



European
Investment
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The EIB bank

2016

Southern Neighbourhood &
FEMIP Trust Fund

Annual Report



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Foreword

by the EIB Vice-President

As a key financier in the Southern Neighbourhood region during 2016, the European Investment Bank continued to address the challenges of the region in support of the European Union's development policies. Sixteen new loan operations worth EUR 1.6bn were signed, with a strong focus on the private and environmental sectors, both parts of the high level objectives of the 2014-2020 External Lending Mandate.

Since its creation in 2004, the FEMIP Trust Fund (FTF) has been supporting and enhancing the development impact of the Bank's activities in the Mediterranean region. To achieve this goal, the Bank relies on the continuous support of FTF Donors for financing projects in the four priority sectors of the FTF (namely, finance and micro, small and medium-sized enterprises; infrastructure; environment; and human capital, research and development and innovation).

The FTF plays an active role in providing backing for projects through risk capital support, aid with project preparation and implementation of technical assistance instruments. In particular, upstream technical assistance operations help to select and prepare sound and mature projects, which will in turn attract additional financial support enabling faster project implementation and greater impact. During the

course of 2016, five technical assistance operations for a total amount of EUR 3.9m were approved.

Since the inception of the FTF, specific efforts have been made by the EIB to support private sector development (68% of the total signed portfolio in the Southern Neighbourhood to date), considered to be the most effective way to ensure sustainable economic growth. In that context, a joint exercise with the European Bank for Reconstruction and Development and the World Bank titled *What's holding back the private sector in MENA?* was completed, allowing for a transparent and common assessment of the challenges and the opportunities for the private sector in the MENA region. The resulting report stems from an enterprise survey in eight diverse, middle-income economies in the region and presents lessons learned from the exercise. The study will enable the EIB to reinforce its financing role in support of the private sector and thus boost job creation.

Moreover, the year continued to be marked by the migration crisis as the MENA region includes several migration transit countries. The EIB is directly trying to tackle the root causes of migration by addressing socio-economic challenges in the affected countries. In this context, the Economic Resilience Initiative for Europe's Southern Neighbourhood and the Western



Balkans (the ERI) was launched by the EIB to also support the EU's neighbours. The ERI targets the upgrading and development of social and economic infrastructure and stimulation of private sector-led growth and job creation.

Finally, tackling climate change is a key priority in the region for the EIB. In September 2016, an international conference dedicated to climate action in the region was held in Rabat, in partnership with the Moroccan Government and the Union for the Mediterranean. The conference was welcomed by participants, who emphasised the importance of technical assistance programmes to support projects in the Mediterranean through the EIB's Climate Action for the Middle East and North Africa envelope under the FTF. Since

the envelope's establishment in 2015, six technical assistance programmes have been approved.

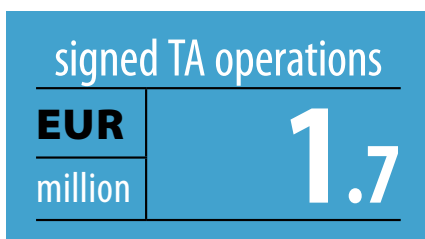
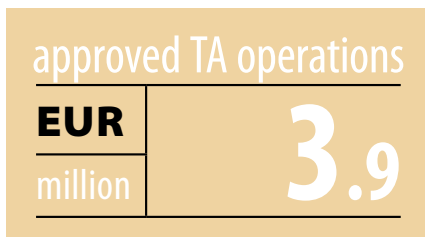
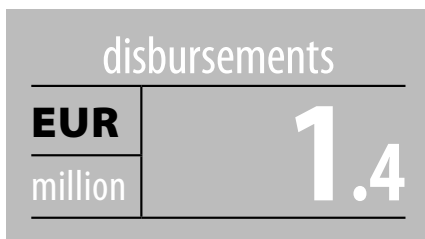
With the ongoing support of the Member States, the European Commission and FTF Donors – coupled with the active cooperation of the Bank with international financial institutions – the EIB will continue fostering EU development goals in pursuit of the ambitious objectives set and actively contributing to strengthening local economies and development in the Mediterranean region.

