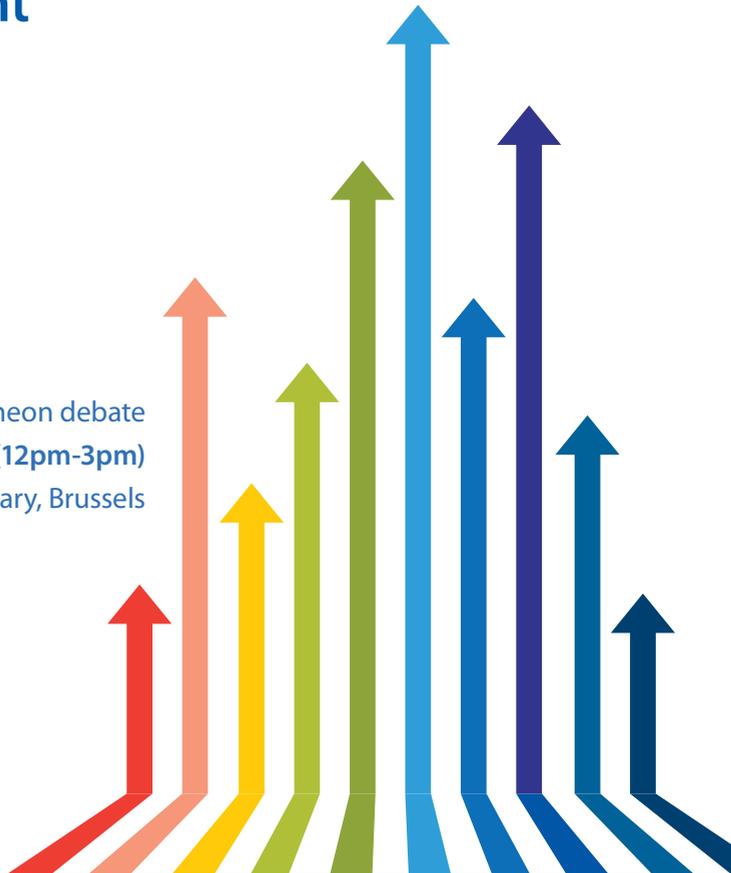


The Mutual Reliance Initiative (MRI) Effective partnering for growth and development

Luncheon debate
Monday 21 January 2013 (12pm-3pm)
The Solvay Library, Brussels



Programme

The Mutual Reliance Initiative (MRI) Effective partnering for growth and development

Monday 21 January 2013 (12pm-3pm) – The Solvay Library, Brussels

Moderated by Jacki Davis, Meade Davis Communications

12.00

MRI in Practice

- **Mohsen El-Banna**, Egyptian Power Transmission Project (Egypt)
- **Adil Hasnaoui**, National Sewerage Programme (Morocco)
- **Johnson Amayo**, Kampala Water - Lake Victoria Water and Sanitation Project (Uganda)

Debate

- **Philippe de Fontaine Vive**, Vice-President of the EIB
- **Eva Joly**, Member of the European Parliament and Chair of the Committee on Development
- **Norbert Kloppenburg**, Member of KfW's Executive Board
- **Andris Piebalgs**, European Commissioner
- **Dov Zerah**, Chief Executive Officer of AFD

Questions & Answers

13.30

Buffet Lunch

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The Mutual Reliance Initiative: working together for more effectiveness in development cooperation

The context:

Improving the coherence of European development aid

During the last decade, the European Union has been working to enhance the effectiveness of development cooperation.

In this spirit, the French Agency for Development (AFD), the European Investment Bank (EIB) and Germany's KfW Development Bank jointly engaged in the Mutual Reliance Initiative (MRI). The MRI enables the structured division of labour for co-financed projects and builds on the many similarities of the three institutions. This initiative is in line with the framework of the EU's external action policies and the international Aid Effectiveness Agenda.

Through a joint effort to share tasks and work together AFD, EIB and KfW believe that they can make best use of their complementarities, thereby ensuring better use of European development finance for the beneficiaries in the partner countries.



