP programme is currently ongoing. The regional development (RD) situation in the country is complex, troubled by significant disparities, and thus requiring holistic technical assistance from experienced actors, such as the EU.

Objectives:

Given the significant socio-economic differences between Yerevan and other municipalities in Armenia, the overall objective of the programme is to minimise these differences and contribute to the sustainable development of the regions across the country based on the best practices from EU cohesion policy-related initiatives and previous PRDPs.

Budget:
The budget allocated is EUR 1,499,830.00.

Contact point:
Delegation of the European Union to Armenia
21 Frik Street, Yerevan 0002, Armenia
+374 10546494 or Delegation-Armenia@eeas.europa.eu

---

34 Particularly cases from Ukraine where the Support to Ukraine’s Regional Development Policy (SURDP) project proved extremely successful: [http://surdp.eu/en/Project-activities](http://surdp.eu/en/Project-activities)
Thematic programmes

European Instrument for Democracy and Human Rights (EIDHR)

The European Instrument for Democracy and Human Rights (EIDHR) addresses sensitive political issues and provides flexible assistance in the context of deteriorating protection for democracy and human rights and increasingly complex geopolitical situations, which often extend beyond national borders. This instrument is designed to support Non-State Actors (NSAs) to become an effective force for political reform and the defence of human rights.

Objectives:

To support democracy, the key instruments and processes of human rights, as well as the defenders of human rights in situations where they are most at risk, such as, for example, by creating EU Election Observation Missions (EOMs).

Budget:

The budget for the current EIDHR amounts to EUR 1.332.75 million for the period 2014-2020, which is an increase of approximately 21% compared to the 2007-2013 budget.

While the LRAs from EaP countries are eligible to apply, no single project for post-2015 with their participation has been identified.

36 See more: https://ec.europa.eu/europeaid/how/finance/eidhr_en.htm_en
Civil Society Organisations and Local Authorities (CSO-LA)

The Civil Society Organisations and Local Authorities (CSO-LA) programme is open to civil society and local authorities in all countries, going beyond the identified partner countries in the geographic instrument of the Development Cooperation Instrument (DCI). This is because these actors’ roles in the accountability system are seen as crucial in the ‘Communication on the Future approach to EU budget support to third countries’, which proposes to facilitate NSA role as a budget controller in countries where the EU provides significant budget support. In this respect, various events, trainings, and webinars aiming at sharing best practices from the previous rounds of CSO-LA grant applications are being organised across the ENP region on a regular basis.

Objectives:

The main objective is to reinforce LRAs in their role as creators of local public spaces, sustainable growth, and public services. Ultimately, it is to pilot, develop, and implement initiatives fostering citizen’s awareness of the role of LRAs.

Budget:

The budget of EUR 1.907 billion is planned to be divided among the programme priorities as follows:

- Focusing on country-level CSO-LA developments—approximately 70% allocation;
- Supporting CSO and LRA networks globally—approximately 15% allocation;
- Creating education and awareness initiatives—approximately 10% allocation; and
- Supporting measures—approximately 5% allocation.

As there is no cap on the country envelopes, distribution depends on the needs of the country at stake.

Contact point:

+32 22991111 or EuropeAid-NSA-LA@ec.europa.eu


**Instrument contributing to Stability and Peace (IcSP)**

The Instrument contributing to Stability and Peace (IcSP)\(^{39}\) is one of the key external assistance instruments that enables the EU to support projects in the areas of crisis response, conflict prevention, peace-building, and crisis preparedness, as well as in addressing global and trans-regional threats.

**Objectives:**

- Enhancement of the EU’s capacity for crisis preparedness, conflict prevention, and peace building in cooperation with international organisations (IOs), MS, LRAs, and CSOs;
- Crisis response in cases of natural disasters or political conflicts; and
- Capacity building to address global and trans-regional security threats, such as terrorism, climate change, piracy, and organised crime.\(^{40}\)

**Budget:**

The budget for 2014-2020 is EUR 2.3 billion.

**BOX 7: Example of a project successfully funded in an Eastern Partnership country: Ukraine**

*Restoration of Local Governance and Reconciliation in Crisis-Affected Areas of Ukraine*

**EU contribution:** EUR 10 million

**Beneficiaries:** Donetsk and Luhansk oblasts

**Description:** The overall objective was to restore effective governance and promote reconciliation in crisis-affected communities, enhancing the credibility and legitimacy of local government in the government-controlled areas of the regions.

For more information see:


---


\(^{40}\) See more: [https://ec.europa.eu/europeaid/funding/funding-instruments-programming/Funding-instruments/instrument-contributing-stability-and_en](https://ec.europa.eu/europeaid/funding/funding-instruments-programming/Funding-instruments/instrument-contributing-stability-and_en)
Maximising the positive impact of migration on development is an important policy priority for the EU, as demonstrated by the ‘EU Agenda for Change’. However, the thematic programme on migration and asylum does not address the root causes of migration directly. Instead, and particularly in neighbourhood countries, the EU focuses on initiatives to study the insufficiently explored aspects of the development-migration nexus. This includes the impact of migration between low- and middle-income countries on the development of both countries of origin and destination as well as the relationship between climate change and migration.