Román ESCOLANO
EIB Vice-President



2016 at a glance

Advising



Lending

- **EUR 1.6bn signed** for 16 new operations in non-EU Southern Neighbourhood countries (Egypt, Israel, Morocco and Tunisia)
- Two main core areas of activity: **infrastructure financing and support to the private sector**
- **68%** of the total lending volume was in favour of **private sector entities**
- Launch of the **Economic Resilience Initiative (ERI)** to step up support for economic growth, sustainable development and stability in the EU Neighbourhood.

Blending

Five Neighbourhood Investment Facility (NIF) Delegation Agreements in the Neighbourhood region were signed for a total amount of **EUR 105m, of which EUR 31m** supporting two EIB operations in the Southern Neighbourhood (Jordan).



Southern Neighbourhood

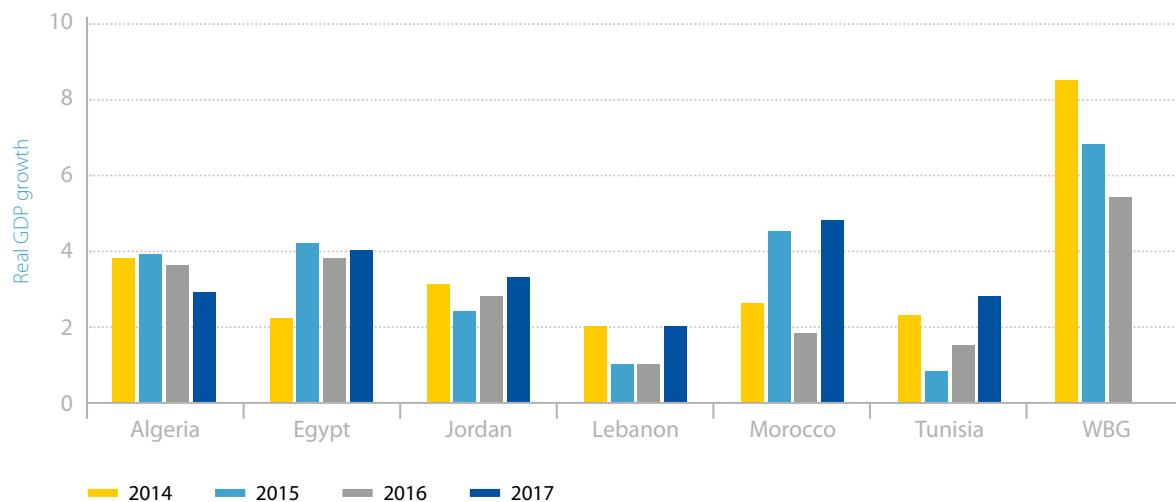


Political and macro-economic developments

In 2016, the economies in the Southern Neighbourhood expanded by 2.6% on average, slightly below the 3% average recorded during the period 2011-2015. Economic activity was held back by a bad agricultural season, low tourism receipts, in particular in Egypt and Tunisia, and conflicts in Libya and Syria that also affected their neighbouring countries in terms of investor sentiment, tourism and trade. Low oil prices had a large negative impact on the economy of Algeria, where the hydrocarbon sector represents about 30% of GDP.

On the other hand, oil importers in the region received a windfall dividend from lower oil prices. As a result of the difficult economic and social situation in most countries, current and fiscal account deficits widened further during 2016 and unemployment rates have remained high, in particular for young people. While reforms of the business environment, including the regulatory framework and investor protection in Egypt and Morocco, are boosting business and consumer confidence, further structural reforms are needed to lift potential growth to levels that have a lasting impact on unemployment.

Economic growth



Source: IMF

In **Egypt**, economic growth has been held steady on the back of reduced political instability. The conflict in Syria imposes a significant burden on Jordan and Lebanon in that it constrains investor sentiment, tourism, construction and exports. After a two-year gridlock, **Lebanon** has a new president and a new prime minister, which bodes well for the pending structural reform agenda. Economic growth in **Morocco** continued to fluctuate substantially, with agricultural

output depending heavily on the climatic conditions in the given year due to poor irrigation systems. The **Tunisian** economic situation continued to be weak as the security situation remained tense and work stoppages and strikes persisted. Tourism in Tunisia has dropped substantially amid heightened security concerns. A contraction in oil production due to a sharp decline in investment by foreign oil firms, as well as a decline in phosphate production due to strikes, has



also weighed negatively on the Tunisian economy. In **Algeria**, strong real GDP growth, which is based on constant prices, masked a substantial decline in nominal GDP coming from lower oil prices.