The initiative

Increasing synergies between three European Development Finance Institutions

The MRI aims at increasing synergies between European finance institutions through the efficient division of labour during the project cycle and at helping to enhance the effectiveness of combined financing activities in support of EU policies.

With the MRI, most project-related tasks are delegated to a lead financier across the full project cycle, from appraisal to preparing lending decisions and implementation.

For each selected project, one of the three partners takes the role of lead financier. Close cooperation and trust between the lead financier and co-financiers are essential to provide full benefits.

While all three partners are key actors in European external action policies, they work under different regulations, statutes, and legal and governance frameworks. One major endeavour of the MRI has been to develop a detailed, binding framework which allows financing operations to be handled in a way that meets the requirements of all partners. These “Operational Guidelines” were signed on 21 January 2013.

With the MRI, the promoters of investment projects in the EU’s partner countries benefit from a larger project finance capacity and a simplified partnership as MRI financiers speak with a single voice.



European cooperation: Where are we now?

A new dimension of development finance

AFD, EIB, KfW and the European Commission have worked together for many years to promote:

- joint policy dialogue and joint project appraisals
- joint financing of projects and programmes
- general coordination between the three partner institutions and the Commission.

The three European financing institutions have now successfully completed a MRI pilot phase involving 14 co-financed projects in Sub-Saharan Africa and the Middle East/North Africa to test the scope for reliance and delegation, leading to the drafting of "Operational Guidelines".

New impetus for this cooperation between European financiers also came from EU loan-grant blending instruments created in recent years such as:

- the EU-Africa Infrastructure Trust Fund (ITF)
- the Neighbourhood Investment Facility (NIF).

All three MRI partners are actively involved in leveraging EU grants through these mechanisms to finance capital-intensive infrastructure projects in areas which are key to economic and social development, such as: sustainable energy, water and transport.



European visibility outside Europe:

More capacity for development impacts

The capacity for structuring a global offer of project finance and expertise enhances European visibility in the partner countries.

Joining forces increases the impacts on economic growth and employment and contributes to poverty alleviation, climate change mitigation and regional integration.

The MRI provides a strong framework for fulfilling these European aspirations for development.

Going forward...

The roll-out phase of the MRI, now starting, is open to more regions including Asia, Latin America and Eastern Europe.

Every year, a number of new projects with good prospects for work sharing and related positive impacts will be identified and added to the MRI group of operations.

This initiative will contribute to the effectiveness, efficiency, visibility and impact of the financing of EU external policies. It could possibly be extended to other interested European financing institutions.



Project illustration 1:

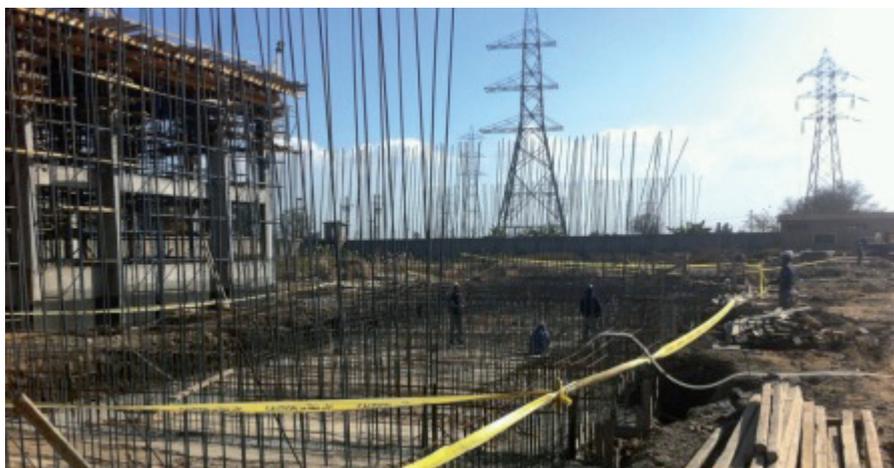
Egyptian Power Transmission Project (Egypt)

The project concerns a medium-term multi-scheme priority investment programme to reinforce and extend the Egyptian national high and very high voltage electricity transmission grid. It includes the design and construction of 10 transmission lines, one underground cable, 10 substations and 22 additional transformers. It will be implemented, operated and maintained by the Egyptian Electricity Transmission Company (EETC). The investment will contribute to improving efficiency in the country's transmission line network as a whole, and because virtually all of Egypt's 80 million citizens are connected to the electricity grid, such efficiency gains will translate into substantial environmental benefits.

