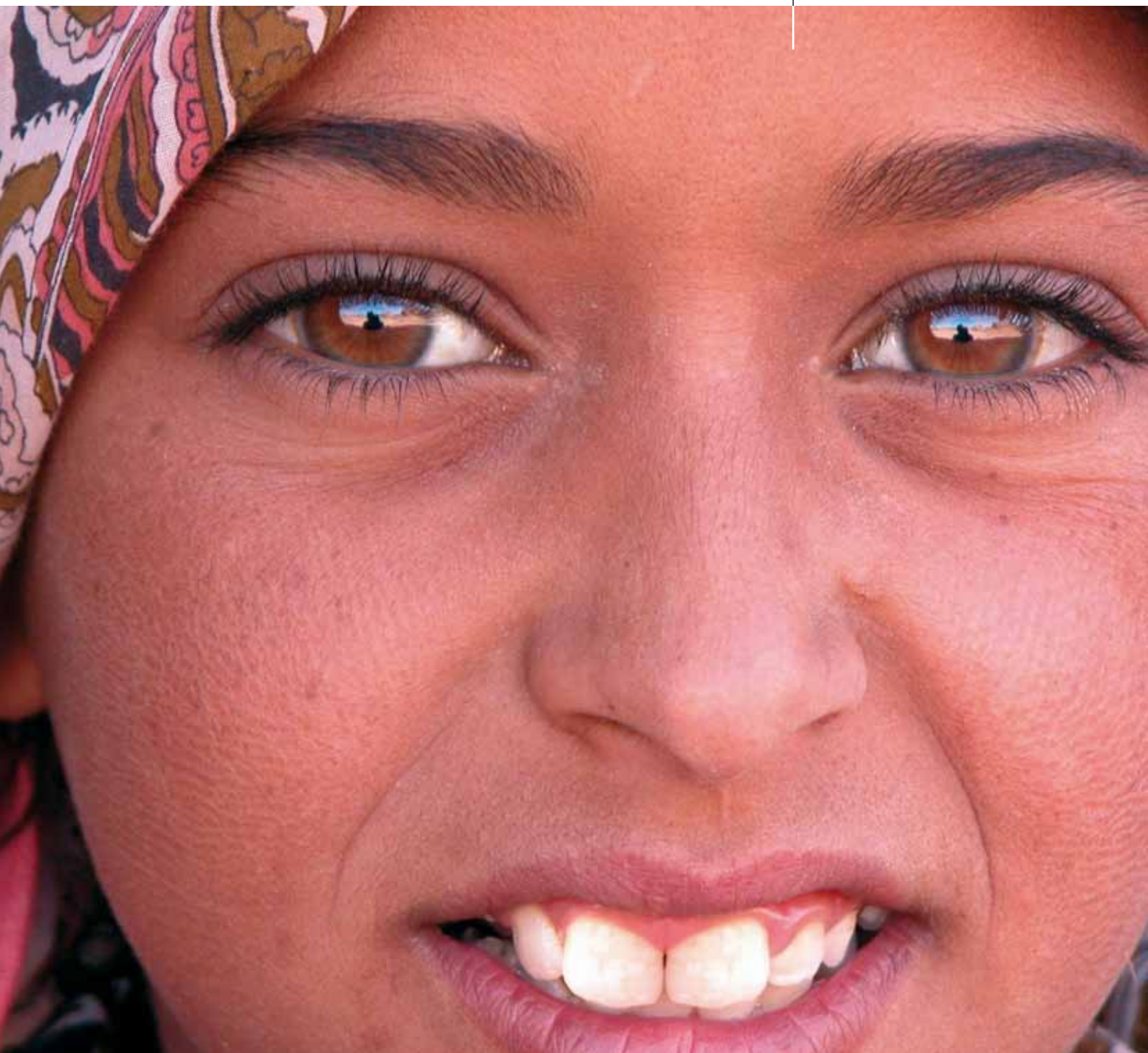


The EU bank



FEMIP Annual Report

2011





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The European Investment Bank (EIB) is the long-term financing institution of the European Union (EU). Its shareholders are the 27 Member States of the EU.

Outside the EU, the Bank supports projects that contribute to economic development in countries that have signed association or cooperation agreements with the EU.

Message

From the Vice-President



2012 marks a twin milestone for EIB-FEMIP: we are celebrating 10 years since the creation of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), which has allowed the EIB to intensify its cooperation with the Mediterranean partner countries. This year is also the first anniversary of the Arab Spring, which continues to inspire people in their quest for reform and transformation. It is therefore an occasion to take stock of what has been achieved as much as it is a moment to reflect on our role in the Mediterranean.

It is in this context that we present to you the FEMIP Annual Report 2011, which reflects the EIB's activities during a year of major changes for the Mediterranean partner countries. Through the concerted support of the European Commission, the EIB and the international community, new priorities have been set to match the needs

defined by the Mediterranean partner countries, with a stronger focus on inclusive growth, job creation and regional development:

First, following the events in the region, the EU revamped its approach to the EU Neighbourhood and backed EIB-FEMIP's plan to increase by EUR 1bn its commitment to the Southern Mediterranean countries undertaking political reforms.

Second, the G8 countries shaped the Deauville Partnership, which was launched in May 2011 to sustain democratic transformation and reform in the region. EIB-FEMIP committed to play a key role in this forum and works with the international financiers on concrete actions.

Third, EIB-FEMIP engaged in the EU-Tunisia Task Force with a view to providing immediate assistance to the country. In 2012, EIB-FEMIP also



10 years in the Mediterranean: the journey ahead

2012 marks a twin milestone, 10 years since the creation of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) and the first anniversary of the Arab Spring.

attended the first meeting of the newly established EU-Jordan Task Force embracing a similar vision of targeted support for the country.

It is now time to look back at the road we have travelled. With more than EUR 13bn invested in the Mediterranean partner countries since 2002, of which EUR 1bn in 2011, EIB-FEMIP mobilised roughly EUR 35bn of additional capital. It catalysed efforts to improve social and economic infrastructure and foster regional development. It worked together with its institutional partners and engaged with civil society and think-tanks. It provided technical assistance to projects, made private equity investments and, via its Trust Fund, supported regional and national initiatives.

Yet it is equally the moment to look forward to the journey ahead. What role should EIB-FEMIP play in the Mediterranean partner countries in

the light of recent events? How can we maximise the impact of our lending activities, partnerships, technical assistance, conferences and regional initiatives – all implemented in line with the orientations of the FEMIP ministerial meetings? These are some of the many subjects for thought upon which we shall reflect together with our partners so as to best help drive growth, job creation and sustainable partnerships with and for the region.

Philippe de Fontaine Vive

EIB-FEMIP, the Facility for Euro-Mediterranean Investment and Partnership, is the financial arm of the European Investment Bank in the Mediterranean region. EIB-FEMIP is committed to helping Mediterranean partner countries achieve sustainable economic development and social growth.

EIB-FEMIP has two investment priorities in the region, namely to provide support to the private sector and create an investment-friendly environment. It also promotes dialogue between Euro-Mediterranean partners.

In order to attain its objectives, EIB-FEMIP offers services and products that are tailored to the investment environment in the Mediterranean, in addition to undertaking field studies to tackle forthcoming challenges within the region.

The Mediterranean partner countries are:

- Algeria
- Egypt
- Gaza/West Bank
- Israel
- Jordan
- Lebanon
- Morocco
- Syria¹
- Tunisia
- Libya, in the near future

EIB-FEMIP's private equity activities also include signatures under global authorisations, which are not usually booked as "new" signatures. Such operations have been included in the total amount for EIB-FEMIP's activities.

¹ Following EU sanctions in November 2011, the EIB has suspended all loan disbursements and technical assistance contracts for projects with the Syrian state.

EIB-FEMIP main goal is to help driving socio-economic development in the Mediterranean.



Overview



2011:

A year of change and hope



The Arab Spring: A timely and effective response

2011 was marked by an unprecedented chain of momentous transformations in the Mediterranean region. It was a year of challenge, renewal and hope. In the aftermath of these changes, the focus will be on ensuring economic progress through job creation, social justice and greater opportunities for men and women across the region. Against this backdrop, the objective of EIB-FEMIP will be to drive growth, job creation and partnerships for and with the Mediterranean.



In the follow-up to the Arab Spring, EIB-FEMIP provided a sustained response to the needs of the countries in question, despite the very challenging business environment during 2011, with the signature of 23 new projects and technical assistance operations, for a total amount of EUR 1bn. While this represented a reduction in lending levels compared to 2010, it reaffirmed the volume trend over the last ten years. In these unique circumstances, EIB-FEMIP did its utmost within the scope and limits of both the mandate given to it by the European Union and, above all, the partner countries' new priorities.

Overall, in 2011 EIB-FEMIP sought to promote financial inclusion and job-creating entrepreneurship through its lending. The Maghreb was the first region to receive assistance from EIB-FEMIP, with EUR 503m of projects signed (EUR 303m for Tunisia and EUR 200m for Morocco). In Egypt, responding to the new priority given to social projects, EIB-FEMIP strengthened cooperation with the European Commission and other international financial institutions (IFIs), especially in support of community infrastructure and housing, extended credit lines to Egyptian micro, small and medium-sized enterprises and approved operations in key sectors totalling EUR 157m. In Jordan and Lebanon, as well as the other Mediterranean partner countries, EIB-FEMIP stepped up its support for key projects in both the public and private sectors.

Deauville: Strengthening partnerships for the region

EIB-FEMIP undertook to play an important role in the Deauville Partnership, which was launched in May 2011 by the G8 countries to back democratic and economic transformation in the region. By taking an active role in the Deauville IFIs Platform, the EIB contributed to the coordinated effort to provide the region with concrete substantial support.

A dedicated EU-Tunisia Task Force

In September 2011, EIB-FEMIP took an active part in the first meeting of the newly created EU-Tu-

nisia Task Force, which was established as an immediate response to provide the country with quicker, more effective assistance. It was in this context that EIB-FEMIP led IFI support for Tunisia by announcing up to EUR 800m in investment in concrete projects over the next few years.

The EIB's external mandate

In 2011, the EIB mandate for operations in the Mediterranean partner countries was reviewed and adopted by the European Parliament and the Council of the European Union. It entered into force on 1 November and covers the period up until 2013. The mandate streamlines the objectives of EIB lending and provides for additional resources to tackle climate change and support the EU's neighbours.

On top of the existing financial envelope of EUR 8.7bn for EIB-FEMIP, the new mandate provides for an additional EUR 1bn for Southern Mediterranean countries undertaking political reforms, plus an extra EUR 2bn of lending for climate action across all regions outside the EU.

High-level objectives for financing across all eligible countries were introduced, namely:

- local private sector development, including support for micro, small and medium-sized enterprises (MSMEs);
- social and economic infrastructure;
- climate change mitigation and adaptation.

In applying these objectives, the EIB will support the EU's external policies, including neighbourhood and development cooperation. The mandate decision also aims to increase the EIB's ability to support EU development objectives indirectly and enhance its appraisal and monitoring of the developmental, social and environmental aspects of projects.

At a glance

EIB FEMIP in 2011



Investments by EIB-FEMIP in 2011

Implementing the new lending objectives for the Mediterranean partner countries set out in the Bank's revised mandate and the region's new priorities, ten investment and risk capital projects were signed in 2011, together with 13 technical assistance operations, for an overall amount of EUR 1bn.

Breakdown by region

In terms of geographical distribution, 51.65% of the total volume was allocated to projects in the Maghreb region (3 projects for a total of EUR 503m), 43.4% in the Near East region (5 projects for a total of EUR 423m), and 5% for regional projects (2 equity investment projects for a total of EUR 49m).

Responding to the Mediterranean partner countries' new expectations in the face of a challenging business environment, in 2011 EIB-FEMIP focused on strategic projects that can bring visible changes to local economies:

- **EUR 1bn** was invested by EIB-FEMIP in the Mediterranean partner countries;
- **23 projects and technical assistance operations** benefited from EIB-FEMIP financing and private equity operations in the public and private sectors;
- **63%** of the total financing was dedicated to the private sector and 37% to the public sector;
- **EUR 500m** was disbursed, a tangible indicator of the implementation of investment projects on the ground;
- **EUR 9m** was allocated to technical assistance operations, including regional studies, helping promoters in the day-to-day management of their projects;
- **nearly 1 900 permanent and 5 200 temporary jobs** will be created through the projects signed in 2011;
- **EUR 4.7m in new contributions** was committed to the **FEMIP Trust Fund** during the successful ongoing replenishment exercise;
- **EIB-FEMIP put the private sector first** through key partnerships – with Spain for co-investments and risk capital, Luxembourg for the development of microfinance, and the Arab Financing Facility for Infrastructure for promoting public-private partnerships (PPPs) in the region.



Figure 1
Signatures by region

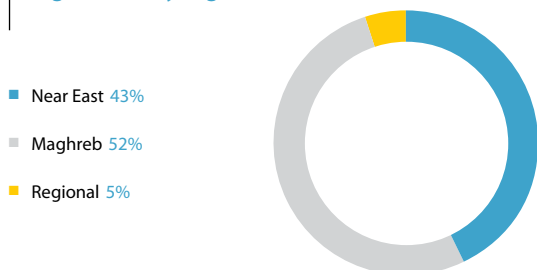
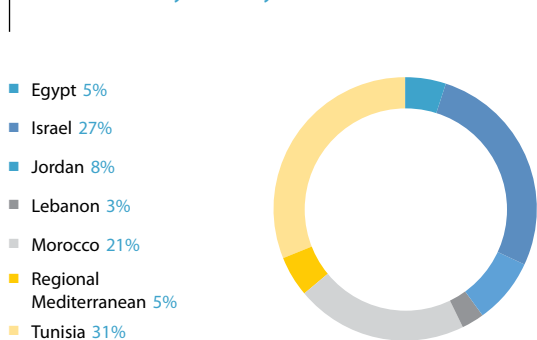


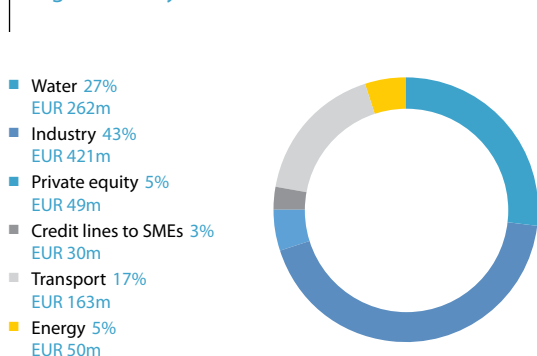
Figure 2
Breakdown by country



Breakdown by sector

During 2011, EIB-FEMIP put the private sector first, by providing it with 64% of the lending volume for the year.