Most economies in the Southern Neighbourhood continue to suffer from remarkably weak fiscal positions of governments, despite progress in fiscal consolidation. Lower oil prices provided a chance for the oil importing countries to reform public finances through, e.g., gradually moving from general energy subsidies towards targeted social support. Going forward, better revenue collection and expenditure prioritisation are needed to create fiscal space for the infrastructure investment, and health and education spending, needed to lower poverty and unemployment rates.

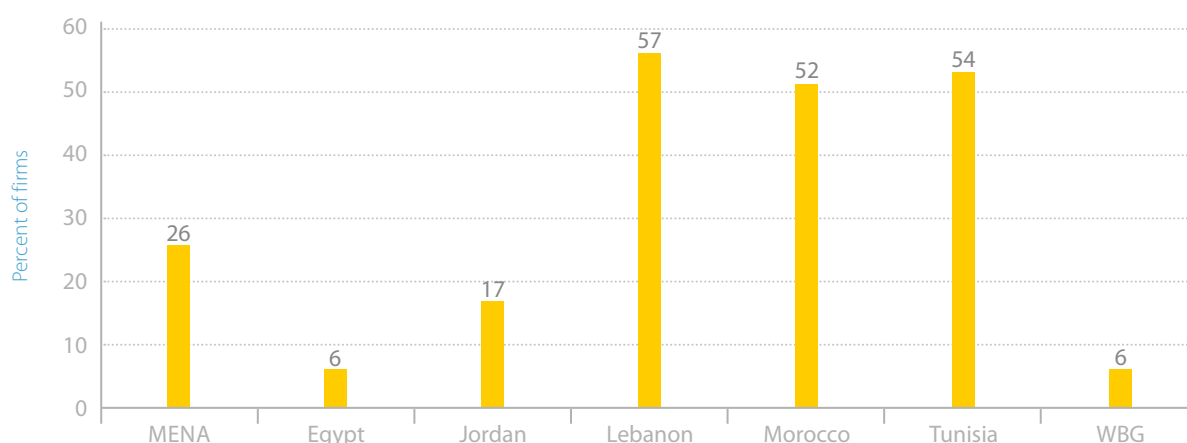
Access to Finance

Financial sectors in the region are dominated by banks pursuing traditional business models. Non-bank financial institutions and capital markets are still at an early stage of their development. The banking sectors' assets are relatively large when compared to GDP, supported by a solid deposit base. At the same

time, an important share of deposits is invested in government debt. This share has increased further in recent years as credit to governments is increasing at a faster pace than deposit growth. In some countries, the reliance on domestic banks for financing the fiscal deficit and public debt reduces the availability of credit for the private sector.

The following figure presents data from the EBRD/EIB/World Bank MENA Enterprise Survey and plots the percentage of firms with a bank loan in the Southern Neighbourhood. A clear dichotomy emerges: Lebanon, Morocco and Tunisia compare favourably whereas Egypt, Jordan and Palestine* are lagging behind. That said, in all countries SME lending could benefit from reformed secured transaction frameworks and better credit information. Insufficient coverage of credit bureaus is amplified by the poor quality of financial reporting on the side of firms.

The region is a challenging environment for SME finance, reflecting among other things the political instability. More than 30% of SMEs report access to finance as a major or very severe obstacle to their operations compared to 20% of larger firms, according to the EBRD/EIB/World Bank MENA Enterprise Survey.



Source: EBRD/EIB/World Bank MENA Enterprise Survey

*This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.



EIB financing activities in 2016

Lending

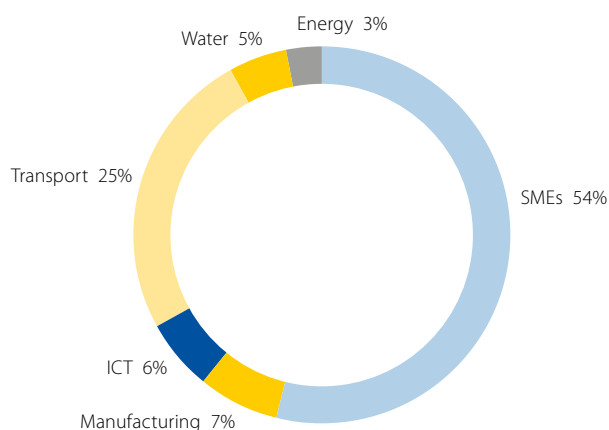
The Bank lent a total of EUR 1.6bn to the non-EU Southern Neighbourhood countries, underpinning the EIB's commitment to remain one of the leading financiers in the region with a focus on two core areas of activity: infrastructure financing and support to the private sector.

