



The DCFTA Facility

Gabriel Blanc, Programme Manager
Regional Programmes Neighbourhood East
gabriel.blanc@ec.europa.eu

....the pitch

How to best use EU grants to help the private sector to implement the DFCTAs and benefit from it?

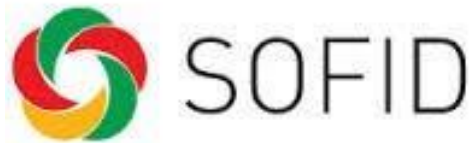
Blending

Using grants strategically to unlock additional public and private (IFIs) financing to meet development challenges

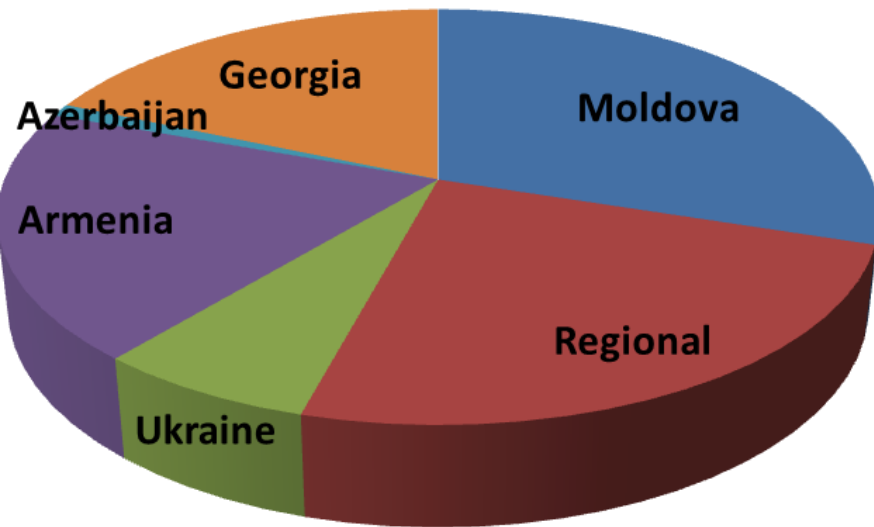


Sectors: Transport, Energy, Environment and Support to SMEs

The NIF is implemented in partnership with



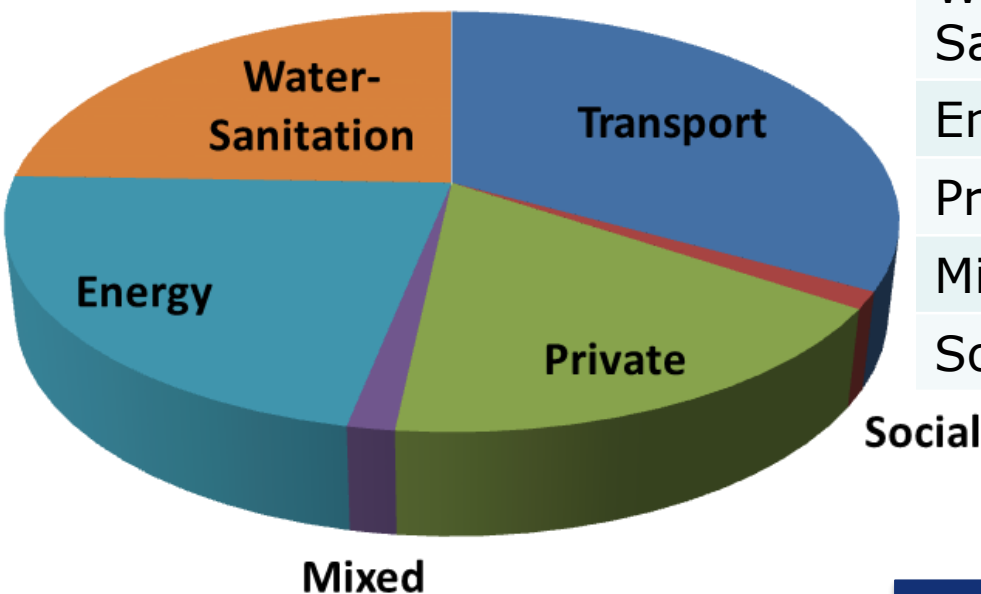
Country Distribution of NIF funded Projects (2008-2013)