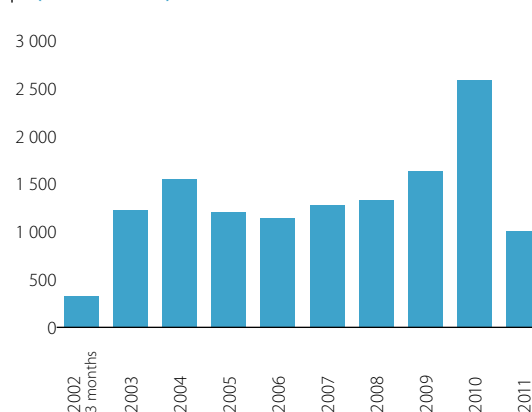
Figure 3
Signatures by sector



Investments by EIB-FEMIP since its inception in 2002

Over the last 10 years, EIB-FEMIP has invested EUR 13bn in the region, with a record volume of signatures in 2010. Facing an unprecedented situation in the region during 2011, EIB-FEMIP did its utmost within the scope and limits of both the mandate given to it by the European Union and, above all, the partner countries' new priorities of growth and jobs.

Figure 4
Annual volume of signatures (EUR million)



■ 2010
■ 2011
■ 2012

Source: IMF, September 2011

Note: (1) Data do not include Gaza/West Bank.
(2) MPC is a GDP-weighted average.

Table 1:
Breakdown by sector and country in EUR m (October 2002 – December 2011)

	Energy	Environ-ment	Credit lines	Human capital	Indus-try	Trans-port	Private equity	Total
Algeria	500				72	46	18	636
Egypt	2 438	70	100		510	290	74	3 482
Gaza/West Bank	45						15	60
Israel		592			89			681
Jordan	90	166		40	81	63		440
Lebanon		175	362			105	11	653
Morocco	730	106		371	300	1 049	54	2 610
Regional projects							200	200
Syria	475	150	107	228	105	90	2	1 157
Tunisia	875	74	542	110	434	923	4	2 962
Total	5 153	1 333	1 111	749	1 591	2 566	378	12 881

Macroeconomic challenges and prospects

The Arab Spring affected economies across the region in the course of 2011. The increased political uncertainty led to a reduction in tourism and foreign direct investment (FDI), and public finances increasingly came under pressure. Governments in the region responded to the turmoil by increasing spending, leading to bigger budget deficits.

Macroeconomic and financial developments

In 2011 the economies in the region were affected by both external and internal shocks. The Arab Spring coincided with a period of high oil and commodity prices, as well as a slowdown in US and European markets. Especially in Egypt and Tunisia, the economies were affected by strikes and disruption to production, as well as a decline in tourism, FDI and remittances (Figure 5). Current data show that economic expansion in Egypt and Tunisia fell well below the rate of population growth in 2011;

This report uses the latest available official data at the time of publication for the section on macroeconomic challenges and prospects.



Modernisation and economic growth are EIB-FEMIP's top priorities for the region.



in Egypt GDP growth slowed to 1.8% and in Tunisia it contracted by 0.8%. Lebanon was also affected, with growth declining to 1.5%, compared to 7% in 2010. At the same time, Morocco and Jordan appear to have escaped serious damage, with GDP growth rates increasing from 2010 to 2011 (Table 2).

The social and political turmoil had adverse effects on public finances, as governments responded to the growing tensions with increased spending (Figure 6). None of the countries was in a position to bring forward major infrastructure programmes; instead the response focused on recurrent expenditure. Tunisia increased food and fuel subsidies and social transfers; Egypt and Jordan increased pay to public employees. While higher spending helped support consumption and domestic demand in the short term, it led to widening fiscal deficits. In addition, elevated oil and commodity prices raised the cost of subsidy programmes for oil importers and added further to the fiscal deficits.

External balances also deteriorated in 2011 (Figure 7). The current account deficit is of particular concern for Jordan, Lebanon, Morocco and Tunisia, which are dependent on commodity imports and thus exposed to higher food and energy prices. Their already large current account deficits widened in 2011, ranging from 7.4% of GDP in Morocco and Tunisia to 14.4% in Lebanon. Egypt's external position, however, remained relatively contained as a result of revenues from the Suez Canal and oil and gas.

The increased macroeconomic uncertainty is also highlighted by the fall in foreign exchange reserves, particularly in Egypt. The Egyptian pound came under pressure and foreign exchange reserves declined sharply during 2011 as the central bank drew on official reserves to stabilise the exchange rate and foreign capital fled the country. In Tunisia the situation is similar, with reserves having declined significantly since the revolution, and a prolonged economic downturn could lead to further downward pressure on the Tunisian dinar. Despite these developments, the exchange rates of most countries in the region proved fairly resistant to the marked economic disturbances.

The financial sector of the Mediterranean partner countries is dominated by banks, mostly relying on traditional business models, while non-banking financial institutions and capital markets are still at an early stage in their development. Supported by a solid deposit base, the banking sector in the region is relatively large. However, financial intermediation is weak, as a significant share of deposits is typically channelled to fund government debt. This protected business model has led to a concentration on a relatively small number of clients and activities, and to relatively limited access to finance for individuals and small and medium-sized enterprises. The level of lending to the private sector remains particularly low in Algeria, Egypt and Gaza/West Bank (Figure 8). Furthermore, because of the uncertain economic environment banks tend to focus on short-term activities, to the detriment of longer-term investments. This management style – as well as weak competition – has nonetheless resulted in a typically well-capitalised and reasonably profitable banking sector, although non-performing loans remain relatively high (Figure 9). As a consequence of the recent events short-term risks have, however, increased. Asset quality has deteriorated and private credit has stalled, which will add downward pressure to the economic slowdown. The medium-term risks to the sector are primarily due to increased credit risk, whereas a shortage of funding is less of a concern as deposits are holding up well. However, spiralling government deficits across the region are accounting for a higher proportion of savings and placing an additional squeeze on credit to the private sector.

Risks ahead

The Arab Spring is likely to have a wide range of economic implications throughout the region. The extent of the consequences will very much depend on how quickly lasting stability is restored. In the short run, more immediate effects such as the decline in tourism revenues, the reduction in FDI inflows and currency depreciation are the most pressing economic problems. Also, the upward pressure on fiscal deficits will remain an issue as governments are likely to boost public spending to quell social discontent and to increase spending on unemployment and other social security

benefits. High youth unemployment, a structural problem that has existed for some time in the Mediterranean partner countries, is one of the first issues the newly established governments are facing. Economic policies and public investments targeted at reducing unemployment among the large young population will in all likelihood be their main focus and will require more inclusive growth. Therefore, the development of the private sector, especially through reform of the business environment, will remain one of the most important challenges for policymakers in the region over the next few years.

Structural challenges

Economic models differ significantly across the region, ranging from the centralised, resource-driven economy of Algeria to market-oriented economies such as Israel. The World Bank's 2012 Doing Business Report reflects this by ranking Israel (34th out of 183 countries) and Tunisia (46th) as the two most business-friendly countries in the region, while at the other end of the spectrum are West

Bank/Gaza (131st) and Algeria (148th) (Figure 10). Morocco was the top performer in this year's Doing Business Report, climbing 21 places to 94th, by making the construction permitting process simpler, easing the administrative burden of paying taxes for firms, and providing greater protection to minority shareholders. Despite this success, the investment climate in the region could benefit greatly from additional reforms. Paying taxes remains burdensome, especially in Algeria and Egypt; obtaining credit is one of the main problems in Tunisia and Jordan; and contract enforcement remains a big issue in almost all countries of the region.

Significant progress has been made with reforming public administrations over the last few years in the Mediterranean partner countries. However, the recent political turbulence and protests have highlighted the on-going demand for change. Governments face the challenges of maintaining the pace of reform and meeting public expectations of greater accountability, which would ease the transition process and provide a stimulus for economic development.

Figure 5
Net foreign direct investment
(% of GDP)

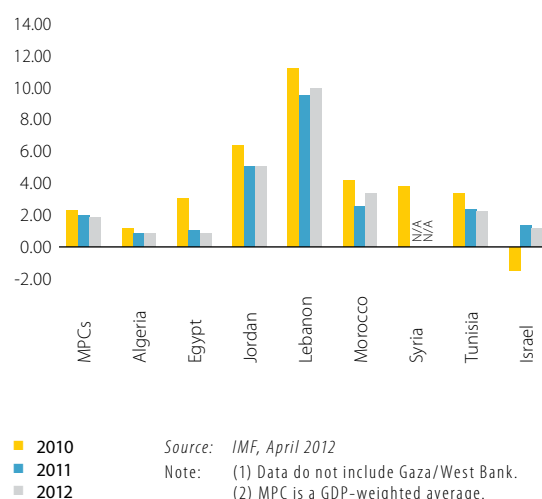


Figure 6
Fiscal deficit and government debt
(% of GDP)

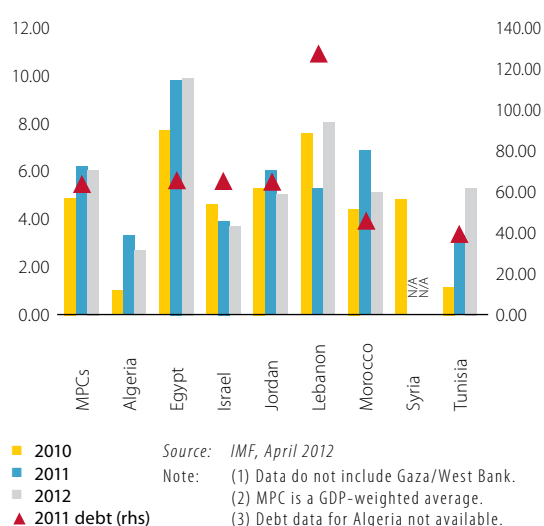
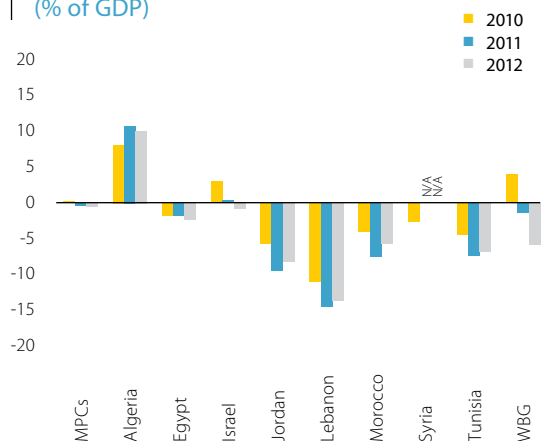




Figure 7

Current account balance (% of GDP)

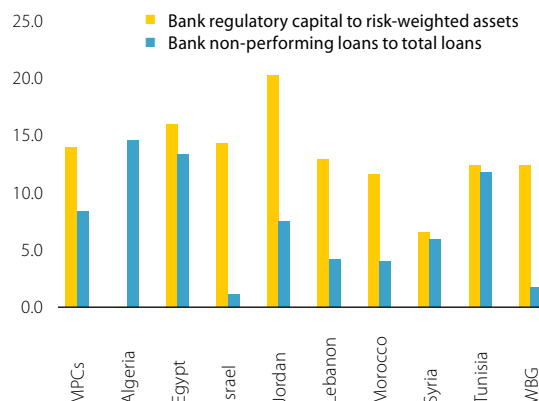


Source: IMF, April 2012.

Note: MPC is a GDP-weighted average.

Figure 9

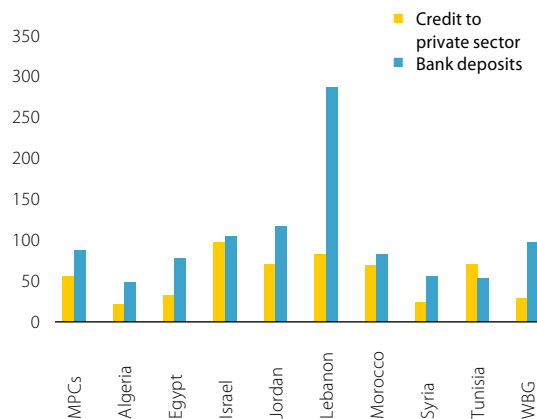
Capital to risk-weighted assets and non-performing loans, 2010



Source: IMF and national authorities.

Figure 8

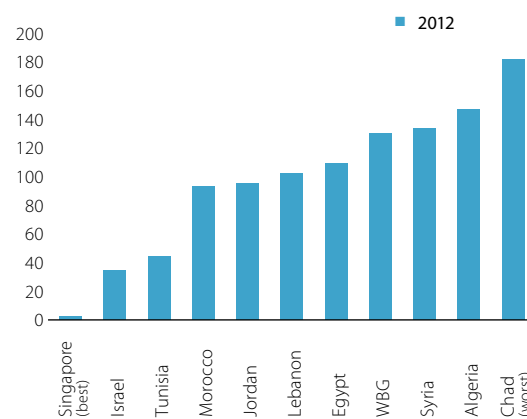
Deposits and credit to the private sector (% of GDP), 2010



Source: World Bank, IMF and national authorities.

Figure 10

Ease of doing business 2012 (Country rank)



Source: 2012 Doing Business Report, IFC/World Bank.

Table 2:

Real GDP growth in %

Country	2007	2008	2009	2010	2011	2012	2013
Algeria	3.0	2.4	2.4	3.3	2.5	3.1	3.4
Egypt	7.1	7.2	4.7	5.1	1.8	1.5	3.3
Israel	5.5	4.0	0.8	4.8	4.7	2.7	3.8
Jordan	8.2	7.2	5.5	2.3	2.5	2.8	3.0
Lebanon	7.5	9.3	8.5	7.0	1.5	3.0	4.0
Morocco	2.7	5.6	4.9	3.7	4.3	3.7	4.3
Syrian Arab Republic	5.7	4.5	5.9	3.4	-	-	-
Tunisia	6.3	4.5	3.1	3.1	-0.8	2.2	3.5
West Bank/Gaza	5.4	7.1	7.4	9.3	5.4	5.8	9.9
MPCs GDP	5.2	4.9	3.6	4.4	2.9	2.6	3.7

Country	2007	2008	2009	2010	2011	2012	2013
World	5.4	2.8	-0.6	5.3	3.9	3.5	4.1
Advanced Economies	2.8	0.0	-3.6	3.2	1.6	1.4	2.0
European Union (agg.)	3.4	0.5	-4.2	2.0	1.6	0.0	1.3
Sub-Saharan Africa	7.1	5.6	2.8	5.3	5.1	5.4	5.3
Cent. & East. Europe	5.4	3.2	-3.6	4.5	5.3	1.9	2.9
CIS	9.0	5.4	-6.4	4.8	4.9	4.2	4.1
Developing Asia	11.4	7.8	7.1	9.7	7.8	7.3	7.9
ASEAN-5	6.3	4.8	1.7	7.0	4.5	5.4	6.2
Latin America and the Caribbean	5.8	4.2	-1.6	6.2	4.5	3.7	4.1

Source: IMF, April 2012.