**Objectives:**

The overall objective is to understand the interrelationship between migration, mobility, climate change, employment, and poverty reduction so as to make migration a positive force for development and reduce ‘brain drain’. Ultimately, it is to support developing countries in adopting long-term policies for managing migratory flows on all possible government levels.\(^{41}\)

**Budget:**

The initial budget of EUR 344 million (2014-2020), which was the smallest one under the thematic programme, pointed to the fact that from a development cooperation perspective, migration was not perceived as a crucial issue. This perception changed radically, also impacting the budget, during the refugee crisis of 2015, where the root cause development approach to migration gained momentum. Today, the programme is funded from EU budgets such as the ENI, the DCI, and the European Development Fund. Thus, its final figure is difficult to measure.

**Contact point:**

https://ec.europa.eu/europeaid/node/22_en

**BOX 8: Example of a project successfully funded in an Eastern Partnership country: Moldova**

‘NEXUS Moldova’: Strengthening the link between migration and development: testing an integrated service provider to Moldovan migrants and their communities

**EU contribution:** EUR 1,986,716.97

**Beneficiaries:** Local authorities and communities across the country

**Description:** The overall aim was to foster links between migration and development at the local level by developing durable capacities and systematic collaboration among national and sub-national authorities, civil society, and private sector stakeholders.

For more information see:


\(^{41}\) See more: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX%3A32014R0233&rid=1
Creative Europe

Creative Europe supports cross-border exchange and cooperation in (creative) arts. To apply for funding opportunities such as European Networks, Cooperation Projects, and European Platforms as part of the Culture sub-programme, the applicant is required to work with partners from other participating countries.\(^\text{42}\)

While LRAs from EaP countries are eligible to apply, no recent project with their participation has been identified.

**Contact point:**

Education Audiovisual & Culture Executive Agency  
Avenue du Bourget 1  
J59 BE-1049 Brussels

---

Erasmus+

The Erasmus+ programme is the EU's largest programme supporting activities in the fields of education, training, youth, and sport.\(^\text{43}\) According to official statistics:
- ‘EaP countries together obtained EUR 36.8 million for student and staff exchanges in 2015-2016, with 638 projects for funding. As a result, 7,670 students and staff from the EaP countries had a chance to go to EU universities;
- 164 EaP students and 16 doctoral candidates received full scholarships for Joint Master’s Degrees under Erasmus+ in 2014-2016; and
- 90% of Erasmus exchange students returned home after their degree (brain gain).\(^\text{44}\)

Students from EaP countries are also eligible for specifically tailored scholarships, such as scholarships for university graduates coming from ENP countries at both College of Europe campuses.\(^\text{45}\)

While LRAs from EaP countries are eligible to take part in various action calls of the programme, no project for post-2015 with their participation has been identified.

**Contact point:**

Education Audiovisual & Culture Executive Agency  
Avenue du Bourget 1  
J59 BE-1049 Brussels

---

\(^{42}\) See more: https://eacea.ec.europa.eu/creative-europe_en  
\(^{43}\) See more: https://ec.europa.eu/programmes/erasmus-plus/node_en  
\(^{44}\) EU for Youth and Education brochure: https://www.euneighbours.eu/sites/default/files/publications/2017-08/EU%20for%20Youth%20and%20Education.pdf  
\(^{45}\) More information about the scholarship: https://www.coleurope.eu/admission/scholarships/scholarships-university-graduates-coming-european-neighbourhood
Horizon2020 (H2020) is the EU’s largest research and innovation programme to-date, with nearly EUR 80 billion of funding available over seven years between 2014 and 2020. Additionally, this money will attract in the private investments across the continent. Such a financial boost promises more breakthroughs, discoveries, and world-firsts by implementing academic and lab ideas to the market.46

Given the attractiveness, but also competitiveness of the programme, initiatives spanning from networking to technical assistance have been created. One such initiative, EU4Innovation, which was launched in late 2016, combines all EU activities supporting the development of EaP innovation capacities, notably those funded under the H2020 programme and the ENI.47 Additionally, within the project ‘Science, Technology, and Innovation International Cooperation Network for Eastern Partnership Countries PLUS’ (EaP PLUS), a grant scheme has been developed to financially support the participation of local researchers from EaP countries in large-scale H2020-related brokerage events in EU MS or associated countries and preparatory meetings for the development of H2020 project proposals. The grant scheme is being implemented in 2017-2018.48 The ultimate goal is to allow participants from the EaP to make their communities, institutions, and their research networks more recognisable with a view to facilitating the formation of international consortia in the future.