Country or region	Amount of NIF funding	% of total NIF contribution
Moldova	€103,47 M	30%
Regional	€83,68 M	24%
Armenia	€67,1 M	19%
Georgia	€63,9 M	19%
Ukraine	€23,7 M	7%
Azerbaijan	€3,4 M	1%
Total	€345,25 M	

Sector Distribution of NIF funded Projects in the EaP (2008-2013)

Sector	Amount of NIF funding	% of total NIF contribution
Transport	€114,35 M	33%
Water-Sanitation	€84,52 M	25%
Energy	€77,3 M	22%
Private	€59,58 M	17%
Mixed	€5 M	2%
Social	€4,5 M	1%



Looking forward - NIF Strategic Objectives

1- Better and more **sustainable energy and transport interconnections**

2- Addressing **climate change**, as well as **threats to the environment** more broadly

3- Promoting smart, sustainable and **inclusive growth**

**Infrastructure - Environment - Social & Economic
Development**

What about private sector development?

- *Support to the private sector through programmes aiming at improving access to finance for SMEs.*
- *Support to the implementation of AA/DCFTAs:*
 - Support to SMEs to investments and adaptations to **take full advantage of the AAs/DCFTAs** and to comply with its provisions
 - Support to SMEs to **develop trade with the EU**
 - Enhance the **efficiency of SME support** (in particular on cooperation and technology transfer with EU SMEs)
 - Investment in infrastructure and equipment (in particular laboratories) related to the implementation of DCFTAs



The DCFTA Facility

A financing window within the NIF

Why such a facility?

- *The implementation of the DCFTA will require investments for the SMEs.*
- *Benefiting from new trade opportunities with the EU will also require specific financial products.*

What is the DCFTA Facility?

A financing facility to :

- *support SMEs to finance necessary investments to comply with the DCFTA provisions*
- *support SMEs to seize the trade opportunities with the EU and within the region that will be opened by the DCFTAs*

Who will benefit from this Facility?

*The beneficiary will be the **SMEs** in the 3 countries signatory of the AA/DCFTA*

Georgia, Republic of Moldova and Ukraine

How will it be implemented?

- *The DCFTA Facility consists in a set of programmes*
- *Four main instruments:*
 - 1- Technical Assistance**
 - 2- Risk sharing Mechanism**
 - 3- Currency hedging**
 - 4- Incentives**

When, who, how much?

- *Announced in June by President Barroso, aim to mobilise 150 M€ of EU grant, with an expected x10 leverage factor*
- *First modules already approved:*
 - **DCFTA Direct Finance Facility** (EBRD) – EU Grant will be used as a first loss tranche (EU Grant 10 M€, total investment 60 M€)
 - **Small Business Support** (EBRD) - EU Grant will finance technical assistance to SMEs (8 M€)
 - **SME Finance Facility, phase II** (EBRD, EIB, KfW) – Positive opinion of the NIF board on 26/09. 15 M€ of EU grant to be used mainly to cushion the currency risk (total investment: 90 M€). To be used mainly in Ukraine

The DCFTA Study

- *Purpose: recommendations on the design of EU support package to SMEs in order to accompany the implementation of the AAs/DCFTAs*
- *Structure of the assignment:*
 - **Gap analysis**
 - **Assessment of ongoing & past relevant SME support programmes with EFIs**
 - **Recommendations on how to best design/steer the DCFTA Facility**
- *Time frame: study to be completed by 02/2015*

Conclusion

- *An unprecedented investment from the EU in EaP SMEs*
- *Contribute to the transformation of the business fundamentals*
- *Aiming at enabling a virtuous cycle of growth - ultimately creating jobs and welfare.*