The roadmap for 2012-2013



Local private sector development

Enhance job creation and an entrepreneurial culture by providing support for businesses, both small and large, and promoting research, development and innovation.



Social and economic infrastructure

Contribute to improving people's lives via socially oriented infrastructure projects that link individuals and distant regions together.





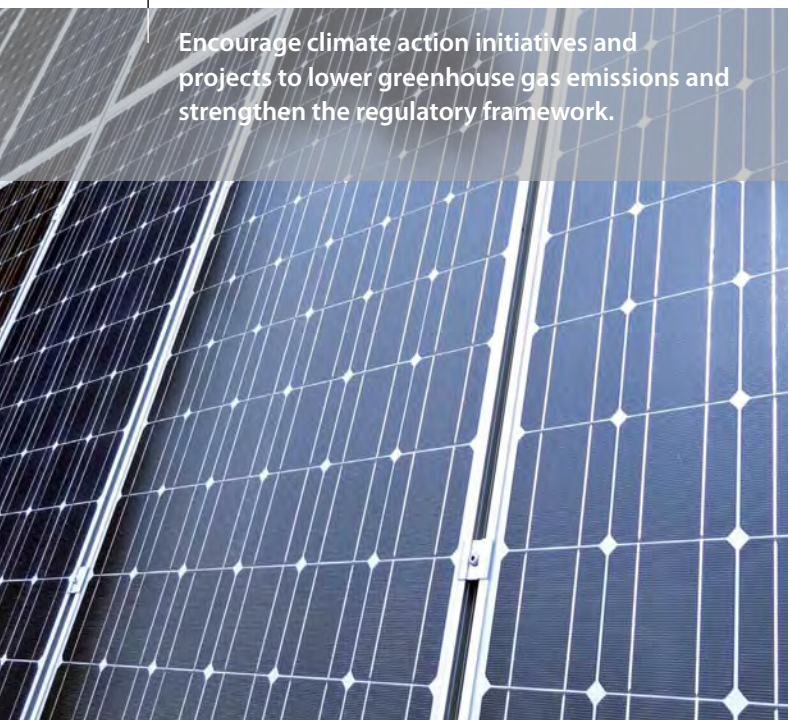
EIB-FEMIP has set a development-oriented roadmap for the Mediterranean.

The EIB's lending objectives for the Mediterranean partner countries for the forthcoming period centre on four high-level objectives. They derive from the EU's revised mandate for the Bank and mirror the new priorities for the region. Articulating these objectives over the next few years, EIB-FEMIP will seek to drive progress, job creation and partnerships for and with the Mediterranean.



Climate change mitigation and adaptation

Encourage climate action initiatives and projects to lower greenhouse gas emissions and strengthen the regulatory framework.



Regional development

Promote balanced regional development by supporting infrastructure and development projects in remote regions.



What can EIB-FEMIP provide?

EIB-FEMIP can provide a broad range of financial instruments suited to the needs of the Mediterranean partner countries, from loans to risk capital, technical assistance and guarantees. Respond-

ing to the pressing calls for enhanced job creation, FEMIP will strive to provide new, tailored instruments for spurring private sector development and in particular MSMEs' growth.

Products	Objectives	Beneficiaries
Loan	Lines of credit	To encourage the development of small and medium-sized enterprises, the EIB makes lines of credit available to its partners – commercial banks or development financing institutions – which then on-lend the funds to their own customers. To respond to the needs of local communities
	Individual loans	To develop the economic infrastructure of the Mediterranean partner countries, paying particular attention to the expansion of the private sector and creation of a business-friendly environment.
Private equity	To promote the creation or strengthening of the capital base of productive businesses, particularly those established in partnership with EU-based companies.	<ul style="list-style-type: none"> • MSMEs • Intermediate-sized private enterprises • Investment funds • Microfinance institutions
Technical assistance	To improve the quality of operations and their impact on development by: <ul style="list-style-type: none"> • strengthening the capacity of the Mediterranean partner countries and project promoters; • financing studies and activities upstream aimed at consolidating directly and indirectly the expansion of the private sector. 	All EIB-FEMIP customers
Guarantees	<ul style="list-style-type: none"> • To stimulate local capital markets. • To mobilise additional resources to supplement scarce public capital resources. • To support sub-sovereign development. • To reduce foreign exchange risk. • To reduce government risk exposure. 	<ul style="list-style-type: none"> • MSMEs • Large corporates • Domestic banks • Public sector promoters • Sub-sovereigns



EIB-FEMIP financing facilities

Over the years, a number of financing facilities have been used by EIB-FEMIP to support Mediterranean economies. It was in 2011 that a substan-

tive partnership with the Kingdom of Spain was established to enhance support for the private sector in the region.

Name	Type of financing	Amount in EUR	Period	Objective
ENP-MED Mandate	Mandate conferred by the Member States, from the Bank's own resources	9.7bn	2007-2013	<ul style="list-style-type: none"> To contribute to the development of the private sector and infrastructure in the Mediterranean partner countries.
Mediterranean Partnership Facility II	Own resources	2bn	2007-2013	<ul style="list-style-type: none"> To support well-defined priority projects of particular relevance to both the EU and the partner countries (regional development, sectoral policies, the environment, support for EU businesses, etc.). To make indirect equity investments in the Mediterranean partner countries via infrastructure funds.
Risk capital and technical assistance envelope	EU budget	96m	2011-2013	<ul style="list-style-type: none"> To encourage the creation or strengthening of equity and quasi-equity resources for SMEs in the Mediterranean partner countries. To help the partner countries and private promoters to improve the preparation, management and supervision of their investment projects through technical assistance.
Risk capital activities in the private sector across the Southern Mediterranean region	Kingdom of Spain	300m	2011-2026	<ul style="list-style-type: none"> To support the rapid, targeted deployment of resources in the private sector by immediate investments in existing or new EIB-FEMIP risk capital operations. To provide seed funding at a later date for a new dedicated multi-partner vehicle in the form of an investment facility for similar investments over the medium to long term.
FEMIP Trust Fund	Contributions from Member States and the European Commission	42m	Operational since 2005	<ul style="list-style-type: none"> To highlight the region's major economic challenges via sectoral studies. To support the private sector by providing equity and quasi-equity finance for innovative operations or operations with an unusual risk profile.
Climate Change Mandate	Mandate conferred by the Member States, from the Bank's own resources	2bn	2011-2013	<ul style="list-style-type: none"> To support projects involving climate change mitigation and adaptation outside the EU To prevent or reduce greenhouse gas emissions via renewable energy, energy efficiency and sustainable transport projects.



10 key figures from the last 10 years



EUR 16m from the FEMIP Trust Fund allocated to regional and sectoral studies

Since its inception ten years ago, EIB-FEMIP has been contributing to the **economic and social development** of the Mediterranean partner countries.

The projects we finance help **create or safeguard jobs**, facilitate trade, enable a business-friendly environment, accelerate regional development and clean up the environment.



EUR 13bn of financing through 168 projects in the 9 Mediterranean partner countries, mobilising nearly EUR 35bn of additional capital



191 schools and 47 hospitals have been built. Numerous others have been refurbished and upgraded



22 projects amounting to EUR 1.3bn to protect the **Mediterranean environment**



EUR 102m in dedicated technical assistance to help implement projects



38 co-financed projects out of 50 under the Neighbourhood Investment Facility

2 300 SMEs received financing and benefited from our experience and expertise gained in the EU



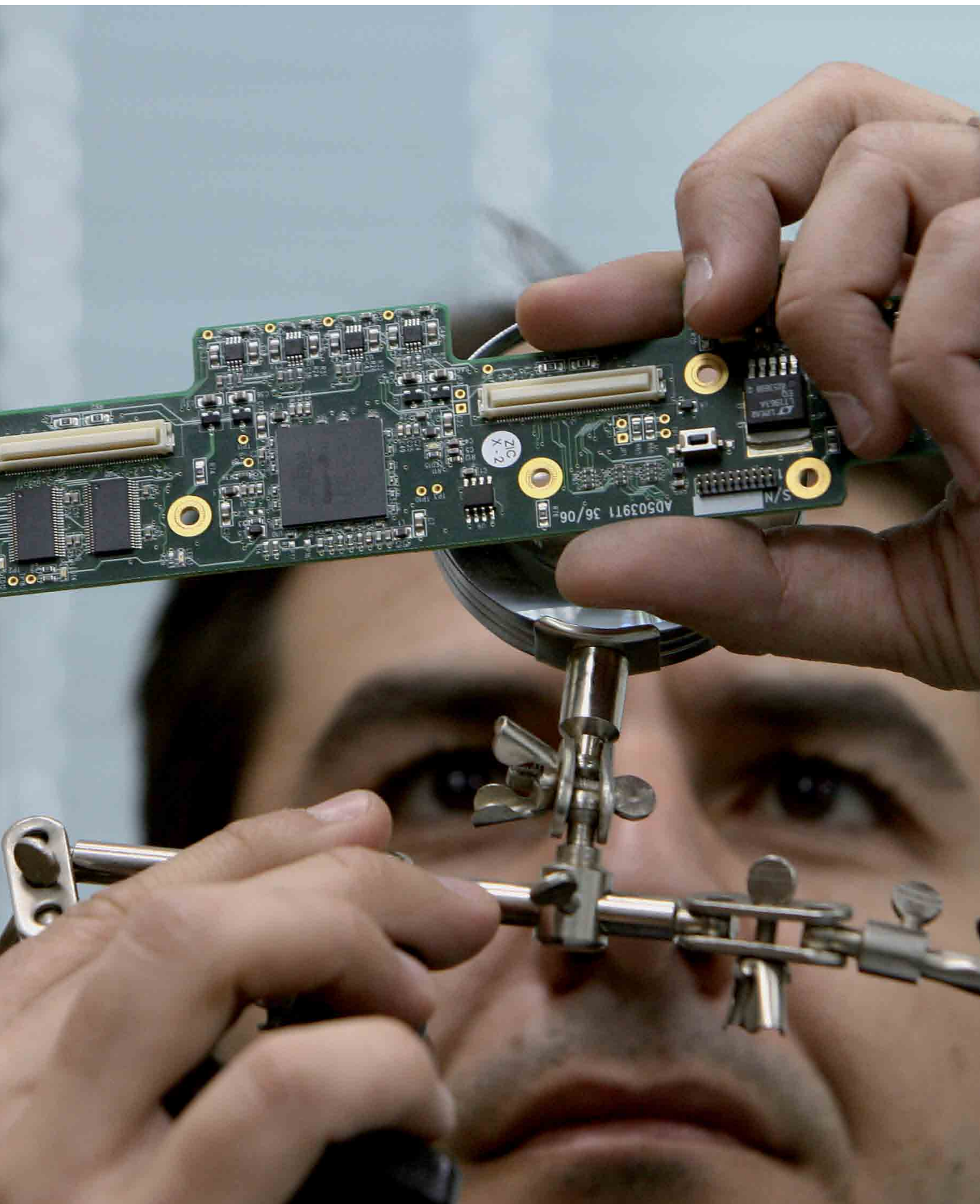
EUR 27m in financing for local micro-finance institutions, which have over 800 000 micro-borrowers



55% of funding goes to the private sector, with a focus on SMEs

30 000 jobs created through support for SMEs in the region







Activities in 2011

EIB-FEMIP supports innovative SMEs that drive progress,
helping to create job opportunities.

EIB-FEMIP: a forum for policymakers, entrepreneurs and civil society



Driving the PPP agenda in the region, EIB-FEMIP organised a series of events. Above, the PPP workshop held on 17 February 2011 in Paris. Mark Lane, Partner Pinsent Masons LLP, Lino Cardarelli, Senior Deputy Secretary General UfMS, Philippe de Fontaine Vive, EIB, Richard Boucher, Deputy Secretary General of the OECD.

Beyond its lending activities, EIB-FEMIP encourages dialogue and cooperation between the EU and the Mediterranean partner countries in high-level meetings and debates, which have never been more necessary than during 2011, a year of great challenges and hope for the region, when EIB-FEMIP discussed with its partners the most pressing topics for the Mediterranean, such as the role of public-private partnerships in the regional context.

Workshop on "Public-Private Partnership (PPP) Prospects in the Mediterranean Region"

This workshop coincided with the launch of a PPP programme in the EIB-FEMIP region by the EIB and of a platform to disseminate the initial conclusions of the PPP study financed by the FEMIP Trust Fund.

More than 75 experts from the EIB-FEMIP region, South Africa and the EU participated in the conference, which focused on three questions: What is the state of play for PPPs in the Mediterranean region, including the appetite of the private sector? What are the key conditions for a successful PPP environment? And, how can a pipeline of infrastructure projects be created and delivered? The conclusions of the discussions were taken into account in finalising the study and preparing for the EIB-FEMIP Conference on PPPs, which took place in Casablanca, Morocco, on 30 May 2011.



The 9th FEMIP Conference (30 May 2011 Casablanca, Morocco) highlighted the Bank's strong support for developing the PPP agenda in the Mediterranean.



9th EIB-FEMIP Conference: "Mediterranean infrastructure challenges: the potential of public- private partnerships"

The EIB, in collaboration with Morocco's Ministry of Economy and Finance and the Association of the Mediterranean Chambers of Commerce and Industry (ASCAME), hosted the 9th EIB-FEMIP Confer-

ence. At this event the final results were presented of the regional study financed under the FEMIP Trust Fund ("Legal and financial framework of PPPs in the Mediterranean partner countries").

The main conclusion emerging from the discussions was the strong commitment of the European Investment Bank and its partners to increase their financial and technical support for the region for responding to infrastructure development challenges.

The EIB, together with the other IFIs, will continue to provide technical support to help prepare the Mediterranean partner countries for PPPs, legally and financially, which includes formulating the policy framework for PPPs, legal reform, strengthening of institutions and increasing the capital available for infrastructure development.

Finally, the Mediterranean partner countries will be assisted, at their request, in their capacity-building programmes and in strengthening regional and interregional cooperation in the development of PPPs through network arrangements aimed at promoting the swapping of experiences.