H2020 also inspired the EIB to deploy the “Innovfin – EU Finance for Innovators’ programme in associated countries in the region ‘under the H2020 (Armenia, Georgia, Moldova, and Ukraine), which provided a series of integrated and complementary financing tools and advisory services offered by the EIB, targeting investments in research and innovation.”49 While LRAs from EaP countries are eligible to apply for these calls under H2020, no recent project with their participation has been identified.

**Contact points:**

<table>
<thead>
<tr>
<th>Associated countries</th>
<th>Third countries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Armenia</strong></td>
<td><strong>Azerbaijan</strong></td>
</tr>
<tr>
<td>Dr Tigran Arzumanyan, National NCP coordinator +374 10525432 or <a href="mailto:tarznip@sci.am">tarznip@sci.am</a></td>
<td>Ibrahim Quliyev, National NCP coordinator +994 124923243 or <a href="mailto:ibrahim.quliyev@science.az">ibrahim.quliyev@science.az</a></td>
</tr>
<tr>
<td><strong>Georgia</strong></td>
<td><strong>Belarus</strong></td>
</tr>
<tr>
<td>Natia Gabitashvili, National NCP coordinator +995 577097800 or <a href="mailto:ngabitashvili@mes.gov.ge">ngabitashvili@mes.gov.ge</a></td>
<td>Olga Meerovskaya, National NCP coordinator +375 172033139 or <a href="mailto:meerovskaya@fp7-nip.org.by">meerovskaya@fp7-nip.org.by</a></td>
</tr>
<tr>
<td><strong>Moldova</strong></td>
<td></td>
</tr>
<tr>
<td>Dr Lidia Romanciuc, National NCP coordinator +373 22270774 or <a href="mailto:introprojects@asm.md">introprojects@asm.md</a></td>
<td></td>
</tr>
<tr>
<td><strong>Ukraine</strong></td>
<td></td>
</tr>
<tr>
<td>Stella Shapoval, National NCP coordinator +380 442878233 or <a href="mailto:s.shapoval@mon.gov.ua">s.shapoval@mon.gov.ua</a></td>
<td></td>
</tr>
</tbody>
</table>

---

Support for Improvement in Governance and Management (SIGMA)

The Support for Improvement in Governance and Management (SIGMA) is a joint initiative of the EU and the Organisation for Economic Cooperation and Development (OECD), principally financed by the EU. SIGMA was initiated in 1992 and since then it has accumulated 25+ years of experience advising countries in transition on various public policy reforms and developed long-term relationships with several in-country partners. SIGMA relies on experts from EU national public administrations and provides practitioner-to-practitioner support within projects of great flexibility in terms of design and implementation. It also supports and oftentimes complements other EU institution building instruments. While LRAs from EaP countries are eligible to apply for or take part in SIGMA-organised events, no single recent project with their participation has been identified.

Contact point:

SIGMA Office  
2 rue André Pascal  
75775 Paris Cedex 16, France  
+33 (0)1 45 24 82 00 or sigmaweb@oecd.org

Technical Assistance and Information Exchange (TAIEX)

TAIEX is the Technical Assistance and Information Exchange instrument of the European Commission. It is a demand driven-tool supporting the approximation, application, and enforcement of EU legislation as well as facilitating the sharing of EU know-how and best practices. Since 1996, TAIEX shares the expertise of EU MS public officials with beneficiary countries to fill the knowledge gap and deliver appropriate tailor-made expertise to address issues in beneficiary countries at short notice via workshops, expert missions, and study visits. A recent workshop—available also to EaP countries—on Waste Prevention and Minimisation that took place on 5 November 2017 in Bratislava is a good example of the opportunities that TAIEX provides specifically to LRAs. The aim of the TAIEX MultiCountry Workshop on Waste Prevention and Minimisation was to prepare LRAs for the implementation waste prevention programmes. In this respect, the workshop addressed the correspondence of existing practices with relevant EU directives and case studies.

Contact point:

European Commission  
DG Neighbourhood and Enlargement Negotiations  
NEAR-Taiex@ec.europa.eu

---

50 See more: http://www.sigmaweb.org  
51 See more: http://taiex.ec.europa.eu  
52 Event details: https://webgate.ec.europa.eu/TMSWebRestrict/resources/is/app/#/library/detail/65356
Overview of financial instruments available to LRAs by country

All instruments are available to all countries, with the exception of U-LEAD (which from the very beginning is known to be a bilateral programme for Ukraine); Azerbaijan not having access to COMUS and Belarus not having access to PGG and SIGMA. On a different note, when it comes to Ukraine, in the current exceptional circumstances, it remains difficult to identify multi-annual priorities for EU’s bilateral assistance. This is why, for the moment, there is no Single Support Framework for Ukraine.