The project will contribute to the expansion of basic energy infrastructure and develop the transmission electricity network to cater for the connection of new generating capacity, with an anticipated increase in renewable energy, while also expanding the possibilities for regional interconnections. It will enable the balancing of energy loads and reduction of technical losses, increase the reliability and quality of supply, and as such contribute to meeting the projected increase in electricity demand from both commercial and domestic consumers.

Technical assistance has provided the promoter with access to international best practice throughout the project cycle, e.g. in the areas of project management and supervision, procurement, financial management, as well as environmental and social mitigation.





The EIB has acted as lead financier for the transaction under the Mutual Reliance Initiative, notably relying on its local implementation team in Cairo. It coordinated the project appraisal and analysis necessary for the MRI partners' credit approvals, as well as the negotiation of common legal documentation. The Bank is now monitoring project implementation including the long-term technical advisor assignment supporting the project implementation unit. The promoter met all conditions for disbursement at the end of 2012.

The project is now being implemented, with completion planned for 2015. Close collaboration between the EDPs will continue, with the lead financier assuming agreed responsibilities during project supervision.

Detailed financing plan:

- AFD: EUR 50 million loan
- EIB: EUR 260 million loan
- KfW: EUR 50 million loan
- NIF: EUR 20 million grant
- Clean technology fund: EUR 150 million grant
- National contribution: EUR 232 million.

Project illustration 2: National Sewerage Programme (Morocco)

Morocco faces a lack of proper sanitation: in 2004, the national wastewater treatment rate was only 13%.

In 2005, the Moroccan Government approved the National Sewerage Programme (Programme National d'Assainissement, PNA), which set two major objectives to be reached by 2020:

- treatment of 60% of wastewater
- connection of 80% of urban areas to a wastewater treatment system.

This programme targets 260 urban areas and 10 million people. Overall investment costs are estimated at €4bn.

The financial contribution to this National Sewerage Programme in Morocco was one of the "MRI pilot projects" which made it possible to test the scope for reliance and delegation under the MRI.

This pilot project covered the following aspects:

- construction, rehabilitation and/or extension of wastewater collection systems and wastewater treatment plants in 30 urban areas (500 000 inhabitants)
- pilot projects for other sewage treatment technologies and for spreading of sewage sludge
- specific sewerage tools (hydro cleansing tankers, security material).

ONEE (Office National de l'Electricité et de l'Eau), the national office in charge of sanitation, is responsible for the implementation of sewerage projects in centres where the sanitation service has been delegated to it.





AFD took the role as lead financier owing to its long-standing presence in Morocco, its close relationship with ONEE and its strong involvement in the water and sewerage sector.

Last but not least, the European Commission contributed to the project financing with a €10m grant via the Neighbourhood Investment Facility (NIF).

This programme is a good example of donor coordination under the MRI, from the project preparation phase to implementation. AFD coordinated the overall appraisal and is now providing an interface between ONEE, the contracting authority and the European donors. AFD is in particular responsible for validating the list of cities which will benefit from the programme according to specific criteria set by the three IFIs. It will also monitor the governmental support for ONEE to develop sanitation services in small cities across the country.

Apart from the bilateral negotiation of financial contracts, ONEE has a single interlocutor (the lead institution) for the implementation of the programme and uses the same procedures, which have been coordinated for all the financing. All the donors took part in a first joint supervision mission at the end of 2012.