12 July 2011, **Brussels**

11th EIB-FEMIP Ministerial Meeting

The meeting was the first gathering of the Euro-Mediterranean Finance Ministers in the aftermath of the Arab Spring. The EIB emphasised its readiness to play a major role in supporting the democratic transformation process in line with the EU's policy objectives for the region.

The Ministers acknowledged the EIB's immediate response and at the same time validated the Bank's strategy and its operational objectives for the region.

Two main topics were highlighted to which further attention should be paid: SMEs and tourism. The Ministers emphasised the crucial need to step up support for the Mediterranean region and develop new partnerships with the region founded on deeper economic integration, broader market access and closer political cooperation.

The FEMIP Trust Fund: reinforcing operational value added



The FEMIP Trust Fund (FTF) complements EIB-FEMIP's activities in the region. It finances upstream technical assistance and studies, targeted equity operations designed to support innovative private sector companies and concrete initiatives for Mediterranean partner countries committed to the transition to democracy.

The three main events of 2011 for the FEMIP Trust Fund were the opening up of a third operational window to support the transition to democracy in the region, the successful replenishment exercise (which will continue in 2012) and the revision and streamlining of its Rules.

The Trust Fund relies on voluntary contributions from EU Member States and the European Commission, which together form the Assembly of Donors. The Donors meet on a regular basis to discuss the broader Trust Fund strategy, and to assess and approve operations. Overall, between 2005 and 2011 the FTF financed 49 operations with a total value of EUR 28.3m, of which ten studies and technical assistance operations totalling EUR 2.2m were approved in 2011.

In 2011, the Donors also adopted the revision of the Rules governing the Trust Fund and approved the creation of a new Democratic Transformation Support window to complement the two existing windows for technical assistance and risk capital.



This development was part of EIB-FEMIP's concrete response to the Arab Spring. Activities under the new window will be aligned with the priorities of the European Commission and the European External Action Service in the region.

Also in 2011, the replenishment of the FEMIP Trust Fund was successfully launched. By the end of the year four existing Donors and a new contributor (Sweden) had committed extra funds. The replenishment exercise will continue during 2012, and Donors will enjoy the flexibility of being able to earmark resources for key initiatives involving microfinance, for public-private partnerships or for activities to promote the democratic transformation process.

Promoters, institutional partners and the beneficiary countries regularly exchange views at events such as the 9th EIB-FEMIP Conference on "Mediterranean infrastructure challenges: the potential of public-private partnerships" which was held in May 2011 in Casablanca, where the results of the FEMIP Trust Fund study on PPPs were discussed. They are also invited to submit proposals for sectoral studies, technical assistance and private equity.

The FEMIP Trust Fund's main priorities are: finance, water and the environment, energy, transport, urban development, RDI and human capital. In

each area, the Trust Fund considers expected outcomes, namely the kinds of changes it would be best equipped to support, and how to contribute to those outcomes. The fact that FTF operations are results-driven is thus intended to strengthen the value added provided to the region.

Table 3:

FEMIP Trust Fund Donors' Contributions
(received at 31/12/2011)

Donor	Total
	(EUR '000)
 Austria	2 000
 Belgium	1 000
 Cyprus	1 000
 European Commission	1 000
 Finland	1 000
 France	4 000
 Germany	2 000
 Greece	3 000
 Ireland	1 000
 Italy	2 500
 Luxembourg	1 400
 Malta	1 250
 Netherlands	2 000
 Portugal	1 000
 Spain	10 000
 Sweden	1 000
 United Kingdom	3 016
Total	38 166

Democratic reform and economic development in Tunisia: identifying priorities for job creation and growth

A first study was launched in 2011 under the Democratic Transformation Support window on the topic of "Democratic reform and economic development in Tunisia: identification of priorities for job creation and growth". In very close cooperation with the Tunisian authorities, the technical assistance will draw up a roadmap of concrete actions in support of Tunisia's democratic transition.

The study should be the start of a process that will take several years and involve listing operational recommendations for the Tunisian Government and the international community on ways of improving competitiveness, job creation and regional integration. The recommendations should take due account of the national context to facilitate their uptake and successful implementation.

Maximising synergy through partnerships



Linking the northern and southern shores of the Mediterranean through the Medgaz gas pipeline project.

Coordination and cooperation with international financial institutions and bilateral European institutions, with a view to possible co-financing, capacity building and participation in regional initiatives, is a prominent objective of EIB-FEMIP. Efforts in this direction have recently been intensified in the aftermath of the Arab Spring, to enhance the effectiveness and efficiency of joint work.

In 2011 key partnerships were established for the region aimed at boosting private sector activities, ranging from microfinance and SMEs to public-private partnerships.



What is the Mutual Reliance Initiative?

In 2011, the cooperation with Agence Française de Développement (AFD) and Kreditanstalt für Wiederaufbau (KfW) continued to be strengthened through the implementation of a tripartite agreement on mutual reliance.

The Mutual Reliance Initiative is a strategic initiative between the EIB, AFD and KfW to promote efficient project co-financing by various financing institutions through the mutual recognition of procedures.

It is designed to simplify project appraisal and monitoring, reduce transaction costs and develop best practice for the division of labour, which could be extended to other partners and donors.

To date, nine pilot projects are being carried out in the EIB-FEMIP region, all of them stemming from the commonly established NIF project pipeline.

In 2011, two projects (technopoles and rural roads in Morocco) amounting to EUR 200m were co-financed with AFD.



Neighbourhood Investment Facility

The Neighbourhood Investment Facility (NIF) was created in 2008 by the European Commission to mobilise additional resources to fund infrastructure requirements in neighbouring countries, especially in the transport, energy, environmental and social sectors.

The Bank is the largest financier in terms of volumes lent for this Facility's projects. It has co-financed nearly 80% of the projects (38 out of 50) approved by the NIF Board since the inception of the Facility. In 2011, it co-financed 7 of the 11 new operations finally approved by the NIF Board.

In a new initiative in 2011, the EIB, together with other IFIs, requested a EUR 5m envelope from the

NIF for project preparation for renewable energy and energy efficiency activities in support of the Mediterranean Solar Plan. In October 2011, the NIF Board granted provisional approval for this flagship initiative.

As a financial manager of the NIF Trust Fund, which approved three new projects in 2011, the Bank, in a close partnership with the EC and the Member States, offers its expertise and know-how to ensure efficient management of the Trust Fund.

Project co-financing

In 2011, six out of the ten projects signed were co-financed with other international, regional or bilateral institutions (63% of the EUR 1bn signed in 2011).

Institutional partnerships for the Mediterranean

■ The Marseille Center for Mediterranean Integration

Since its creation in 2009, the Center for Mediterranean Integration (CMI) has striven to promote effective, sustainable and mutually complementary development policies in the Mediterranean. It does so through five activity clusters: urban and spatial development; the environment and water; transport and logistics; skills, employment, and labour mobility (in particular youth issues); and the knowledge economy, innovation and technology.

In 2011, with the Arab Spring paving the way for a profound transformation of the region, the CMI was tasked by the G8 Deauville Partnership to develop and lead an action plan for trade and foreign investment in the Mediterranean.

Six countries are members of the Center (Egypt, France, Jordan, Lebanon, Morocco and Tunisia) as well as two international financial organisations (the World Bank and European Investment Bank). Other institutional partners include Agence Française de Développement, Caisse des Dépôts et Consignations (CDC), the German Agency for International Cooperation (GIZ), the United Nations Development and Environment Programmes (UNDP and Plan Bleu), and the City of Marseille.

The EIB is leading the way on three programmes:

“Medinas 2030”

The “Medinas 2030” initiative focuses on the rehabilitation of historic town centres in the Mediterranean. In 2011 a pre-operational study to identify the factors for success in rehabilitation operations and specific projects that could be included under an investment programme was initiated jointly with CDC. The EIB also completed a pilot study in Meknès, Morocco identifying ways to assist the housing sector.

Euro-Mediterranean Network of Logistic Platforms (LOGISMED)

LOGISMED aims to build a network of experts and trainers that will lead the transformation of the logistics sector in the Mediterranean and help create a Euro-Mediterranean market of logistics specialists. An action plan will be ready in 2012, following a number of international meetings (Algiers, Tunis, Barcelona) held in 2011. A series of seminars will be organised to validate and disseminate the findings and results of the programme.

Fostering innovation and supporting the promotion and financing of innovation in the Mediterranean (IT1)

The objective of the programme is to improve knowledge on national innovation systems, foster their development, strengthen initiatives to improve the skills of those involved in innovation and the information available to them, and activate mechanisms for financing innovation.

In 2011, a workshop with the World Bank Institute (WBI) on services for innovating firms was organised as well as a conference on the internationalisation and valorisation of research with the European Commission.

■ Cooperation with the Union for the Mediterranean

The EIB stepped up its cooperation with the Union for the Mediterranean (UfM) through the signature of a Memorandum of Understanding with the UfM Secretariat in Barcelona in January 2011.

Two EIB experts seconded to the Secretariat provide financial advice and policy support to help with the practical implementation of the UfM's priorities and projects. They ensure smooth co-ordination with the Bank, notably with regard to linkages with EIB policy and operations in the Mediterranean.

A Secretariat to promote concrete projects

The UfM Secretariat has been operational since September 2010. Its central mission is to identify and promote regional, sub-regional and trans-



WHAT IS THE "UfM label"?

The UfM label is attributed to projects by a unanimous decision of the 43 countries of the Union for the Mediterranean. It acknowledges that a project is designed to deliver concrete benefits for citizens of the Euro-Mediterranean region, enhance the flow of exchanges among them and contribute to regional integration.

national projects, in order to contribute to socio-economic development and regional integration in the following priority areas: depollution of the Mediterranean, maritime and land highways, civil protection, the Mediterranean Solar Plan, the Mediterranean Business Development Initiative, higher education and research.

The Secretariat's staff consists of more than 40 experts seconded from 20 Euro-Mediterranean countries and institutions. Its Management Board brings together senior officials from the Northern and Southern Mediterranean countries (currently Italy, Greece and Malta for the EU Member States, and Israel, Palestine, Morocco and Turkey for the partner countries). In June 2011, the UfM labelled its first project: a water desalination facility and distribution system to be built in Gaza. Six other projects in the areas of transport, higher education and social affairs were labelled later in 2011. Several other projects are currently in the pipeline and the Secretariat is working closely with the promoters with a view to providing finance.

The Secretariat also plays a proactive role in defining regional frameworks and sectoral strategies. In particular, it is leading a consensus-building exercise with the UfM Member States to define a roadmap for the Mediterranean Solar Plan (MSP) which is intended to create an additional 20 GW of capacity in renewable energy in the region by 2020. It has also been entrusted by the Euro-Mediterranean Ministers of Urban Development to formulate a strategy for sustainable urban development in the region.

■ Cooperation with the European Commission's Directorate-General for Enterprise and Industry (DG Enterprise) on the Charter for Enterprise.

Since 2004, the Charter for Enterprise has guided partner governments' policy towards the private sector. It is also a platform for Euro-Mediterranean cooperation, as it arose out of the Euro-Mediterranean industrial cooperation conducted within the framework of the Barcelona Process. In this framework, the EIB is contributing to the implementation of the Charter through its "access to finance" thematic area, which covers the credit environment and financial facilities for enterprises.

The Union for the Mediterranean's Secretariat (picture below) receives key support from EIB-FEMIP for priority areas in the region.



EIB-FEMIP towards a new generation of partnerships

It was clear that EIB-FEMIP's desire to be at the forefront of international support for the Mediterranean partner countries meant that new partnerships intended specifically for the region had to be developed. That is why EIB-FEMIP teamed up with the Kingdom of Spain to increase co-investment in specific sectors, with the Grand Duchy of Lux-

embourg to develop microfinance in Tunisia, and with the Arab Financing Facility for Infrastructure to boost public-private partnerships in the Mediterranean, while at the same time participating in the initiatives taken under the Deauville Partnership and in the EU-Tunisia Task Force.

Partnership Agreement between the EIB and the Spanish Agency for International Development Cooperation (AECID)

In December 2011, the EIB and AECID signed a Partnership Agreement that launched a Spanish initiative to support the private sector in the Southern Mediterranean region via the EIB.

Up to EUR 100m will be deployed immediately in operations on a co-investment basis involving new or existing FEMIP risk capital investments. EUR 200m has also been earmarked for seedfunding a new multi-partner vehicle for investment in the Southern Mediterranean region, to act as a catalyst in attracting additional funds from other potential contributors, including the EIB and Member States.

Cooperation with the Government of Luxembourg for supporting the development of microfinance in Tunisia

In response to a call from the Tunisian Administration, the EIB and the Government of Luxembourg's Directorate for Development and Cooperation entered into discussions to implement a three-year EUR 4m programme for developing microfinance activities in Tunisia. The programme will aim to improve the regulatory environment and the ability of microfinance institutions to grow responsibly. It will provide capacity building and rating activities and prepare the ground for future equity and debt operations in Tunisia.



Cooperation with the Arab Financing Facility for Infrastructure on public-private partnerships in the Mediterranean region

A partnership was launched between the EIB and the Arab Financing Facility for Infrastructure (AFFI) – an Islamic Development Bank (IsDB), IFC and World Bank initiative.

Within this context, the FEMIP Trust Fund presented a PPP agenda for the region and in 2012 aims to earmark USD 1m to support specific activities undertaken by AFFI's Technical Assistance Facility (TAF).

In January 2012, the Bank signed a Memorandum of Understanding with the Islamic Development Bank that highlights PPPs as a priority area for collaboration.



Philippe de Fontaine Vive, EIB Vice-President, and Abdelhamid Triki, former Minister of Planning and International Cooperation, Tunisia. Brussels 2011.

Deauville Partnership and the EU-Tunisia Task Force

A major international development for the region was the setting up by the G8 in May 2011 of the Deauville Partnership for the Mediterranean. Its aim is to ensure a coordinated response from the international community for the region and it is complemented by a dedicated International Financial Institutions Platform, in which the EIB plays a very active role.

EIB-FEMIP is also a key player in the EU-Tunisia Task Force and at its first meeting pledged EUR 800m in concrete investment projects in the country over the next few years.

Development impact



EIB-FEMIP strives to improve the daily lives of men and women across the Mediterranean.



EIB-FEMIP's impact on social and economic development



When assessing a project, EIB-FEMIP gives priority to operations with high value added. This requires balancing a project's financial and economic aspects with its expected social and development impact. During 2011, this feature became increasingly important in the light of the new priorities set across the region following the Arab Spring.