Financing through the European Investment Bank and the European Bank for Reconstruction and Development

The European Investment Bank (EIB)\(^{53}\)

Institutional overview

The EIB is the bank of the EU and its shareholders are the 28 EU MS. Founded in 1958 under the Treaty of Rome, the EIB is a natural financing partner for EU institutions and operates both in the EU and in more than 160 other countries. Thanks to financial autonomy, steadily growing subscribed capital, and its AAA credit rating, the EIB can borrow at the best possible rates. The benefits of this funding situation are passed on to project promoters through competitive lending terms with long loan tenors which are adapted to the long-term investment projects supported by the EIB.

The EIB has a long history of operating outside the EU, with operations in partner countries since 1963. Through these operations, the EIB’s objective is to support the EU’s external policy by providing clients with:

- Lending and other forms of financing;
- Access to blending mechanisms; and
- Advisory services, including technical assistance.

In 2017, the EIB signed loans amounting to EUR 69.9 billion to support investment across Europe and around the world, also in the Eastern Neighbourhood. Since the first EIB mandate in 2001, EIB activity in the region has been on the rise—in 2017 only, the EIB spent EUR 880 million.\(^{54}\) In fact by the end of 2017, EIB

---

\(^{53}\) See more: [http://www.eib.org](http://www.eib.org)

lending in the EaP had reached over EUR 8 billion, financing more than 90 investment projects also on the local level and providing credit lines to support small and medium sized enterprises (SMEs) in the region. The EIB’s activities in the region are particularly focused on promoting growth and employment and intra-regional trade, while helping to protect the environment and possibly mitigate climate change by supporting low carbon and climate resilient growth. In order to bring financing opportunities closer to LRAs and SMEs, alongside their headquarters in Luxembourg, the EIB has a number of local offices which allow it to offer better support to its clients throughout all project stages; in the region at stake, these can be found in Georgia, Moldova, and Ukraine.55

**Policy context and objectives**

The EIB focuses on four areas: innovation, small businesses, climate, and infrastructure. At the same time, the combined expertise of in-house and seconded financial analysts, economists, climate specialists, and engineers ensures the success of the EIB’s projects.56 The situation is no different for projects outside the EU, where the EIB operates mainly under the External Lending Mandate (ELM), given to it by the EU, and supports projects that contribute to economic development in countries that have signed various bilateral agreements with the EU. The new ELM for 2014-2020, as well as a number of additional facilities at the EIB’s own risk—targeting in particular private sector investment and climate action—started in July 2014.

The 2014-2020 ELM established a maximum lending ceiling for the Eastern Neighbourhood of EUR 4.8 billion. Following the mid-term review of the ELM, the EUR 4.8 billion mandate for 2014-2020 was increased to EUR 6.65 billion.57 Moreover, in 2016, under the ELM, Belarus became a fully eligible country for the EIB’s operations. The entry into force of the framework agreement between Belarus and the EIB in August 2017 marked the start of mutual cooperation and a number of investment projects have been identified in transport, energy, and water sectors, also at local level, as well as in the private sector, including SMEs and corporates.58

What is more, the signing of the Association Agreements, including the Deep and Comprehensive Free Trade Agreements (DCFTAs), with Georgia, Moldova, and Ukraine, put renewed priority on investment in infrastructure and support for SMEs in these countries. In this respect, the EIB rolled out the DCFTA Initiative East, a programme funded within the NIF that is part of the EU4Business initiative, in order to facilitate even wider access to financing opportunities for SMEs.59

**Results measurement**

EIB project requirements focus on three pillars: eligibility that is consistent with EU priorities; technical quality and economic soundness; and financial viability and adequate security. The project and therefore its assessment need to comply with

---

55 Ibid
56 See more: [http://www.eib.org/attachments/general/the_eib_at_a_glance_en.pdf](http://www.eib.org/attachments/general/the_eib_at_a_glance_en.pdf)
59 Ibid
procurement and environmental protection regulations. The EIB uses the Results Measurement (ReM) Framework for its outside-EU projects to ensure these standards. The measurements have also been further harmonised with those of other financial institutions and development agencies in order to simplify the reporting process in case of blending projects and other co-financed operations.

Financial instruments

**Lending**

Lending is by far the EIB’s principal activity consisting of 90% of its total financial commitment. At the same time, the EIB stays committed to financially supporting investment projects presented by other partners, private and public promoters, including LRAs. This is reflected in loans that might be individual, multi-sector, and multi-component. The bank also provides guarantees (trade financing) and equity participation (investment funds) to meet all the client’s and partner’s expectations.

For investments in the public sector, lending is possible to:

- The state;
- A regional or local authority; and
- A public enterprise or institution.

Loans can be made either directly to the relevant authority, or indirectly as a credit line which the EIB channels to LRAs for infrastructure investment, for instance in partnership with a national ministry or a local intermediary financial institution.