Detailed financing plan:

- AFD: EUR 20 million loan
- EIB: EUR 20 million loan
- KfW: EUR 38 million loan
- NIF: EUR 10 million grant
- National contribution: EUR 88 million.



Project illustration 3:

Kampala Water - Lake Victoria Water and Sanitation Project (Uganda)

The project ties in with previous activities to rehabilitate the distribution network and extend water treatment capacity in Kampala. It aims at increasing coverage, reliability and access to water supply services for the population of Metropolitan Kampala, in particular the urban poor, living in informal settlements in the districts of Wakiso and Mukono as well as the towns of Nansana and Kira.

Most water consumers in Kampala (2,5 million inhabitants) will benefit in some way from the project which will improve greatly the capacity for water treatment and drinking water distribution overall. The project also aims at “improving water supply in 20 selected informal settlements through network densification and construction of nearly 3,000 public water points and yard taps with electronic pre-paid meters to ensure access for additional 400.000 people to clean and safe drinking water at affordable costs.” In these settlements, up to 50% of the population live below the absolute poverty line. Further development objectives are to promote better overall planning and enhance the financial and operational capacity of the project execution agency, the parastatal National Water and Sewerage Corporation (NWSC).

The project has the following components:

- upgrading and rehabilitation of the Gaba Water Treatment Plant complex
- network restructuring and rehabilitation
- extension of water supply in informal settlements
- construction of a new water treatment plant east of Kampala and an associated network.

The three MRI partners teamed up, combining their respective strengths and expertise for the financing of this project, with KfW and its local implementation team in the lead financier role. KfW has a long-standing presence in the water sector in Uganda and especially relations with NWSC.





AFD and the EIB brought an in-depth knowledge of water quality issues and lengthy experience with water and sanitation projects in the region, gained by supporting the rehabilitation of the water intakes of the main cities on the shores of Lake Victoria, along with other partners such as UN Habitat. This regional dimension formed the basis for the MRI partners' successful request for a grant contribution from the EU-Africa Infrastructure Trust Fund (EU-Africa ITF) to the financing of NWSC's investments in Kampala.

The Kampala Water project was one of the pilot projects in which the spirit of the MRI was applied from an early stage. A joint appraisal led to the preparation of a decision document by the lead financier, which was adopted by all MRI partners. The lead financier coordinated the negotiation of the financing documentation, which includes a "Common Terms Project Agreement" signed by the MRI partners with the Government of Uganda and NWSC. The financial agreements were signed in April 2011.

The works have started and are expected to last for the next five years. The MRI partners will continue their close collaboration in progressively making funds available as the project is implemented. The two co-financiers will continue to rely on the lead financier to play its agreed role during project supervision, while providing advice and bringing value to the project whenever needed.

Detailed financing plan:

- AFD: EUR 75 million loan
- EIB: EUR 75 million loan
- KfW: EUR 20 million grant
- EU-Africa Infrastructure Trust Fund: EUR 8 million investment grant
- National contribution: EUR 34 million.



The Mutual Reliance Initiative (MRI)
Effective partnering for growth and development

Guide to speakers





Mohsen El-Banna

Projects Sectors, Technical Advisor

Mohsen Ezzat Taha El-Banna currently holds three positions; he is General Manager for Technical Follow-up & Documentation, PIU coordinator for World Bank (WB) financed projects and PIU coordinator for European Development Partners (EDP) financed projects. He graduated Helwan University in 1982 with a Bachelor of Science in Power Electrical Engineering.

Mr El-Banna commenced his career as an Overhead Transmission Lines Projects Engineer with the Egyptian Electrical Authority (EEA) in 1985. He moved on to become UHV & HV Substation Projects Engineer in 1987 and Projects Manager – Central Projects Sector in 1998 before taking a position with the Egyptian Electricity Transmission Company (EETC), also as Projects Manager.

Mohsen El-Banna is married and speaks both Arabic and English.