The Mediterranean partner countries need to build up citizens' confidence through better prospects for social and economic stability in the near future. Achieving these aspirations requires a vibrant economy that provides jobs, well equipped transport infrastructure, energy and water supplies, health care services and education.

EIB-FEMIP brings its extensive experience to the region. For a decade now, its commitment has been

EIB-FEMIP projects contribute to the economic development of the Mediterranean countries in various ways by, for instance:

- creating employment, directly and indirectly;
- promoting business sectors that are key to economic development;
- helping to encourage the emergence of a new entrepreneurial culture;
- facilitating trade;
- providing transport infrastructure and creating an enabling environment for the development of the private sector;
- addressing infrastructure needs in the energy sector and supplying cost-effective electricity to meet growth in demand and ensure security of supply;
- providing additional capacity for international trade and fostering local economic development;
- accelerating the development of the regions;
- helping companies to grow and expand over the long term;
- facilitating the economic integration of the more remote inland regions;
- improving access to microcredit.



reflected in its operations in the region, amounting to EUR 13bn of investments in a broad range of projects in key sectors.

Beyond these figures, it should be pointed out that EIB-FEMIP strives to unceasingly improve the quality of its projects and, most of all, their impact on

the economic and social development of the Mediterranean partner countries.

During 2011, out of the 17 investment projects approved in the Mediterranean partner countries, 82% were considered to meet the Bank's highest requirements.

Measuring results for a more targeted impact



Heritage preservation is a priority for EIB-FEMIP and is a key concern throughout the lifetime of a project.

A new Results Measurement Framework (REM) has started to replace the old Economic and Social Impact Assessment Framework (ESIAF) for all operations under external mandates in partner countries.

This new framework strengthens the Bank's approach for assessing, measuring and reporting on the results and impact of its operations. It will help to improve the ex ante assessment of expected project results and hence

enhance the Bank's ability to report on the results obtained. It will also help to simplify client reporting requirements for co-financed operations by harmonising the results indicators with other international financial institutions (IFIs).

It is based on the following three pillars:

Pillar 1 - Contribution to EIB mandate objectives and EU priorities	Assessment of a project's consistency with EIB mandate objectives and its contribution to EU priorities and country development objectives, going beyond the current focus on eligibility.
Pillar 2 - Results indicators	Capturing economic, social, environmental and institutional outcomes of the project using a series of standardised sector-specific indicators. It measures the soundness of the operation and the ability of the operation and its sponsors to achieve the expected results.
Pillar 3 - EIB additionality	Assessment of EIB additionality over market alternatives in terms of financial product, technical, structuring and sector contribution, standards and assurance.

Physical monitoring during implementation and project outcomes



Project monitoring is key to successful implementation. Above, the Hadera desalination plant, Israel.

Post-signature monitoring of projects, not only financially but also physically, has always been key to ensuring that the objectives set at the time of deciding to support any given project are met throughout the project cycle, and that the safeguards and conditions imposed by the Bank are complied with. Furthermore, monitoring during implementation leads to improved outcomes and lessons being learned for future appraisal and technical assistance. Physical monitoring is carried out by sector experts who follow up on all project-related matters, including disbursement conditions. This approach integrates regular reporting by borrowers/promoters with field visits during implementation and a project completion review, which is usually carried out one year into the operations.

During 2011, thirteen projects in five FEMIP countries (Egypt, Israel, Morocco, Tunisia and Syria) were subject to such post-completion reviews, in the water, energy and transport sectors.

All projects provided a valuable contribution to the economic development of the region, at the same time adding value through improvements to the environment and local communities. The post-

completion review of projects provided many significant lessons, which will lead to further improvements in other operations.

Transferable lessons learnt in the course of the implementation of these projects were that:

- competitive investment costs can be achieved if innovative procurement strategies are employed by a promoter with experience in the sector;
- the need for a promoter PMU/PIU should be considered during the implementation phase and it should be put in place where necessary;
- frequent staff changes in the promoters' organisations require management (knowledge transfer);
- in order to further improve the quality of post-completion reviews, missions should be prepared with detailed questionnaires on the key outstanding issues;
- up-to-date technical knowledge and a thorough analysis of all aspects of a project (technical, financial and economic) is essential right from the appraisal stage.



Combined-cycle power plants in Egypt

The projects met the growing demand for electricity at a competitive cost using modern combined-cycle technology with a low environmental impact. The plants use domestic natural gas as a fuel, thus also contributing to the rational use of energy throughout the country.

Gas and electricity projects contributed to the development of critical energy infrastructure and increased security and reliability of supplies in the region, satisfying growing demand. EIB involvement (including TA) increased a promoter's ability to co-operate with IFIs.



Transport projects not only resulted in changes in transport users' economic surplus but also translated these direct benefits into regional commercial benefits. These included time-savings for businesses, the strengthening of local and regional market connectivity, local land development and increased tourism. These economic impacts resulted because a transport investment led to a change in prices and consumer behaviour (both individual and commercial).

One of the projects made it possible for a rural region to attract new industry, creating jobs and tax revenue.

Water and waste projects covered a wide variety of subsectors, from solid waste management facilities, revitalisation of stormwater and wastewater sewer systems through to desalination facilities. They all alleviated regional environmental problems, developed the regional recycling sector and facilitated the re-use of wastewater.

Autoroute du Sud

The project was part of the planned north-south axis of the national motorway programme and included the construction of a two-lane dual carriageway with five interchanges (including toll booths), two rest areas, as well as traffic, safety and communications equipment. The development of the motorway was a key element in the Government's strategy to accelerate the development of the southern region of Tunisia.



Desalination and wastewater re-use projects in Israel

The projects were implemented before the initial completion date and under budget. Israel has developed a water management approach that could serve as a template for the region. Currently about 80% of all collected wastewater is re-used. The desalination facilities not only increase the overall availability of potable water but are designed to help limit the overall salt balance of managed water.



By supporting energy projects, EIB-FEMIP helps to meet the increasing energy demand in the region.





Projects and investment sectors

Energy

The sharp increase in demand for energy, particularly electricity, is expected to rise further over the coming years due to economic and demographic growth.

The promotion of renewable energy, energy efficiency and security of energy supplies is a priority for EIB-FEMIP, which is coordinating the financing of the Mediterranean Solar Plan.

Since 2002, EIB-FEMIP has allocated EUR 5.1bn to the energy sector.

Egypt

Improving electricity supplies in Egypt

Project: Giza North Power Plant II

Amount: EUR 50m

The Bank provided a EUR 50m loan to Egyptian Electricity Holding Company (EEHC)/Cairo Electricity Production Company (CEPC) for the installation of a third module 750 MW combined-cycle gas turbine (CCGT) at the Giza North Power Plant.

This project will help to meet the growing demand for electricity in particular, by providing extra power for the load centre in Cairo. It will also help to increase the fuel efficiency of power generation in the country with low-cost, environmentally-friendly technology. The project will generate 200 full-time jobs over the 2012-2017 plant construction period.



Transport

Integrated and efficient transport networks between the two shores of the Mediterranean are a necessary condition for the sustainable economic development of the region.

Since 2002 the Bank has provided EUR 2.5bn for road, maritime, urban and rail transport in the region.



EIB-FEMIP provides support for improving traffic flows in the Mediterranean.

Tunisia



Upgrading Tunisian roads

Project: Modernisation Routière

Amount: EUR 163m

The Bank provided a EUR 163m loan to the Ministry of Transport and Equipment/Directorate General for Roads and Bridges for construction, improvement and rehabilitation work on the country's primary road network, including regional roads.

The project will make a significant contribution to the economic development of disadvantaged areas by opening them up, creating jobs across the country and, very importantly, will improve road safety by tackling accident black spots. The project is expected to create 2 500 jobs over the construction period (2011-2014).



Water and the environment

On the southern and eastern shores of the Mediterranean, 60% of urban areas with more than 100 000 people still discharge their wastewater directly into the sea. Municipal waste, urban wastewater and industrial pollution account for 80% of the overall pollution of the Mediterranean Sea.

The Bank is very much involved in the European Commission's "Horizon 2020 Initiative", which is designed to clean up the Mediterranean by the year 2020 by tackling these three sources of pollution.

Since 2002, EIB-FEMIP has allocated more than EUR 1.3bn to the water sector in the region.

Israel

Tackling water scarcity

Project: Sorek Desalination Plant

Amount: EUR 142m

EIB-FEMIP granted a EUR 142m loan to Israel for the design and construction of a seawater reverse osmosis (SWRO) desalination plant with a production capacity of 150 million m³/year.

The project's main objective is to increase the availability of water resources in a water-scarce region. Desalination will enhance the sustainability of the Israeli water sector by helping to bridge the water supply-demand gap. The project will generate some 1 400 jobs over the construction period (2010-2013).



Improving water availability

Project: Mekorot Ashdod Desalination Plant

Amount: EUR 120m

EIB-FEMIP granted a EUR 120m loan to Mekorot Development and Enterprise Ltd. (MDE) for the construction of a seawater reverse osmosis desalination plant with a production capacity of 100 million m³/year in Ashdod.

The project is a key component of the Israeli Desalination Programme and the Transitional Master Plan (2002-2010) for water sector development and its main goal is to increase the availability of water in this water-scarce region. During its operation the plant will employ 48 people.



Industry

Investment in the industrial sector increases employment opportunities for a young and skilled population and provides high-quality products that comply with international environmental and commercial standards.

Since 2002 EIB-FEMIP has provided EUR 1.6bn to develop the industrial sector, including pharmaceuticals, construction and chemicals.

Jordan



Upholding industrial value added in Jordan

Project: Jordan India Fertilizer

Amount: EUR 81 m

The EIB extended a EUR 81m loan to the Jordanian India Fertilizer Company, to increase the value of the production processes in the phosphate industry.

For Jordan this is a much-needed investment in a key industry that will generate significant export earnings of around EUR 2bn during the life of the project. The project will act as a catalyst for developing the economy, and increasing local skills and expertise. The project will create 600 direct jobs and 750 temporary jobs.

Tunisia



Bolstering employment in a key industrial sector in Tunisia

Project: M'dhilla TSP

Amount: EUR 140m

The Bank provided a EUR 140m loan to Groupe Chimique Tunisien (GCT) for the construction of a TSP (triple superphosphate) production plant in M'dhilla.

The project will make a significant contribution to local economic activity by creating a variety of jobs within the Gafsa region, which currently suffers from a high unemployment rate. The project's environmental impact will also extend to Sfax, which is one of the regions identified as a "hot spot" within the Mediterranean Hot Spot Investment Programme-Project Preparation and Implementation Facility (Horizon 2020) programme. The project will generate around 500 jobs over 3 years of the plant construction.



EIB-FEMIP will continue to support private sector and industry development as a key to economic growth. Cement factory, Aboo Zaable, Egypt.



Morocco

Increasing competitiveness in the Moroccan phosphate sector

Project: Groupe OCP (Office Chérifien des Phosphates) Modernisation

Amount: EUR 200m

The Bank provided a EUR 200m loan to OCP S.A. for upgrading and expanding one of Morocco's largest industrial enterprises.

The project will help to improve the group's competitiveness and ensure greater compliance with environmental standards, especially in terms of atmospheric emissions, by upgrading OCP's facilities. It will also create an additional 530 direct permanent jobs.



Credit lines for SMEs

Supporting the development of the local banking sector in the Mediterranean partner countries has always been an EIB-FEMIP priority.

Since its inception in 2002, EIB-FEMIP has provided over EUR 1.1bn in credit lines to local banks to support private sector projects in the region.

Lebanon



Reinforcing Lebanese SMEs

Project: Private Sector Facilities III

Amount: EUR 30m

The Bank extended a EUR 30m loan to three select private banks in Lebanon (Bank Audi, Société Générale Banque du Liban (SGBL) and BLC Bank) in order to provide long-term finance for projects carried out by SMEs in Lebanon. Following the examples of the direct SFE global loans to Byblos Bank in 2005 and the Private Sector Facilities I and II, the Bank has been successful in moving the support for the Lebanese banking sector away from the apex (i.e. state-guaranteed) global loan operations to “stand-alone” global loan with dedicated partner banks under the Bank’s SFE scheme, helping to contain the otherwise very high sovereign debt. Through those operations, the Bank has financed approximately 200 projects and 6 000 jobs have been created.

The new project, which will include measures to support the private sector and the growth of SMEs, is expected to contribute to the development of the market economy, encourage investment and employment, and promote global trade. It will also help to create an additional 530 direct permanent jobs.



Siame SME, Tunisia



Private equity

In addition to long-term loans, EIB-FEMIP provides equity or quasi-equity funding to private enterprises, thus smoothing the way for investment in the local private sector. The EIB also offers alternative financing instruments to meet local investment needs.

Since 2002, the Bank's private equity operations have amounted to almost EUR 400m.

Regional

Supporting infrastructure across the Mediterranean

Project: InfraMed Infrastructure Fund

Amount: EUR 39.02m

Following a first EUR 50m contribution to the InfraMed Fund in 2010, the EIB provided a further EUR 39.02m during 2011. The InfraMed Fund is intended to support projects in sustainable urban, energy and transport infrastructure projects on both shores of the Mediterranean. It was set up by the EIB, together with Caisse des Dépôts and Cassa Depositi e Prestiti and in partnership with financial institutions in the partner countries (Caisse de Dépôt et de Gestion du Maroc (CDG) and the Egyptian Bank EFG Hermes).

The Fund had an initial capital of EUR 385m and a target size of EUR 1bn. Caisse de Dépôt et de Gestion du Maroc and EFG Hermes are intending to launch parallel local funds in their respective countries.



Boosting private equity in North Africa

Project: Capital North Africa Growth Fund II

Amount: EUR 10m

EIB-FEMIP granted a EUR 10m loan to the limited liability company Capital Invest International (CII) to support SMEs located in North Africa.