The Bank signed 16 operations in 2016 across four countries. Whilst the Bank continued its support to key infrastructure projects across the region, the year

saw the market shift towards an increased focus on the private sector, in particularly in favour of SMEs but also the corporate sector.

Some 68% of the total lending volume was in favour of private sector entities, as against 46% on average across the region over the last decade. Apart from the significant step-up in SME lending, reaching more than half of the overall lending volume in 2016, transport remained another key sector, accounting for some 25% of total lending. Corporate lending was also on a marked increase, representing close to 20% of operations, in favour of the manufacturing and ICT sectors.

Loans signed in 2016 (breakdown by main sector %)



The Bank continued to provide support to key infrastructure projects across the region in the areas of transport, water treatment and energy, representing one third of the overall lending volume. Climate action remained high on the agenda, with more than one third of operations having a significant positive climate impact. However, this level represented a reduction compared to the 50% level achieved in 2015, mainly resulting from the increased focus on SME lending in 2016, which generated lower levels of climate action investments.

Looking at the individual projects level, the following signed operations in 2016 are of particular relevance:

- The **Depolmed** project consists of an investment programme that includes the rehabilitation and ex-



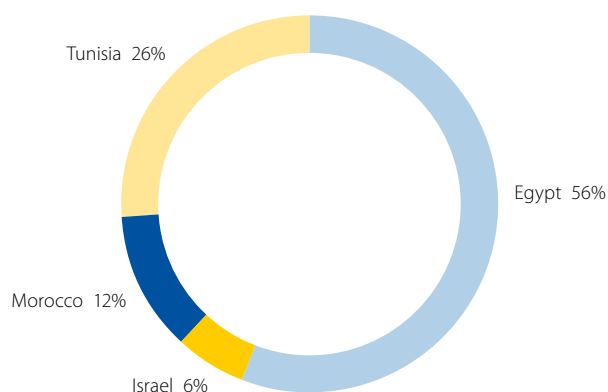
to help BMCE and promoters during project implementation. The facility is dedicated to supporting BMCE's initiatives to improve solid waste management practices and standards, one of the major environmental challenges in Morocco.

tension of wastewater treatment plants along with sewerage networks located in a strategic coastal area of Tunisia. The programme will support high priority environmental infrastructure and assist the promoter Office National de l'Assainissement (ONAS) with providing reliable and high quality services which are also vital for the economic growth and social development of the benefiting municipalities. As part of the EC-led Horizon 2020 initiative, this project is supported by MeHSIP II (Mediterranean Hot Spots Investment Programme) in the context of the depollution of the Mediterranean Sea. The project is co-financed by AFD and the EIB and is also supported by TA and grants from the EU's Neighbourhood Investment Facility (NIF).

- The **BMCE Ligne Verte** is aimed at upgrading the management of municipal solid waste in Morocco, one of the country's major environmental challenges. The EIB is granting a line of credit to a leading Moroccan bank, Banque Marocaine du Commerce Extérieur (BMCE), to co-finance investments in solid waste management by private sector promoters in Morocco. In addition to contributing to the establishment of new waste management facilities, the project will foster the expansion of separate collection (including for bio-waste) and recycling as put forward in Morocco's National Waste Management Strategy. The project is co-financed with the Dutch Development Finance Company FMO and is also supported by technical assistance

- The **BMCE Loan for SME and Midcaps** supports private sector development in Morocco by improving access to finance on favourable terms for SMEs and midcaps in the industrial and services sectors. It is a dedicated EIB loan that will be channelled to final beneficiaries through BMCE. This EIB project is consistent with the priority given by the European Union and Morocco to the development of a market economy conducive to investment and trade at both national and international levels.
- The **Tunisie Telecom 4G Rollout** strengthens digital inclusion by improving internet access throughout Tunisia. The existing 3G mobile broadband telecommunications network will be expanded and a new 4G LTE network will be rolled out. This project is the first private sector Horizon 2020 operation in Tunisia and in the Southern Neighbourhood. It illustrates the EIB's commitment to providing financial support targeted at private sector entities in the Mediterranean region.