Adil Hasnaoui

Morocco's national office in charge of sanitation

Mr Adil HASNAOUI MARDASSI est titulaire d'un Mastère en Management de l'Ecole Supérieure de Commerce de Lyon en 1996 et du diplôme d'Ingénieur de l'Ecole Hassania des Travaux publics en 1990.

Depuis janvier 2010, Monsieur HASNAOUI occupe le poste de Directeur Financier de l'ex Office National de l'Eau Potable du Maroc, actuellement Office National de l'Electricité et de l'Eau Potable – Branche Eau. Préalablement, il avait en charge la Division des Etudes Economiques et Financières de l'ONEP.

Il contribue à la préparation du plan de développement de l'Office et à la mutualisation des concours des bailleurs de fonds dans le financement des projets d'eau potable et d'assainissement liquide.

Il était Administrateur représentant de l'Office au Laboratoire Public d'Essais et d'Etudes « LPEE » et représentait l'Office aux assemblées de la société Autoroutes du Maroc « ADM ».

Par ailleurs, il a participé à diverses consultations entre la partie marocaine et les bailleurs de fonds.





Johnson Amayo

**from the National Water and Sewerage Corporation
of Uganda**

His Excellency Mr Amayo, who was born in 1964, is a civil engineer with 22 years' experience and holds a Master's degree in Sanitary Engineering (from UNESCO-IHE in 1998) after having attained a BSc (Hons-Upper Second Class) degree in Civil Engineering from Makerere University in 1989. He has also undergone a number of short courses in the fields of water utility management, regulation and procurement in both local and international institutions.

He is a registered engineer with the Engineers Registration Board of Uganda and a member of the Ugandan Institution of Professional Engineers, where he is an assessor for both professional institutions, reviewing the technical reports of engineers wishing to be enrolled. He has played a key role in mentoring young engineers in their professional career development.

He is currently the Chief Manager for Planning and Capital Development of the National Water and Sewerage Corporation (since 2008), where he is responsible for the implementation of major water and sewerage infrastructure projects. Prior to his appointment to this post he had served the corporation in various capacities: as Operations Manager for eight years and Chief Engineer for two years. Of the 22 years of his working experience with the corporation, Eng. Amayo Johnson has served 18 years in senior management positions. He has vast experience in utility management and operations, most of which he has gained in NWSC. He has worked in various capacities and has wide operations management experience. He is a hands-on professional who is a key asset to the NWSC External Services Unit, in which he has been involved in providing consultancy services for water utilities in Sub-Saharan Africa.

His key specialised skills include:

- Development of performance standards and target setting
- Preparation of performance improvement plans / business plans for water and sewerage utilities
- Development and establishment of operations management systems
- Preparation of operations and maintenance plans for electro-mechanical equipment, distribution maintenance systems, sewage collection systems
- Preparation of terms of reference, specifications, tender documentation and tender evaluation
- Cost estimation / preparation of bills of quantities
- Experience in asset condition surveying and assessment
- Design of water and sewerage systems
- Project management





Philippe de Fontaine Vive

Vice-President of the EIB

Philippe de Fontaine Vive is the senior Vice-President of the European Investment Bank (EIB). He is responsible for innovation, corporate responsibility and relations with civil society as well as for activities in France and the Mediterranean partner countries.

Philippe de Fontaine Vive was born on 31 August 1959, in Marseille. He has an Econometrics degree, graduated from the Institut d'Études Politiques de Paris, and is a former student of the École Nationale d'Administration.

From 1986 to 1990, Philippe de Fontaine Vive was Assistant to the Head of the Banking Office, then Assistant to the Head of the Equipment Office at the French Treasury. He was then appointed Alternate Executive Director for France at the World Bank in Washington. From 1992 to 1994, he came back to the Treasury as Head of the Non-Life Insurance Office. From 1994 to 1995, he was International Adviser to the Minister of Economy and Finance. In 1995 and 1996, he was Head of the Transport and Urbanisation Office at the Treasury and General Secretary of the Board of FDES (Economic and Social Development Fund). From 1996 to 2000, he was Deputy Assistant Secretary for International Affairs at the Treasury in charge of bilateral relations, development and debt issues; he was also Vice-President of the Paris Club. From 2000 to May 2002, he was Deputy Assistant Secretary for State-owned Companies and from June 2002 to February 2003, he was Assistant Secretary for Domestic Affairs at the Treasury. From 2003 to 2006, he supervised EIB financial operations, the financing of SMEs throughout Europe, and activities in France and the Mediterranean partner countries.