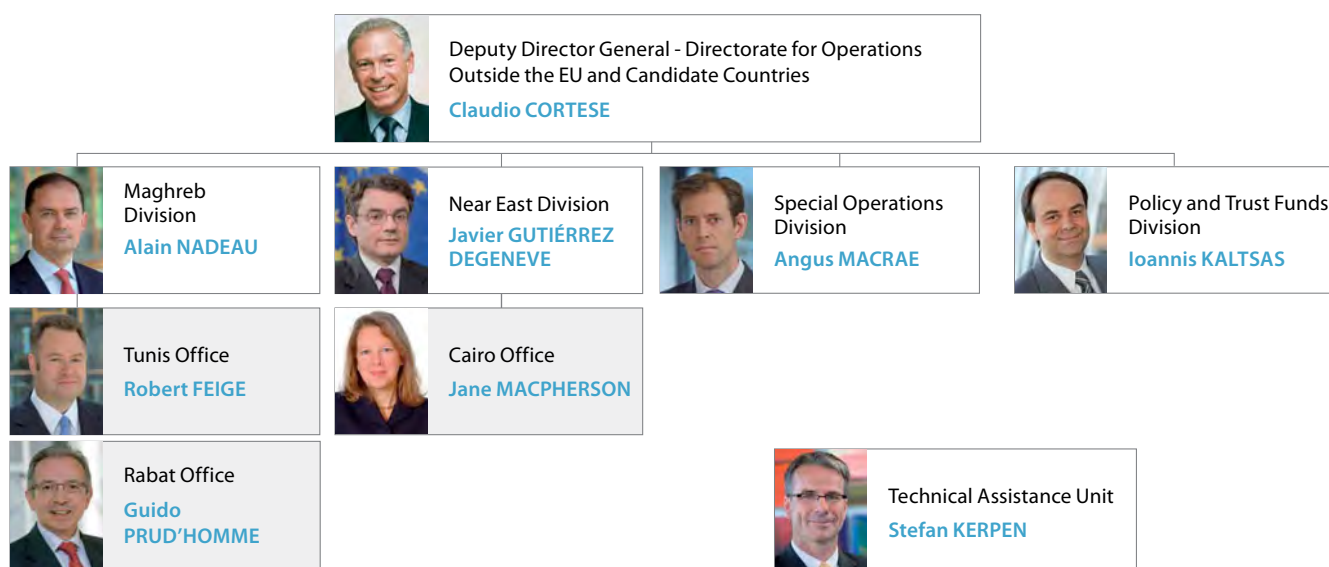
This operation will encourage the development of the private sector, particularly the nascent private equity industry, and also help promote economic integration across the Mediterranean partner countries in North Africa.





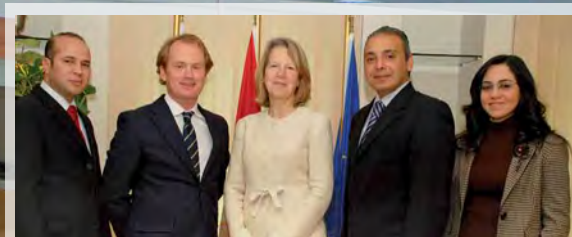
Organisation and staffing

Organisation chart of the FEMIP Department





A team entirely dedicated to the Mediterranean.



The Cairo office's team



The Rabat office's team



The Tunis office's team

The EIB-FEMIP team

The EIB-FEMIP Department is in charge of operations in the Mediterranean partner countries and comes under the EIB's Directorate for Operations outside the European Union and Candidate Countries.

The EIB-FEMIP Department has 52 staff members, organised in two geographical divisions covering the Maghreb and Near East regions, one horizontal division for private equity and microfinance operations, and one division for policy and trust funds.

The EIB-FEMIP network

The three EIB-FEMIP local offices in Cairo, Rabat and Tunis play an essential role. They identify new project opportunities, facilitate the implementation of monitoring and technical assistance operations and coordinate work with local public authorities, entrepreneurs, commercial banks and professional associations.

In order to strengthen its support for the Union for the Mediterranean, two EIB experts have been seconded to the UfM's Barcelona Secretariat. The EIB also has one representative based in Marseille, who coordinates the EIB's activities within the Center for Mediterranean Integration.

The Internship Programme: promoting young Mediterranean talent



The EIB-FEMIP Internship Programme is designed to build human capacity in the Mediterranean partner countries by offering young graduates from the region an opportunity to gain work experience in a multicultural international environment.

Since 2007 the Internship Programme, which is funded by the EIB-FEMIP Trust Fund, has welcomed 55 young professionals (as of end-2011).

The EIB-FEMIP interns bring their expertise and knowledge of the Mediterranean region. In return, the Programme provides valuable experience and opens up new perspectives for the trainees. A majority of the interns then choose to increase their international experience through further studies, professional training or work experience, with the aim of returning to their respective countries in order to apply the expertise gained abroad.



Current EIB-FEMIP interns

	Country	Name	Age	Education	Languages	Department	Plans for the future (careers, studies)
1	Morocco	Hadba Rahhali	23	MSc –Audit and management control	Arabic, French, English, Spanish	Project Directorate	A second Masters geared to research, with a view to applying for a PhD
2	Morocco	Fatima Ezzahra Rachidi	24	Bachelor's degree in Business Administration (Finance/ Management)	French, English, Arabic, German	Strategy and Corporate Centre	Interested in a career at the Moroccan office of an international institution
3	Egypt	Laila El Saedy	23	Bachelor of Economics and Political Science	Arabic, English, French	Marseille Center for Mediterranean Integration – EIB-FEMIP Policy and Trust Fund	Applying for Masters in International Development either in Europe or Egypt, with a view to working in an international organisation
4	Egypt	Nora Abdel-Bary	24	BSc – Economics and Political Science	Arabic, English, French	Transaction Management and Restructuring	Applying for an MSc in Finance, planning to build a career in financial institutions
5	Turkey	Tugce Gulcin Gokcan	25	BA in Banking and Finance	English, French, Turkish	Risk Management Directorate	Applying for an MBA and working in the banking sector
6	Turkey	Ilay Kurt	28	PhD Candidate in Economics	Turkish, English, French, Italian, German	EIB-FEMIP Policy and Trust Fund Division	Career in international organisations
7	Syria	Firas DEEB	32	Master in European Studies	Arabic, English	Projects Directorate	Build a professional career in line with my background and experience in European affairs



Annexes

- 51** 1. List of operations signed (01/10/2002-31/12/2011)
- 56** 2. List of operations approved under the EIB-FEMIP Support Fund as at end-December 2011
- 59** 3. List of operations approved under the EIB-FEMIP Trust Fund
- 60** 4. Publications
- 60** 5. Glossary of terms and abbreviations



1. List of operations signed (01/10/2002 – 31/12/2011)

The FEMIP TA Support Fund actually became operational in the second half of 2003.

1 October to end 2002								
Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Algeria	Maghreb	Algerian Cement Company	66.00	Private	Loan & private equity	Industry		
Morocco	Maghreb	ONE Interconnexions II	120.00	Public	Loan	Energy		
Morocco	Maghreb	ONEP IV Protection de l'Environnement	16.00	Public	Loan	Environment		X
Tunisia	Maghreb	Autoroute du Sud	77.50	Public	Loan	Transport & other infrastructure		
Egypt	Near East	Egyptian Direct Investment Fund	5.90	Private	Private equity	Financial Sector		
Total			285.40				0	1

2003 signatures								
Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Algeria	Maghreb	Reconstruction après Tremblement de Terre	46.0	Public	Loan	Transport & other infrastructure	X	
Morocco	Maghreb	Autoroutes du Maroc IV	110.00	Public	Loan	Transport & other infrastructure		
Morocco	Maghreb	Assainissement Villes Marocaines – Oujda	30.00	Public	Loan	Environment	X	X
Morocco	Maghreb	Formation Professionnelle Maroc	30.00	Public	Loan	Human Capital		
Morocco	Maghreb	Ports du Maroc II	4.00	Public	Loan	Transport & other infrastructure		
Morocco	Maghreb	Associations de Micro-Crédit	10.00	Private	Private equity	Financial Sector		
Tunisia	Maghreb	Entreprises Tunisiennes PG III	137.00	Private	Loan	Financial Sector		
Tunisia	Maghreb	Santé Tunisie	110.00	Public	Loan	Human Capital		
Tunisia	Maghreb	STEG Gaz Tunisie	51.00	Public	Loan	Energy		
Tunisia	Maghreb	STT Métro Léger de Tunis II	45.00	Public	Loan	Transport & other infrastructure		
Tunisia	Maghreb	Tunisacier Steelworks	29.00	Private	Loan	Industry		
Egypt	Near East	Idku LNG Plant – Article 18 Facility	304.50	Private	Loan	Energy		
Egypt	Near East	Nubariya Combined Cycle Power Plant II	150.00	Public	Loan	Energy		
Egypt	Near East	Regina for Food Industries	0.60	Private	Private equity	Financial Sector		
Jordan	Near East	Jordan Education	39.70	Public	Loan	Human Capital		
Jordan	Near East	Amman Ring Road	26.20	Public	Loan	Transport & other infrastructure	X	
Syria	Near East	Port of Tartous	35.40	Public	Loan	Transport & other infrastructure	X	
Syria	Near East	SME Fund	27.40	Private	Loan	Financial Sector	X	
Regional	Regional	Averroès Finance	3.50	Private	Private equity	Financial Sector		
Total			1 189.30				5	1

2004 signatures								
Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Algeria	Maghreb	Algerian Cement Company – Phase II	12.50	Private	Loan	Industry		
Morocco	Maghreb	ONE Parc Éolien de Tanger	80.00	Public	Loan	Energy		
Morocco	Maghreb	Infrastructures Logement Social	71.00	Public	Loan	Transport & other infrastructure	X	
Morocco	Maghreb	ONE Dépollution Centrale Mohammedia	40.00	Public	Loan	Environment	X	X

Morocco	Maghreb	Assainissement Villes Moyennes (SAFI)	20.00	Public	Loan	Environment	X	X
Morocco	Maghreb	Associations de Micro-Crédit II	10.00	Private	Private equity	Financial Sector		
Morocco	Maghreb	Weldom Maroc	0.50	Private	Private equity	Financial Sector		
Tunisia	Maghreb	Voiries Prioritaires III	65.00	Public	Loan	Transport & other infrastructure		
Tunisia	Maghreb	Voiries Prioritaires IV	40.00	Public	Loan	Transport & other infrastructure		
Tunisia	Maghreb	Assainissement du Site de Taparura	34.00	Public	Loan	Environment	X	
Tunisia	Maghreb	Prêt Global CPSC	25.00	Private	Loan	Financial Sector		
Tunisia	Maghreb	SNCFT IV	20.00	Public	Loan	Transport & other infrastructure		
Egypt	Near East	Egyptair II	290.00	Public	Loan	Transport & other infrastructure		
Egypt	Near East	Damietta LNG Plant – Euromed II Facility	188.40	Private	Loan	Energy		
Egypt	Near East	Talkha & El Kuriemat Power Plants	160.00	Public	Loan	Energy		
Egypt	Near East	GL Private Sector Development	60.00	Private	Loan	Financial Sector	X	
Jordan	Near East	Regional Gas Pipeline	89.70	Public	Loan	Energy		
Lebanon	Near East	Apex GL Multi-Sector	60.00	Private	Loan	Financial Sector		
Lebanon	Near East	South Lebanon Wastewater	45.00	Public	Loan	Environment	X	X
Syria	Near East	Deir Ali Power Plant	200.00	Public	Loan	Energy		
Regional	Regional	Africinvest Fund	4.00	Private	Private equity	Financial Sector		
Total			1 515.10				6	3

2005 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Algeria	Maghreb	Projet Maghreb Leasing	10.00	Private	Private equity	Financial Sector		
Morocco	Maghreb	ADM IV Tranche B	30.00	Public	Loan	Transport & other infrastructure		
Morocco	Maghreb	Routes Rurales II	60.00	Public	Loan	Transport & other infrastructure	X	
Morocco	Maghreb	Capital North Africa Venture Funds	5.00	Private	Private equity	Financial Sector		
Morocco	Maghreb	AGRAM Invest	4.60	Private	Private equity	Financial Sector		
Morocco	Maghreb	Atlas Eden	0.20	Private	Private equity	Financial Sector		
Morocco	Maghreb	Société Immobilière de la Mer	5.00	Private	Private equity	Financial Sector		
Tunisia	Maghreb	Technopoles	80.00	Private	Loan	Industry	X	
Tunisia	Maghreb	PG Entreprises Tunisiennes IV	120.00	Private	Loan	Financial Sector	X	
Tunisia	Maghreb	PG Technopoles Tunisie	60.00	Private	Loan	Financial Sector	X	
Egypt	Near East	Idku LNG Plant II	234.40	Private	Loan	Energy		
Egypt	Near East	Gasco Gas Pipelines III	40.40	Public	Loan	Energy		
Gaza/West Bank	Near East	Credit Guarantee Fund	10.00	Private	Private equity	Financial Sector	X	
Gaza/West Bank	Near East	Electricity Network Upgrading	45.00	Public	Loan	Energy	X	
Lebanon	Near East	Lebanese Highways	60.00	Public	Loan	Transport & other infrastructure	X	
Lebanon	Near East	Byblos Bank GL	50.00	Private	Loan	Financial Sector		
Lebanon	Near East	Greater Beirut Wastewater	60.00	Public	Loan	Environment		X
Syria	Near East	Deir Azzour Power Plant	200.00	Public	Loan	Energy	X	
Syria	Near East	Rural Telecoms	100.00	Public	Loan	Transport & other infrastructure	X	
Total			1 174.60				9	1

2006 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Morocco	Maghreb	Assainissement du Bassin de Sebou	40.00	Public	Loan	Environment	X	X
Morocco	Maghreb	Moroccan Infrastructure Fund	10.00	Private	Private equity	Financial Sector		
Morocco	Maghreb	ONE Électrification Rurale II	170.00	Public	Loan	Energy		
Morocco	Maghreb	Santé	70.00	Public	Loan	Human Capital	X	
Tunisia	Maghreb	ONAS IV	40.00	Public	Loan	Environment	X	X
Tunisia	Maghreb	STEG Centrale Ghannouch	114.00	Public	Loan	Energy		



Tunisia	Maghreb	ENDA	0.80	Private	Private equity	Financial Sector	X	
Egypt	Near East	Egyptian Pollution Abatement (EPAP) II	40.00	Private	Loan	Financial Sector/Environment	X	X
Egypt	Near East	El Atf and Sidi Krir Power Plants	130.00	Public	Loan	Energy		
Egypt	Near East	EMX Methanol Plant	164.20	Private	Loan	Industry		
Egypt	Near East	Upper Egypt Gas Pipeline	50.00	Public	Loan	Energy		
Egypt	Near East	Horus Agrifund	8.50	Private	Private equity	Financial Sector		
Egypt	Near East	Beltone	5.60	Private	Private equity	Financial Sector		
Israel	Near East	Environmental Programme Loan	200.00	Public	Loan	Environment	X	
Syria	Near East	Damascus Rural Water and Sanitation	45.00	Public	Loan	Environment	X	X
Regional - Mediterranean	Regional - Mediterranean	Euromed Fund	10.10	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	EuroMena Fund	10.00	Private	Private equity	Financial Sector		
Regional - North Africa	Regional - North Africa	Maghreb Private Equity Fund II	10.00	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	SGAM Kantara Fund	10.00	Private	Private equity	Financial Sector		
Total			1 128.20				7	4