In 2017, the EIB lending volume for the EaP region was close to EUR 755 million. In addition, EaP partners can also benefit from a special Energy Sustainability Facility mandate (from the EIB’s own resources) to finance investments in the field of energy sustainability and security of supply. Such figures constitute a strong sign of the EIB’s continuous enhanced support to the region.

All loans must reflect the EU’s and the EIB’s priorities. This is why 31% of signatures in 2017 supported climate action-related projects. The main contributors to this performance were operations in clean urban public transport and energy efficiency with the remainder coming from credit lines. As a flagship project contributing to better climate and the quality of the urban environment, keeping it close to zero-emission, the EIB signed a EUR 160 million loan for Kharkiv metro in Ukraine. The EIB also committed financing blended with grants from the E5P for energy efficiency measures in municipal buildings in Chisinau and Yerevan. Furthermore, these projects were prepared with technical support funded under the Municipal Project Support Facility (MPSF), which additionally shows a magnitude of opportunities available thanks to the EIB.80

**Blending**

This blending instrument allows clients to combine EIB financing with additional investment and that is why it has become more and more common practice in international development finance. The blending of grant resources with EIB lending facilitates the development of projects which, whilst economically viable, require additional support from other financial institutions or development agencies to reach

the implementation stage. One of the main sources of funds for blending is the European Commission’s NIF, which allows the EIB to channel technical assistance, investment grants, and guarantees to these vital projects. The EIB is the largest financier in the NIF, having been involved in over 60% of all projects approved by the NIF Board since the inception of the Facility in 2008.

Another facility for blending is the E5P. The E5P connects EaP countries, the EC, and other bilateral donors, as well as the main IFIs active in the region. The EIB is a member of the E5P’s Steering Group and also participates as an observer to the Assembly of Contributors, which decides on allocations of E5P grants and the programme’s strategic goals in general. Overall, the Partnership is designed to coordinate and accelerate the implementation of important energy efficiency and environmental measures and projects, which may also receive additional financing from the EIB.61

**Advising**

Advisory services complement the EIB’s core lending activity and form an integral part of their ‘Lending, Blending and Advising Strategy’. For the EaP region, with the exception of Belarus, a multi-donor and multi-sector trust fund, the Eastern Partnership Technical Assistance Trust Fund (EPTATF) has been established to leverage the expertise and enhance the quality and development impact of operations. At end-2016, the EPTATF had received pledges from contributors totalling EUR 36.2 million (of which EUR 30.6 million paid-in).62

Whilst substantial investment is required for operations in both the private and public sectors in the EaP, the problem is usually the most striking for the municipalities due to insufficient local capacity to prepare and implement these operations. Thanks to the existence of the Fund, appropriately scaled advisory services to promoters in the region ultimately contribute towards the achievement of the regions’ and countries’ development goals.

The support throughout the project cycle covers mainly:

- **Identification:** for example, sector and master plans;
- **Preparation:** such as pre-feasibility or feasibility studies; technical, economic, and financial appraisal; and environmental and social impact assessments, up-stream studies, gender analysis; and
- **Implementation:** strengthening project management and operational skills, for example, technical, procurement, financial, O&M, and advisory service functions.63

Another advisory facility tailored for LRAs is the MPSF which provides technical assistance for municipalities in preparing and implementing and maintaining investments in sustainable municipal services while protecting and preserving the natural environment and supporting investment projects with regards to energy efficiency in all possible sectors. The facility is aimed at cities that are signatories to the CoM or have expressed an interest in joining.

As part of a decentralisation process, governments have transferred responsibility to LRAs. The removal of much of the central organisation of and funding for public

---

63 Ibid
infrastructure, which used to be offered at virtually no cost to the population, has resulted in inadequate funding and the services have deteriorated both in terms of quality and hours of service. At the same time, the municipal infrastructure sector in the EaP is currently challenged not only by increasingly growing demand for services, but also for keeping them as environmentally friendly as possible. Helping in this transition is the very first task of this Facility which has officially been launched in 2014 with an initial EU contribution of EUR 12 million. In principle the activities of the MPSF shall lead to bankable projects. In this regard, the project already works in close coordination with the multi-donor trust E5P to meet the expectations and perhaps even expand the activities and blending operations.

Last but not least, European Local Energy Assistance (ELENA)—a joint initiative of the EC and the EIB under the H2020 programme—should be mentioned. Its main aim is to provide technical assistance in the form of grants for activities focused around energy efficiency, distributed renewable energy, and urban transport. Funding is available for projects costing more than EUR 30 million (smaller on a case-by-case basis, if integrated into larger ones), and up to 90% of eligible costs can be covered under the scheme. The implementation period of the project must not exceed three years for energy efficiency projects and four years for urban transport and mobility. Support is available to LRAs (and other public and private entities such as transport authorities or social housing operators) in the EU, but also Armenia, Georgia, and Moldova from the EaP countries.