Eva Joly

Member of the European Parliament and Chair
of the Committee on Development

Eva Joly (born in Oslo on 5 December 1943) was elected as a French Member of the European Parliament representing Europe Écologie, the French green electoral coalition, in 2009. As chair of the Development Committee of the European Parliament, Ms Joly works to promote the implementation and monitoring of the development and cooperation policy of the European Union. She moved to Paris at the age of 18 to work as an au pair, and today holds both French and Norwegian citizenship.

Having studied law, Eva Joly specialised in financial affairs and took office as an examining magistrate at the High Court in Paris. She investigated the financial scandal of the French state-owned petrol company Elf Aquitaine and became known for her persistent and courageous fight against corruption and fraud.

Following a long career as a judge in France, in 2002 Eva Joly returned to Norway and was a special adviser to the Ministry of Justice and the Police. From 2005 to 2009 she worked as a special adviser to the Norwegian Minister of International Development, heading Norad's campaign against corruption and money laundering. She was a member of the Government Commission on Capital Flight from Poor Countries.

In 2009 she was brought in by the Icelandic government as a special adviser to investigate the possibility that white-collar crime may have played a part in the 2008–2009 Icelandic financial crisis.

Eva Joly has published several books, including "Notre affaire à tous" in 2000 (published in English with the title "Justice under Siege" in 2006) and her autobiography "Korrupsjonsjeger" (Corruption hunter) in 2001. In her book "Plan for en bedre verden" (Plan for a better world), published in 2004, Ms Joly described her views on development assistance, globalisation and the fight against poverty. Her latest book, "Des héros ordinaires" (Ordinary heroes), was published in 2009.



Norbert Kloppenburg

Member of KfW's Executive Board

Dr Norbert Kloppenburg first worked as a consultant in Burundi before transferring to the Konrad Adenauer Foundation in India.

He has been working for KfW Bankengruppe since 1989. After heading the Brussels office of KfW Bankengruppe in the mid-1990s, he returned to KfW Bankengruppe in Frankfurt/Main in 1998 and was responsible for the Energy and Environmental Technologies Division of the Export and Project Finance Department.

From 2002 onwards he headed the Asia and Europe Directorate at KfW Entwicklungsbank.

He has been on the Executive Board of KfW Bankengruppe since 2007, in charge of the international financing activities of KfW Bankengruppe. Dr Kloppenburg is on the board of several business-oriented associations.



Andris Piebalgs

European Commissioner

Andris Piebalgs is an experienced Latvian politician who occupied key positions in both national and European political fields. During the first Barroso Commission, starting in November 2004, he was the European Commissioner for Energy. In that capacity, he led the development of a more competitive, sustainable and secure European energy system, which is one of the crowning achievements of the Barroso I Commission. In doing so, he was instrumental in propelling EU energy issues into the centre of EU policy-making. In recognition of his leadership in European energy policy, The Economist magazine honoured him with the title “Eurocrat of the Year” in 2007. In 2009, Andris Piebalgs received the “Diamond Prize” from the Regional Chamber of Commerce in Katowice (Poland) for his work in developing a cohesive European Energy Policy for the further generations. In 2009, the Energy Efficiency Global Forum presented him the Energy Efficiency Visionary Awards for his “outstanding contributions to the advancement of energy efficiency”.

Before joining the Commission, Andris Piebalgs pursued a political career, occupying strategic ministerial portfolios. He was also a high-ranking diplomat, helping Latvia to play its role in the EU.