2007 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Algeria	Maghreb	Algerian Fruit Juice Company	2.00	Private	Private equity	Financial Sector		
Morocco	Maghreb	Autoroutes du Maroc V	180.00	Public	Loan	Transport & other infrastructure		
Morocco	Maghreb	ONE Projets Hydroélectriques II	150.00	Public	Loan	Energy	X	
Morocco	Maghreb	CapMezzanine Maroc	6.00	Private	Private equity	Financial Sector	X	
Tunisia	Maghreb	Transmed Pipeline Expansion	185.00	Private	Loan	Energy		
Tunisia	Maghreb	PG Entreprises Tunisiennes V	200.00	Private	Loan	Financial Sector		
Tunisia	Maghreb	Fonds d'Amorçage Tunisien	2.00	Private	Private equity	Financial Sector	X	
Tunisia	Maghreb	Projet Enda Inter Arabe	2.00	Private	Private equity	Financial Sector	X	
Egypt	Near East	El Atf and Sidi Krir Power Plants	130.00	Public	Loan	Energy		
Israel	Near East	Hadera Desalination Plant	108.50	Private	Loan	Environment		
Lebanon	Near East	Private Sector Facilities	170.00	Private	Loan	Financial Sector		
Lebanon	Near East	The Building Block Equity Fund	5.0	Private	Private equity	Financial Sector		
Syria	Near East	SME Fund II	80.0	Private	Loan	Financial Sector	X	
Regional - Mediterranean	Regional - Mediterranean	Altermed	8.0	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	Byblos Private Equity Fund	7.5	Private	Private equity	Financial Sector	X	
Regional - Mediterranean	Regional - Mediterranean	Fund for the Mediterranean Region	15.0	Private	Private equity	Financial Sector		
Total			1 251.00				6	1

2008 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Egypt	Near East	EGAS Gas Grid Reinforcement	250.00	Public	Loan	Energy		
Egypt	Near East	Beltone Midcap Fund	12.50	Private	Private equity	Financial Sector		
Egypt	Near East	Sphinx Turnaround Fund	13.00	Private	Private equity	Financial Sector		
Egypt	Near East	Beltone Capital II	5.00	Private	Private equity	Financial Sector		
Israel	Near East	European Pharma R&D (RSFF)	29.73	Private	Loan	Industry		
Israel	Near East	Medinvest (RSFF)	3.33	Private	Loan	Industry		
Jordan	Near East	Amman Ring Road B	36.92	Public	Loan	Transport & other infrastructure	X	
Lebanon	Near East	Private Sector Facilities II (BOB)	52.00	Private	Loan	Financial Sector		
Morocco	Maghreb	ONE Réseaux Électriques II	170.00	Public	Loan	Energy		
Morocco	Maghreb	Fonds Capital Carbone Maroc	6.50	Private	Private equity	Financial Sector	X	
Morocco	Maghreb	Massinissa Fund	12.00	Private	Private equity	Financial Sector		

Morocco	Maghreb	Port de Tanger-Med – Deuxième Terminal	40.00	Private	Loan	Transport & other infrastructure		
Morocco	Maghreb	Routes Rurales III	60.00	Public	Loan	Transport & other infrastructure	X	
Regional - Mediterranean	Regional - Mediterranean	Altered B	3.00	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	Fonds EuroMena II	13.00	Private	Private equity	Financial Sector		
Syria	Near East	Deir Ali II Power Plant	275.00	Public	Loan	Energy	X	
Syria	Near East	First Microfinance Institution Syria	2.00	Private	Private equity	Financial Sector		
Tunisia	Maghreb	STEG Centrale de Ghannouch B	86.00	Public	Loan	Energy		
Tunisia	Maghreb	STEG Gaz II (transport & distribution)	60.00	Public	Loan	Energy		
Tunisia	Maghreb	GCT Mise à Niveau Environnementale	55.00	Private	Loan	Industry		X
Tunisia	Maghreb	Voiries Prioritaires V	110.00	Public	Loan	Transport & other infrastructure		
Total			1 294.98				4	1

2009 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Egypt	Near East	DBACD Local Currency Loan	2.00	Private	Private equity	Financial Sector		
Egypt	Near East	Gironil	3.00	Private	Private equity	Financial Sector		
Egypt	Near East	IWSP	70.00	Public	Loan	Environment		
Egypt	Near East	Gulf of El Zayt Wind Farm	50.00	Public	Loan	Energy		
Israel	Near East	Hadera Desalination Plant Extension	21.90	Private	Loan	Environment		
Israel	Near East	ICL Specialty Chemicals R&D (RSFF)	56.30	Private	Loan	Industry		
Jordan	Near East	South-North Water Conveyor	165.76	Private	Loan	Environment		
Lebanon	Near East	Kesrwan Water and Wastewater Project	70.00	Public	Loan	Environment	X	
Morocco	Maghreb	Autoroutes du Maroc VI (Maroc)	225.00	Public	Loan	Transport	X	
Morocco	Maghreb	Prêt Cadre Secteur Education Maroc	200.00	Public	Loan	Health, Education		
Morocco	Maghreb	Renault Tanger Financement Intermédié	100.00	Private	Loan	Industry		
Morocco	Maghreb	Tramway Rabat – Salé	15.00	Public	Loan	Transport		
Regional - Mediterranean	Regional - Mediterranean	MENA Joint Investment Fund	10.00	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	Middle East Venture Capital Fund	5.00	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	Swicorp Intaj Capital II Fund	10.00	Private	Private equity	Financial Sector		
Syria	Near East	Syrian Cement Company	104.86	Private	Loan	Industry		
Syria	Near East	Syria Municipal & Environment Infrastructure	50.00	Public	Loan	Environment	X	
Tunisia	Maghreb	Aéroport Enfidha	70.00	Private	Loan	Transport		
Tunisia	Maghreb	Autoroute Sfax – Gabès	234.00	Public	Loan	Transport	X	
Tunisia	Maghreb	Tunisian Indian Fertilizers	130.00	Private	Loan	Industry		
Total			1 592.82				4	0

2010 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Algeria	Maghreb	Medgaz Pipeline	500.00	Private	Loan	Energy		
Egypt	Near East	Egyptian Power Transmission	260.00	Public	Loan	Energy	X	
Egypt	Near East	ERC Refinery	346.40	Private	Loan	Industry		
Egypt	Near East	Giza North Power Plant	300.00	Public	Loan	Energy		
Egypt	Near East	Nile River Logistic	5.00	Private	Private equity	Financial Sector		
Gaza West Bank	Near East	Palestine Growth Capital Fund	5.00	Private	Private equity	Financial Sector		
Lebanon	Near East	Al Majmoua – Loan for Microfinance	1.50	Private	Private equity	Financial Sector		
Lebanon	Near East	Lebanon Growth Capital Fund	5.00	Private	Private equity	Financial Sector		



Morocco	Maghreb	Autoroutes du Maroc – ADM VII	220.00	Public	Loan	Transport		
Morocco	Maghreb	Port de Tanger MED II – Infrastructures	200.00	Private	Loan	Transport		
Regional - Mediterranean	Regional - Mediterranean	Argan Infrastructure Fund	15.00	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	Inframed	0.98	Private	Private equity	Financial Sector		
Regional - Mediterranean	Regional - Mediterranean	Vantage Regional Mezz Fund	10.00	Private	Private equity	Financial Sector		
Syria	Near East	Syria H2020 Water	55.00	Public	Loan	Environment	X	
Syria	Near East	Syrian Healthcare II	130.00	Public	Loan	Health, Education	X	
Tunisia	Maghreb	Réseau Ferroviaire Rapide	119.00	Public	Loan	Transport		
Tunisia	Maghreb	STEG Centrale de Sousse	194.00	Public	Loan	Energy		
Tunisia	Maghreb	STEG IV Transport Électricité	185.00	Public	Loan	Energy		
Total			2 551.88				3	0

2011 signatures

Country	Region	Project Name	Amount signed EUR m	Public / Private	Nature of Operation	Sector	FEMIP TA	Interest Subsidy
Morocco	Maghreb	Office Chérifien des Phosphates	200.00	Private	Loan	Industry		
Tunisia	Maghreb	Modernisation Routière I	163.00	Public	Loan	Transport	X	
Tunisia	Maghreb	Mdhilla TSP	140.00	Public	Loan	Energy		
Egypt	Near East	Giza North Power Plant II	50.00	Public	Loan	Energy		
Regional - Mediterranean	Regional - Mediterranean	Inframed B Fund	39.02	Private	Private equity	Infrastructure		
Regional - Mediterranean	Regional - Mediterranean	Capital North Africa Venture	10.00	Private	Private equity	Financial Sector		
Israel	Near East	Sorek Desalination Plant	142.00	Private	Loan	Water		
Israel	Near East	Mekorot Ashdod Desalination Plant	120.00	Private	Loan	Water		
Lebanon	Near East	Private Sector Facilities III	30.00	Private	Loan	Financial Sector		
Jordan	Near East	Jordan India Fertilizer	81.00	Private	Loan	Financial Sector		
Total			975.02					

2. List of operations approved under the EIB-FEMIP Support Fund as at end-December 2011

TA project extensions, where applicable, are considered in the year when the related project was signed and not as a new operation in the year when the extension was signed.

Country	TA operation	Promoter	Contract volume EUR '000
Algeria	Creation of a development capital company: EIB presence in the steering group in the company	Sonatrach	50
Algeria	Project Implementation Unit	National Algerian Motorways Agency	851
Algeria	Earthquake reconstruction – Project Implementation Unit	Ministry of Finance	1 373
Algeria	Earthquake reconstruction – Support for the technical control agencies	Ministry of Finance	570
Egypt	Pumping stations	Arab Republic of Egypt	780
Lebanon	Creation of an investment fund	Byblos Bank SAL	200
Morocco	Financial sector – legal study	Caisse de Dépôt et de Gestion	48
Regional	Privatisation and PPP in Maghreb	EIB	198
Syria	Technical assistance for the Port of Tartous Phase I	Ministry of Transport	110
Syria	Technical assistance for the Port of Tartous Phase II – TA for tender evaluation	Ministry of Transport	200
Syria	Private sector SMEs	Ministry of Economy and Foreign Trade	2 895
Syria	Pre-shipment inspections	Ministry of Health	100
Tunisia	Exchange risk coverage (redistribution of the financial charges fund)	Ministry of Finance	160
Tunisia	Projects appraisal mission of the Office National d'Assainissement (ONAS) financed by the EIB	ONAS	779
Tunisia	Creation of the first seed capital	Ministry of Finance	199
Total			8 513

Country	TA operation	Promoter	Contract volume EUR '000
Algeria	Algerian Motorway National Agency – PMU	Agence Nationale des Autoroutes (ANA)	2 996
Algeria	Redefinition of the municipal solid waste management plan in the city of Bouira and identification of technical support and training requirements nationally	Ministry of Environment	149
Egypt	CGT optimisation study	Egyptian Electricity Holding Company	114
Egypt	TA to the Export Development Bank	Export Development Bank of Egypt	198
Egypt	TA to the National Bank of Egypt	National Bank of Egypt	200
Egypt	Capacity building programme for the financial sector	Egyptian banks, private equity funds and other financial institutions	2 201
Lebanon	Technical assistance for Lebanese motorways	Council for Development and Reconstruction	1 249
Lebanon	Project Management Unit for the South Lebanon wastewater project	Council for Development and Reconstruction	1 211
Morocco	PMU of wastewater services	RADDEO	1 000
Morocco	Hospital refurbishment and reorganisation programme in the Kingdom of Morocco Modernisation of hospital management	Ministry of Health	199
Morocco	Agadir – Feasibility study on the wastewater recycling process	RAMSA	195
Morocco	Agadir – Master plan updating, Horizon 2025	RAMSA	195
Morocco	Oujda – Appraisal of environmental impact	RADDEO	174
Morocco	Water sewerage Agadir – combating the odour and erosion problems caused by H2S emissions	RAMSA	79
Morocco	Analysis of the emissions of the Mohammedia power plant and improvement advice expertise	ONE	195
Morocco	Training programme focusing on management and organisation of utilities Phase I	RADDEO	100
Morocco	Regies Safi – Environmental impact study and planning adjustment advice	RADEES	196
Syria	Pre-feasibility study for Damascus rural water and wastewater project	Ministry of Housing	199
Syria	Pre-feasibility study for Zabadani rural water and wastewater project	Ministry of Housing	200
Syria	Preparation of Damascus industrial city and process water and wastewater treatment project	Ministry of Housing	200
Syria	Feasibility study to develop new options for private sector investment	Ministry of Finance	496
Tunisia	Project Management Unit – Société d'Études et d'Aménagement des Côtes Nord de la Ville de Sfax	SEACNVS	2 412
Tunisia	Supervision of works – Société d'Études et d'Aménagement des Côtes Nord de la Ville de Sfax (SEACNVS)	SEACNVS	2 556
Tunisia	Technical assistance for the establishment and development of 5 technology parks in Tunisia	Ministry of Higher Education, Research and Technology	2 088
Total			18 802



