

FTF Objectives for 2011-2013

The objective for FTF over the coming three years is to optimize its efficiency and efficacy, transforming it into a reference vehicle, based on three main pillars:

1. Stricter eligibility & high value added.
2. European leadership with regional partnership.
3. More ownership and choices for the donors.

According to article 1.01 of the Rules relating to its establishment and administration, the main and broad purpose of the FTF remains to **foster private sector development in the Mediterranean Partner Countries (MPCs)**, with specific key objectives to achieve this goal which include: “(i) the development of an “enabling environment” for private sector activity by fostering the creation of adequate capital and human “infrastructure” in the region; and (ii) foster and diversify the availability of financial instruments for the private sector”.

The FTF shall refine further its priorities to focus on the following seven priority sectors:

- **Financial Sector & MSMEs:** The financial sector remains one of top priorities of the FTF, contributing to improve the regulatory framework in which the different players involved in private sector development operate as well as to encourage the emergence of new financing instruments.
- **Water & Environment:** The Mediterranean environment is recognised as one of the richest and most vulnerable in the world, in particular with regard to its biodiversity. Central to the FTF will be its support to the “Depollution of the Mediterranean” UfM priority, which aims at tackling the most significant pollution sources by 2020. The FTF will remain open to initiatives in favour of environmental protection, which will include climate change mitigation/adaptation initiatives.
- **Energy:** The FTF will remain a key instrument of the Bank for the implementation of the Mediterranean Solar Plan (MSP), which is expected to develop the potential for low-carbon generation facilities in the Mediterranean region estimated at 20 GW by 2020. In addition to the MSP, a FTF priority will remain the upstream technical assistance for the integration of the Euro-Mediterranean energy market including the development and efficient operation of electricity interconnections, as well as regional integration of the natural gas networks and major gas export schemes to the EU.
- **Transport:** The FTF will accompany FEMIP’s plans for an integrated and effective Euro-Mediterranean transport system through the development of the “Maritime and Land Highways” initiative. This initiative aims at extending the major trans-European

transport axes to the neighbouring countries and regions through a regular and intensive policy dialogue between the countries concerned. The Maritime and Land Highways will not only enhance regional trade but will also strengthen relationships within the Mediterranean region. Particular attention will also be given to cooperation in the field of security and safety, both maritime and land transport modes and the development of short sea shipping.

- **Research, Development & Innovation:** Research, Development and Innovation (RDI) in terms of its impact on industrial conversion, and Information and communication technologies (ICT) as a means of broadening access to information are essential components of the knowledge economy, which is recognised as one of the driving forces behind the transition towards dynamic and competitive economies. RDI activities improve labour market standards and increase productivity performance. Further to the 7th FEMIP Conference on RDI (Tunis, March 2010), the FTF will continue to support innovations-related financial instruments, such as early stage private equity operations.
- **Urban Development:** Urban population is expected to remain stable for the northern Mediterranean coast in the next 25 years, while on the southern and eastern shores there could be an additional 30 million city dwellers. FTF upstream TA for Urban Development will focus on improving infrastructure and living conditions in urban environments, urban transportation and encouraging the modernization of financing mechanisms for local public authorities. In addition, within the framework of the "Medinas 2030" initiative launched by the FTF in 2008, it is intended to identify the main financial challenges that renovation of historic centres are suffering and thus to design tailored innovative funding instruments to remedy currently extended degradation in many of those important areas.
- **Human Capital:** The FEMIP Internship Programme, which offers talented graduates from the Mediterranean region the opportunity to gain work experience at the EIB, was launched in 2006 under the FTF. The programme contributes to capacity building efforts and has already benefited over 40 trainees. The extension of the initial envelope will enable the programme to be carried out beyond 2010, training additional interns in the fields of economics, finance, environment, engineering and urban planning.

In the spirit of the MoU signed between the EIB and the European Commission in 2008 and in line with the Mid Term Review of EIB external mandate 2007 – 2013, the FTF will continue to ensure a close coordination between its activities and those of the European Commission. The FTF will also continue to strengthen regional cooperation through increased collaboration with other International Financial Institutions and international organisations operating in the above FTF priority sectors. Such cooperation could include sharing information and fostering complementarities in the funding of proposals in the region, to avert overlaps and reduce transaction costs.