Some project examples

**Armenia M6 Interstate Road**

A EUR 51 million loan was provided to support the rehabilitation and upgrading of approximately 90 kilometres of the M6 Interstate Road between central Armenia’s Vanadzor and Bagratashen at the north-eastern border with Georgia. The road follows a deep valley and features several hairpin bends, steep inclines, narrow bridges, and three tunnels which are currently being upgraded. The M6 rehabilitation improves levels of service, traffic fluidity, and leads to time savings, increasing overall road safety. It can be expected the number of road accidents, injuries, and fatalities will be reduced.

**Regional municipal infrastructure upgrades across Georgia**

The rehabilitation and upgrading of Georgia’s municipal infrastructure in municipalities across the country has been supported with EUR 100 million. The rehabilitation of public buildings, local and regional roads, and water and waste water will significantly improve the everyday living conditions of local citizens. Through an increase in energy efficiency and a reduction of water losses, improved safety on local road networks, and better wastewater management, this programme results in a higher quality and safety for public services in several Georgian cities. This will be

---

64 See more: [https://ec.europa.eu/europeaid/blending/municipal-project-support-facility-mpsf_en](https://ec.europa.eu/europeaid/blending/municipal-project-support-facility-mpsf_en)
achieved by investing in high priority local infrastructure improvements, and by supporting local self-governments in enhancing their capacity and systems for service delivery, particularly focusing on contributing positively to environmental protection and to the improvement of public health across the country.

Useful contacts

- General enquiries infodesk@eib.org
- Chisinau office chisinau@eib.org
- Kiev office kiev@eib.org
- Tbilisi office tbilisi@eib.org

The European Bank for Reconstruction and Development (EBRD) 69

The European Bank for Reconstruction and Development (EBRD) was established to help build a new, post-Cold War era in Central and Eastern Europe. It has since played a historic role and gained unique expertise in fostering change in the region. The EBRD is committed to furthering progress towards ‘market-oriented economies and the promotion of private and entrepreneurial initiative’. This has been its guiding principle since its creation at the beginning of the 1990s. The EBRD is owned by 67 countries from five continents, as well as the European Union and the European Investment Bank. It is active in almost 40 economies, operating largely through financial investments, business services, and involvement in high-level policy reforms. Financial products include loans (direct or through financial intermediaries), equity investments, and guarantees to promote trade.

The EBRD operates in a whole range of industries, infrastructure, and transport. Within the varied portfolio of EBRD’s products and services, LRAs in EaP countries are a key partner for the EBRD’s Municipal and Environmental Infrastructure sector. These loans are set up to the benefit of municipal investments. The EBRD typically leverages loan financing and, in cooperation with international donors, grants (technical cooperation grant funds and investment grants). It targets projects supporting the improvement of municipal services in water, waste water, public transport, urban roads and lighting, solid waste management, district heating, and energy efficiency. The projects involve strategically driven solutions and objectives for decentralisation, commercialisation, and environment improvement.

Under the Small Business Initiative, the EBRD helps small and medium-sized businesses gain access to business advice. As SME development impacts highly on local and regional economies, LRAs are an important stakeholder for many of these actions, but not a direct beneficiary.

In the EaP region specifically, the EBRD also acts as the fund manager of the E5P, a EUR 180 million multi-donor fund developed in 2009 to encourage municipal investments in energy efficiency and environmental projects in the EaP region.

See more: https://www.ebrd.com/home
Examples of recent EBRD Municipal and Environment Infrastructure projects in partner countries as reported by the EBRD

**Solid Waste Management Projects in Georgia and Azerbaijan**

Since 2016, the EBRD has been providing a sovereign loan of up to EUR 10 million to Georgia for the benefit of the Georgian municipalities responsible for solid waste collection services. The project is being co-financed by a capital grant of up to EUR 5 million provided by international donors.

The project will finance the acquisition of a new fleet of solid waste collection vehicles, solid waste containers, and related equipment. In addition, the project will support the municipalities to prepare Waste Management Plans and implement Stakeholder Participation Programmes.⁷⁰

Similarly, in Azerbaijan, within the Clean City Project, a loan of up to USD 39 million was established in 2017 by the EBRD to finance critical investments in and improve the efficiency of solid waste management in the city of Baku and the adjacent areas on the Absheron peninsula (‘Greater Baku’).

The proceeds of the loan will finance the construction of two transfer stations and sorting facilities, optimising waste transportation and reducing the volume of waste disposal. This project is an example of the EBRD’s Green Economy Transition approach which aims to reduce carbon emissions and decrease total waste transportation.⁷¹

**Ukraine Public Sector Energy Efficiency Framework**

In 2017, the EBRD approved the establishment of the EUR 100 million Ukraine Public Sector Energy Efficiency Framework with the aim of providing loans to municipal energy management companies in Ukraine to finance energy saving improvements in public buildings and street lighting infrastructure. Under this framework, each loan is to be guaranteed by the respective municipality.