2006 Signatures			
Country	TA operation	Promoter	Contract volume EUR '000
Algeria	Implementation of a municipal solid waste management plan in the Wilaya of Oran	Ministry of Environment	199
Egypt	Private sector financing in Egypt – Identification of gaps and potential for risk-capital operations	Ministry of Finance	137
Egypt	Technical assistance for the implementation of the second Egyptian Pollution Abatement Project EPAP II	Egyptian Environmental Affairs Agency	200
Jordan	Feasibility study for Phase 2 and 3 of the Amman Ring Road	Ministry of Housing and Public Works	2 000
Lebanon	Operational support to a new private equity fund	Byblos Bank SAL	166
Morocco	Tariff study for Oujda wastewater project	RADEEO (Oujda)	75
Morocco	Social housing infrastructure – TA to Al Omrane holding company	Ministry of Housing and Urbanism	3 429
Morocco	Microfinance study in Morocco	Ministry of Finance	5
Morocco	ToR for health sector study project	Ministry of Health	180
Morocco	Technical assistance to the Roads and Road Traffic Directorate for second national rural roads programme	DRCR	1 484
Regional	Private sector financing in Morocco and Tunisia – Identification of gaps and potential for risk-capital operations	Ministry of Finance	183
Regional	Microfinance study in Egypt, Gaza & West Bank, Jordan, Lebanon and Syria – Identification of appropriate instruments	Ministry of Finance	200
Regional	Microfinance financing in Algeria, Morocco and Tunisia – Identification of appropriate instruments	Ministry of Finance	147
Regional	Mid-term evaluation of the FEMIP support fund	EC/EIB	165
Syria	Tariff study for the Syrian water sector	Ministry of Housing and Construction	142
Syria	Damascus rural water and sanitation project – Hydrogeological study	Ministry of Environment and Local Authorities	178
Syria	Review and assessment of future needs for cancer services	Ministry of Health	140
Syria	TA to the Port of Tartous	Ministry of Transport	1 025
Syria	Support to the PMU of the Syrian Telecommunication Establishment	Syrian Telecommunication Establishment	3 000
Syria	Feasibility study to develop new options for private sector investment – Phase II	Ministry of Finance	1 004
Tunisia	Training for managers of Tunisian SICARs receiving "Private Sector Support" conditional loan under the risk capital fund	Tunisia SICAR	98
Tunisia	TA to the Tunisian financial sector for financing small and medium-sized projects – Phase I drafting of ToR	Intermediary banks	30
Tunisia	Technical assistance programme for the EIB's financial intermediaries in Tunisia	Intermediary banks	1 110
Tunisia	Strengthening of ENDA	ENDA	200
Total			15 497

2007 Signatures			
Country	TA operation	Promoter	Contract volume EUR '000
Egypt	Implementation of EPAP II	Egyptian Environmental Affairs Agency	2 771
Jordan	Master Plan for Amman Development Corridor	Ministry of Public Works	1 998
Jordan	Feasibility study for establishing a seed capital and venture fund	Ministry of Planning and International Cooperation	199
Morocco	Health project – Preparation of hospital rehabilitation projects	Ministry of Health	1 000
Morocco	Health project – Environmental impact study	Ministry of Health	194
Morocco	Environmental impact study on the ONE II hydraulic projects	ONE	176
Morocco	Water sewerage Beni Mellal – Study on environmental impact and industrial depollution	Régie Autonome Intercommunale de Distribution d'Eau et d'Électricité du Tadla	192
Morocco	Water sewerage Agadir – Recycling and improved usage of biogas	RAMSA	50
Morocco	Sewage and sludge treatment at Settât	Régie Autonome de Distribution d'Eau et d'Électricité de la Chaouia	169
Morocco	Mezzanine Fund	CapMezzanine Fund	195
Morocco	Wastewater sewerage project at Sebou – Study of the willingness to pay	ONEP	198
Regional	Horizon 2020 – Elaboration of a Mediterranean Hot Spot Investment Programme (MEHSIP)	EIB	198
Syria	ADRA industrial city	Ministry of Local Administration and Environment	70
Syria	Damascus rural water and sanitation project – Institutional development and organisational change	Ministry of Environment and Local Authorities	3 401
Syria	Damascus rural water and sanitation project – International project management support	Ministry of Environment and Local Authorities	3 903
Syria	Damascus Metro Green Line – Implementation option study	Governorate of Damascus	2 468
Syria	TA to electricity distribution and electricity transmission projects	Public Establishment for Electricity Generation and Transmission	200
Total			17 382

2008 Signatures			
Country	TA operation	Promoter	Contract volume EUR '000
Gaza/West Bank	TA for electricity network upgrading	Palestinian Energy & Natural Resources Authority (PENRA)	200
Morocco	Sebou Basin Sanitation Programme – Technical assistance for Project Management Unit (PMU)	National Office for Drinking Water	1 391
Morocco	Construction of a new airstation at the airport of Marrakech-Menara – Feasibility study and environmental and social framing	National Office for Airports	162
Morocco	Sebou Basin Sanitation Programme – Support for planning and operation of urban sanitation services	National Office for Drinking Water	1 048
Morocco	Implementation of hospital investment programme	Ministry of Health	6 695
Syria	Support to Syria's national cancer strategy – Feasibility studies for the Aleppo and Homs cancer centres	Ministry of Health	1 554
Syria	Technical assistance for the small and medium-sized enterprises (SME) Credit Facility II	Ministry of Finance	200
Syria	SME Credit Facility II	Financial intermediaries	2 800
Total			14 050

2009 Signatures			
Country	TA operation	Promoter	Contract volume EUR '000
Morocco	Capital Carbon Fund Morocco	ACASA	83
Morocco	Study: Kenitra-Tanger high speed line	Railway National Office	199
Morocco	TA for implementing the energy savings projects "Audit Optima"	Electricity National Office	179
Morocco	Road safety audit project ADM VI	Morocco Motorways Company	75
Regional	Mediterranean Hot Spot Investment Programme (MeHSIP) – Project preparation and implementation facility	EIB	6 198
Syria	TA for healthcare facilities	Ministry of Health	233
Syria	TA for preparation of Banias City water and wastewater project	Ministry of Housing and Construction	200
Syria	Allepo rural water and wastewater project	Ministry of Housing and Construction and Aleppo Water & Sewerage Company	2 137
Tunisia	Assistance with implementation of ONAS IV investment project and technical assistance programme	ONAS	2 535
Tunisia	TA to the Société Tunisienne d'Autoroutes (STA) for the Sfax-Gabès motorway	STA	35
Total			11 874

2010 Signatures			
Country	TA operation	Promoter	Contract volume EUR '000
Egypt	Egyptian Power Transmission Project (EPTP) – Short-term technical advisor	COWI	195
Jordan	Consultancy services for the feasibility study on the Miyahuna operations support project	Hashemite Kingdom of Jordan	180
Morocco	Health project – Organisational aspect	Ministry of Health of Morocco	1 924
Syria	Technical assistance for the implementation of the Syrian municipal and environment infrastructure project	Ministry of Local Administration and Environment	3 907
Syria	Support for the Project Implementation Unit (PIU) of the Deir Ali II Power Plant project	Public Establishment for Electricity Generation and Transmission	3 606
Tunisia	Study into updating of Greater Tunis's sanitation master plan	Sewerage National Office	1 163
Tunisia	Technical assistance to Société Tunisie Autoroutes (STA)	STA	915
Total			11 890

2011 Signatures			
Country	TA operation	Promoter	Contract volume EUR '000
Lebanon	TA in support of the South Lebanon Water and Wastewater Project	Republic of Lebanon – Council for Development and Reconstruction	850
Lebanon	Feasibility study for an Energy Efficiency and Renewable Energy Finance Facility	Banque du Liban	115
Morocco	Strategic Environmental Evaluation ONEP – sanitation programme	National Office of Potable Water	131
Jordan	Feasibility study for MIYAHUNA (MOSP)2	Hashemite Kingdom of Jordan	187
Tunisia	Study for Kairouan, Sidi Bouzid, Kasserine and Gafsa motorways	Republic of Tunisia	3960
Tunisia	Feasibility study for ring road of Grand Tunis	Republic of Tunisia	2110
Tunisia	TA to STA concerning tolls	Société Tunisie Autoroutes	146
Tunisia	Feasibility study TCSP in Sfax	Republic of Tunisia	545
Total			8 044

Total Amount			106 052
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3. List of operations approved under the EIB-FEMIP Trust Fund

Country	Name of operation	Budget in EUR ('000)	FTF Assembly date of approval	Sector	Type
Algeria	Examining the access of small firms to sustainable forms of external finance	195	May 2005	Finance	Study
Egypt	Project preparation implementation study in the framework of the "Integrated and Sustainable Community Development Programme (ISCDP)"	200	April 2011	Urban	Study
Jordan	Highway master plan study	2 093	September 2008	Transport	TA
Jordan	Jordan Capital for Growth Fund	5 000	September 2010	Finance	Private equity
Morocco	Long-term savings	180	November 2005	Finance	Study
Morocco	Private type management and operation of the public irrigation systems in FEMIP countries: a test case in Morocco	1 000	December 2006	Environment & water	TA
Morocco	Incubators network	300	June 2009	SME	TA
Morocco	Urban operation in Meknes/Medina	400	December 2009	Urban development	Study
Gaza/West Bank	Middle East Venture Capital Fund	5 000	October 2009	ICT	Private equity
Gaza/West Bank	Technical assistance to Palestine ICT Incubator	195	April 2010	ICT	TA
Regional	Improving efficiency of workers' remittances	200	January 2005	Finance	Study
Regional	Financial mechanism for the development of renewable energy and energy efficiency	200	May 2005	Energy	Study
Regional	Financial sector support programmes – METAC	500	May 2005	Finance	TA
Regional	Logistic needs in the MPCs: Potential for the development of a logistic platform network	597	May 2005	Transport	Study
Regional	CDM project identification in FEMIP countries	195	March 2006	Energy	Study
Regional	FEMIP internship programme	690	March 2006	Finance/Training	TA
Regional	Analysis of tourism strategies and policies in FEMIP countries	200	July 2006	Tourism	Study
Regional	Review of existing trade finance services for Euromed trade	80	July 2006	Finance	Study
Regional	Potential for biofuel production	199	December 2006	Energy	Study
Regional	Identification and removal of obstacles to the extended use of wastewater in agriculture	200	March 2007	Environment & water	Study
Regional	Study programme with the Blue Plan II	180	March 2007	Energy & environment	Study
Regional	A Review of the Economic and Social Impact of Microfinance	70	November 2007	Microfinance	Study
Regional	Strategies for the regeneration of medinas in the Mediterranean area	185	November 2007	Urban Development	Study
Regional	Dissemination window for FTF studies	450	March 2008	All sectors	Seminars
Regional	Financial sector support programmes – METAC II	500	March 2008	Finance	TA
Regional	PPP legal framework in the FEMIP region	750	March 2008	All sectors	Study
Regional	Study programme with the Blue Plan	850	September 2008	Energy/Tourism	TA
Regional	Mediterranean Business Development Initiative	199	April 2009	SME	Study
Regional	Reinforced partnership with FEMISE	400	April 2009	All sectors	Study
Regional	Mediterranean Solar Plan	189	April 2009	Energy	Study
Regional	Multipartner networking and learning centre	500	April 2009	All sectors	Study
Regional	Broadband access for FEMIP countries	500	April 2010	ICT	Study
Regional	LOGISMED Euromed Logistics Platforms	1 000	April 2010	Transport	Study
Regional	Maritime highways	195	October 2010	Transport	Study
Regional	Medinas 2030 Investment Programme	400	April 2011	Urban	TA
Regional	Energy Efficiency and Renewable Energy Project Preparation Programme in urban areas of the Mediterranean partnership countries	200	April 2011	Energy	TA
Regional	Mobilising the potential of Gulf countries' sovereign wealth funds for the Mediterranean partner countries	230	April 2011	Finance	Study
Regional	Mobile finance services in Mediterranean partner countries	200	April 2011	Finance	Study
Regional	Potential of mesofinance for job creation in Mediterranean partner countries	235	April 2011	Finance	Study
Regional	Support for the pre start-up of the Euro-Med Development Centre (EMDC) for MSMEs	250	May 2011	SME	TA
Regional	Implementation of climate change mitigation and adaptation projects under the Mediterranean Climate Change Initiative	200	September 2011	Energy	TA
Tunisia	Seed capital fund	2 000	July 2006	Finance	Private equity
Tunisia	TA related to seed capital fund	125	July 2006	Finance	TA
Tunisia	Adaptation of financial products to workers' remittances	490	June 2008	Finance	TA
Tunisia	Network of business angels	160	June 2009	SME	TA
Tunisia	Democratic reform and economic development in Tunisia: identification of priorities for job creation and growth	200	April 2011	Finance	TA
Tunisia	Reinforcing private equity regulation and institutional expertise in Tunisia	100	September 2011	Finance	TA
Total volume		28 382			

4. Publications

FEMIP publications are available on the EIB's website: www.eib.org/publications, under the heading MED/FEMIP.

5. Glossary of terms and abbreviations

AECID:	Agencia Española de Cooperación Internacional para el Desarrollo (Spanish Agency for International Development Cooperation)
AFD:	Agence Française de Développement
AFFI:	Arab Financing Facility for Infrastructure
ASCAME:	Association of the Mediterranean Chambers of Commerce and Industry
ASEAN 5:	Association of Southeast Asian Nations
CCGT:	Combined cycle gas turbine
CDC:	Caisse des Dépôts et Consignations
CDG:	Caisse de dépôts et de gestion du Maroc
CEPC:	Cairo Electricity Production Company
CII:	Capital Invest International
CIS:	Commonwealth of Independent States
CMI:	Centre for Mediterranean Integration
EBRD:	European Bank for Reconstruction and Development
EC:	European Commission
EEHC:	Egyptian Electricity Holding Company
EIB:	European Investment Bank
EMITEC:	Euro-Mediterranean Technology Institute
ENP:	European Neighbourhood Policy
ENPC:	Europe's Neighbour and Partner Countries
ENP-MED mandate:	Mandate entrusted to the EIB by the EU Member States for operations conducted from the Bank's own resources in support of the Mediterranean partner countries over the period 01.02.2007-31.12.2013.
ESIAF:	Economic and Social Impact Assessment Framework
EU:	European Union
EUR:	euro
FDI:	Foreign direct investment
FEMIP:	Facility for Euro-Mediterranean Investment and Partnership
FTF:	FEMIP Trust Fund
GCT:	Groupe Chimique Tunisien
GDP:	Gross domestic product
GIZ:	German International Cooperation Company
IFC:	International Finance Corporation
IFIs:	International Financial Institutions
IMF:	International Monetary Fund
IsDB:	Islamic Development Bank
KfW:	Kreditanstalt für Wiederaufbau
LOGISMED:	Euro-Mediterranean Network of Logistic Platforms
MDE:	Mekorot Development and Enterprise Ltd.
MENA:	Middle East and North Africa
MPCs:	Mediterranean partner countries (Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia)
MSP:	Mediterranean Solar Plan
NIF:	Neighbourhood Investment Facility
OCP:	Office Chérifien des Phosphates
OECD:	Organisation for Economic Co-operation and Development
PPP:	Public-private partnership
RDI:	Research, development and innovation
REM:	Results Measurement Framework
SMEs:	Small and medium-sized enterprises
SGBL:	Société Générale Banque du Liban
STA:	Société Tunisie Autoroutes
SWRO:	Sea Water Reverse Osmosis
TA:	Technical Assistance
TAF:	Technical Assistance Facility
TSP:	Triple super phosphate
UNDP:	United Nations Development Programme
UfM:	Union for the Mediterranean
USD:	United States dollar
WBI:	World Bank Institute



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