Earlier in his career, while Latvia was still part of the Soviet Union, Andris Piebalgs worked as a teacher and was the Headmaster of the 1st Secondary School of Valmiera (1980-1990). He also served as Director of the Department in the Ministry of Education in Latvia.

In 1988, Latvian People’s Front, an organisation that united more than 200 000 people, was established. Supporters of Latvian self-determination gained victory in the elections of the Latvian Parliament on 18 March 1990. It was the first time since the Soviet occupation that candidates from various political parties were allowed to take part. On 7 May 1990, Andris

Piebalgs was appointed as Minister of Education in the new Government, and one year later, in August 1991, Latvia regained full independence. Andris Piebalgs' main task was then to put in place the first independent education system in Latvia.

In 1993, Andris Piebalgs won a seat in the Latvian Parliament, when the first elections after restoration of independence were held according to the Latvian election law. He served as the Chairman of the Budget and Finance Committee until 1994. At this time, he became Latvia's Finance Minister and Deputy Prime Minister.

From 1995 until 2003, he worked in the Latvian Diplomatic service. Andris Piebalgs first served as the Ambassador of Latvia in Estonia (1995-1997), where he helped to solve the sea border issue between the two states. In 1997 he became the Latvian Ambassador to the EU. In this capacity he helped to establish Latvia as the EU candidate country and led the accession negotiations, which resulted in Latvia's successful accession to the EU in 2004.

From 2003 to 2004, he was appointed Deputy Secretary of State for EU affairs at the Ministry of Foreign Affairs of Latvia. His role was instrumental in coordinating Latvia's position in the European Council and all Council formations. At the time, he also established the new development assistance policy for Latvia.

Andris Piebalgs was born on 17 September 1957 in Valmiera, Latvia. Piebalgs is a graduate in Physics from the University of Latvia. In addition to Latvian, he speaks English, French, German and Russian. He is married and has three children. During his free time he likes to play tennis and to go skiing.



Dov Zerah

Chief Executive Officer of AFD

Dov Zerah has been the CEO of the French Development Agency (Agence Française de Développement, AFD), since 2 June 2010.

Graduating from the Institute of Political Sciences of Paris, Dov Zerah holds a Master's in Economy from the Panthéon-Sorbonne University and is a former student of the École Nationale d'Administration.

Mr Zerah began his career at the French Treasury where he spent 13 years. He then became the Permanent Secretary of Michel Roussin, the Minister of Cooperation, in 1993. From July 1993 to November 1995, he was Deputy General Director of the Caisse Française de Développement (CFD), which would later become AFD. Dov Zerah became Corinne Lepage's Permanent Secretary within the Ministry of the Environment, where he stayed from 1995 to 1997. He then headed the cabinet of Edith Cresson, the European Commissioner, from 1997 to 1999. From 1999 to 2002, he was the CEO of DAGRIS (Développement des agro-industries du Sud), the former French Company for the Development of Textile Fibres, as well as of the Compagnie Cotonnière (COPACO). Mr Zerah then became the Mint Master of the Département des Monnaies, Médailles et Antiques de la Bibliothèque Nationale de France, between 2002 and 2007, before holding the post of Senior Counsellor at the French Court of Financial Auditors until his appointment as CEO of AFD.

Dov Zerah is also the author of five books on the French currency and financial system, and of around 30 articles dealing with subjects ranging from economics to the evolution of French society.





Jacki Davis

Managing Director, Meade Davis Communications

Jacki Davis is a leading commentator and analyst on European Union affairs. She is an experienced journalist, speaker and moderator of high-level events both in Brussels and in EU national capitals, the editor of many publications, a regular broadcaster on television and radio news programmes, and a Senior Adviser to the European Policy Centre think tank.

Jacki has been based in Brussels for 20 years, and was previously Communications Director of the European Policy Centre; editor-in-chief of E!Sharp, a magazine on the EU launched in 2001; and launch editor of European Voice, a Brussels-based weekly newspaper on EU affairs owned by The Economist Group, from 1995-2000.



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