For each project under the Framework, the proposed investment will enable the municipalities to finance energy efficiency measures in public buildings and street lighting through energy performance contracts (EnPC) implemented by private construction, engineering, or energy service companies (ESCOs) selected by competitive tender. The investments are expected to significantly improve energy efficiency in public buildings and thereby lead to energy savings and reduced greenhouse gas emissions as well as improved comfort levels at the kindergartens, schools, and hospitals included into the sub-projects under the framework.⁷²

Source: EBRD Project Summary Documents

---


Eastern Europe Energy Efficiency and Environment Partnership (E5P)

The E5P is a EUR 180 million multi-donor fund initiated during the Swedish Presidency of the EU in 2009 to encourage municipal investments in energy efficiency and environmental projects in the Eastern Partnership region. Initially active in Ukraine, in 2014, the fund formally extended its activities to Armenia, Georgia, and Moldova and in 2017, to Belarus. E5P will also endeavour to operate in Azerbaijan.

The E5P merges financial contributions from the EU and a group of 21 nations, including countries which are benefiting from the fund. The contributions are used as grants to support municipal sector projects. The projects approved for implementation in Ukraine have shown that the E5P grants can leverage on average investment volumes that are five times the size of the committed grants. The grant allocations are flexible and recognise the priorities of each recipient country with the overall aim to reduce energy use, pollution, and greenhouse gas emissions. The fund also supports policy dialogue and regulatory reform.

The Assembly of Contributors is the main governing body for E5P. Its members incorporate all the contributors to the E5P including the recipient countries. The Assembly approves grant allocations to projects and decides on the fund’s overall strategy and guidelines. There is usually one annual meeting of the Assembly hosted by the EBRD and chaired by the largest contributor to the E5P, which is currently the EU.

The Steering Group, consisting of the recipient countries and the Implementing Agencies, has the task to develop and make project proposals for approval by the Assembly. There are several Steering Group meetings a year—either joint or country specific.

Source: http://ukraine.e5p.eu/about/

Other recent examples of EBRD Municipal and Environment Infrastructure projects under signing, development, and/or review:

- Ukraine: up to a EUR 6 million loan to a municipal energy management company in the city of Kremenchuk to manage energy saving projects in public buildings in the city, complemented by a grant from the EBRD Shareholder Special Fund and a concessional loan from the Clean Technology Fund. http://www.ebrd.com/work-with-us/projects/psd/pseef-kremenchuk-public-buildings-ee.html

- Moldova: up to a EUR 10.5 million loan to Regia Autosalubritate, a municipal solid waste management company, to help improve the level of solid waste services and overall environmental situation in Chisinau. The loan is co-financed with an EIB loan of up to EUR 10.5 million and an investment grant of up to EUR 5 million from an international donor. http://www.ebrd.com/work-with-us/projects/psd/green-cities-chisinau-solid-waste.html

Georgia: up to a EUR 27 million extension to a sovereign loan to Georgia to be on-lent to the City of Tbilisi for the benefit of the Tbilisi Transport Company Ltd., a municipal company, which operates buses and the metro in Tbilisi. [http://www.ebrd.com/work-with-us/projects/psd/tbilisi-bus-project.html](http://www.ebrd.com/work-with-us/projects/psd/tbilisi-bus-project.html)

Source: EBRD Project Summary Documents
## List of abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASCs</td>
<td>Administrative Service Centres</td>
</tr>
<tr>
<td>CBC</td>
<td>Cross-Border Cooperation</td>
</tr>
<tr>
<td>CoE</td>
<td>Council of Europe</td>
</tr>
<tr>
<td>CoM</td>
<td>Covenant of Mayors</td>
</tr>
<tr>
<td>CoM East</td>
<td>Covenant of Mayors Office East</td>
</tr>
<tr>
<td>COMUS</td>
<td>Community-Led Urban Strategies</td>
</tr>
<tr>
<td>CoR</td>
<td>Committee of the Regions</td>
</tr>
<tr>
<td>CORLEAP</td>
<td>Conference of Regional and Local Authorities for the Eastern Partnership</td>
</tr>
<tr>
<td>CSOs</td>
<td>Civil Society Organisations</td>
</tr>
<tr>
<td>CSO-LA</td>
<td>Civil Society Organisations and Local Authorities Programme</td>
</tr>
<tr>
<td>DCI</td>
<td>Development Cooperation Instrument</td>
</tr>
<tr>
<td>ESP</td>
<td>Eastern Europe Energy Efficiency and Environment Partnership</td>
</tr>
<tr>
<td>EaP</td>
<td>Eastern Partnership</td>
</tr>
<tr>
<td>EaPTC</td>
<td>Eastern Partnership Territorial Cooperation Programme</td>
</tr>
<tr>
<td>EBRD</td>
<td>European Bank for Reconstruction and Development</td>
</tr>
<tr>
<td>EC</td>
<td>European Commission</td>
</tr>
<tr>
<td>EE</td>
<td>Energy Efficiency</td>
</tr>
<tr>
<td>EFSD</td>
<td>European Fund for Sustainable Development</td>
</tr>
<tr>
<td>EIB</td>
<td>European Investment Bank</td>
</tr>
<tr>
<td>ELENA</td>
<td>European Local Energy Assistance</td>
</tr>
<tr>
<td>ELM</td>
<td>External Lending Mandate</td>
</tr>
<tr>
<td>ENI</td>
<td>European Neighbourhood Instrument</td>
</tr>
<tr>
<td>ENP</td>
<td>European Neighbourhood Policy</td>
</tr>
<tr>
<td>ENPARD</td>
<td>European Neighbourhood Programme for Agriculture and Rural Development</td>
</tr>
<tr>
<td>ENPI</td>
<td>European Neighbourhood and Partnership Instrument</td>
</tr>
<tr>
<td>EOMs</td>
<td>Election Observation Missions</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FTAs</td>
<td>Free Trade Agreements</td>
</tr>
<tr>
<td>H2020</td>
<td>Horizon2020</td>
</tr>
<tr>
<td>IEA</td>
<td>International Energy Agency</td>
</tr>
<tr>
<td>IFIs</td>
<td>International Financial Institutions</td>
</tr>
<tr>
<td>IOs</td>
<td>International Organisations</td>
</tr>
<tr>
<td>JOP</td>
<td>Joint Operational Programme</td>
</tr>
<tr>
<td>JRC</td>
<td>Joint Research Centre</td>
</tr>
<tr>
<td>LRAs</td>
<td>Local and Regional Authorities</td>
</tr>
<tr>
<td>MPSF</td>
<td>Municipal Project Support Facility</td>
</tr>
<tr>
<td>MS</td>
<td>Member States</td>
</tr>
<tr>
<td>NSAs</td>
<td>Non-State Actors</td>
</tr>
<tr>
<td>NSA-LA</td>
<td>Non-State Actors-Local Authorities</td>
</tr>
<tr>
<td>PCF</td>
<td>Programmatic Cooperation Framework</td>
</tr>
<tr>
<td>PGG</td>
<td>Partnership for Good Governance</td>
</tr>
<tr>
<td>PRDP</td>
<td>Pilot Regional Development Programme</td>
</tr>
<tr>
<td>RD</td>
<td>Regional Development</td>
</tr>
<tr>
<td>SEAPs</td>
<td>Sustainable Energy Action Plans</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>-----------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Sized Enterprises</td>
</tr>
<tr>
<td>STI IncoNet EaP</td>
<td>Science, Technology, and Innovation International Cooperation Network for Eastern Partnership Countries</td>
</tr>
<tr>
<td>SUDeP</td>
<td>Sustainable Urban Demonstration Projects</td>
</tr>
</tbody>
</table>
List of tables and boxes

**TABLES**

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Overview of EU financial instruments available to LRAs in EaP countries</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>EU funding for respective CBC programmes</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Budget of respective EaPTC programmes</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Overview of jointly agreed priorities for action in bilateral relations with EaP countries</td>
<td>17</td>
</tr>
</tbody>
</table>

**BOXES CONTAINING EXAMPLES OF PROJECTS SUCCESSFULLY FUNDED IN AN EASTERN PARTNERSHIP COUNTRY**

<table>
<thead>
<tr>
<th>Box</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Belarus: COMUS: City of Mstislay</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Moldova: Chisinau Energy Efficiency</td>
<td>12</td>
</tr>
<tr>
<td>3</td>
<td>Belarus: Braslaŭ district – the first climate neutral municipality in Belarus</td>
<td>14</td>
</tr>
<tr>
<td>4</td>
<td>Georgia Local finance benchmarking activity in Georgia</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Armenia: Irrigated Agriculture in Ararat and Armavir</td>
<td>16</td>
</tr>
<tr>
<td>6</td>
<td>Ukraine: Establishment of Administrative Service Centres (ASCs)</td>
<td>18</td>
</tr>
<tr>
<td>7</td>
<td>Ukraine: Restoration of Local Governance and Reconciliation in Crisis-Affected Areas of Ukraine</td>
<td>22</td>
</tr>
<tr>
<td>8</td>
<td>Moldova: ‘NEXUS Moldova’: Strengthening the link between migration and development: testing an integrated service provider to Moldovan migrants and their communities</td>
<td>23</td>
</tr>
</tbody>
</table>
Created in 1994 following the signing of the Maastricht Treaty, the European Committee of the Regions is the EU’s assembly of 350 regional and local representatives from all 28 Member States, representing over 507 million Europeans.