Loans signed in 2016 (breakdown by country %)





Blending

The Bank continued to seek complementary grant funding for its lending operations, also by actively blending its loans with support from the EU-funded Neighbourhood Investment Facility (NIF).

Five Delegation Agreements in the Neighbourhood region (Eastern and Southern) were signed with a total NIF contribution of about EUR 105m. This is a new record high volume for NIF grant funding entrusted to the EIB in one year. It also highlights the importance of good cooperation with partner institutions and the European Commission, since NIF leverages resources from other IFIs as well. The support provided by NIF in the Southern Neighbourhood region focused on Investment Grants (around EUR 28m).

The Bank signed two operations with NIF contributions in Jordan, the National Electric Power Company (NEPCO) Green Corridor and Wadi Al Arab, with a total amount of around EUR 31m provided by NIF for those two projects. The NEPCO Green Corridor project will strengthen the country's high-voltage electricity transmission backbone, enabling new facilities generating large amounts of renewable energy to be connected to the network, and electricity to be transmitted from the central/southern desert areas to Amman, where generation is fossil-fuel based. The Wadi Al Arab project, a new water intake facility from the King Abdullah Canal, will improve drinking water availability for the growing population of the Northern Governorates of Jordan. It forms part of the National Water Strategy aimed at optimising water distribution across the country.

Economic Resilience Initiative

The significant shift towards a higher proportion of private sector lending is embedded in the roll-out of the Bank's **Economic Resilience Initiative** (ERI) launched during 2016. The ERI is the EIB's programme to step up support for economic growth, sustainable development and stability in the EU Neighbourhood.

In March 2016, the European Council called on the EIB, as the EU bank, to present a specific initiative aimed at rapidly mobilising additional financing in support of growth, vital infrastructure and social cohesion in the Southern Neighbourhood and Western Balkans countries. The Bank developed a proposal for an Economic Resilience Initiative, which was endorsed by the European Council in June 2016. The EIB Board gave its approval to launch the first components of the initiative in October 2016, consisting of a step-up in the EIB's existing activity in the two regions. The ERI aims to bring additional EIB lending of EUR 4.5bn to the Southern Neighbourhood over the next five years. This will entail the following components:

- EUR 1.5bn of additional lending to the public and private sectors within existing frameworks;
- EUR 900m of additional lending on especially favourable terms to the local public sector;
- EUR 2.1bn for higher risk, higher impact financing to support the private sector.

With a view to maximising efficiencies and reducing costs associated with the management of Donor funds, the EIB's governing bodies approved in December 2016 the establishment of the multi-region, multi-contributor and multi-sector Partnerships Platform for Funds (PPF) aiming also at standardising operational procedures, governance arrangements, fee calculation methodologies and reporting obligations.

The principal aim of the PPF is to provide the required framework to enable the establishment of new funds, including the Economic Resilience Initiative Fund.

Cooperation with other International Financing Institutions



The EIB continued to collaborate with other IFIs/BFIs – including AFD, the EBRD and KfW – active in the region, in terms of co-financed projects. Work with other institutional partners, in particular the Union for the Mediterranean (UfM), continued throughout the year. Some of the UfM-led initiatives to which the EIB contributed in 2016 included the third UfM Ministerial Conference on Employment and Labour, which took place in September 2016 in Jordan, and the second UfM Regional Conference of Governance and Financing for the Mediterranean Water Sector, which took place in Tunisia in December 2016.

In July 2016, the Bank, the EBRD and the World Bank organised the first presentation of *What's Holding Back the Private Sector in MENA? Lessons from the Enterprise Survey*. The main conclusion of the report was that the formal private sector in the Middle East and North Africa's economies must play a critical role in the overall economic transformation of the region.

The following third party contributions, channelled through the FEMIP Trust Fund, are worth mentioning as examples of cooperation with other IFIs.

Deauville Partnership MENA Transition Fund

The Deauville Partnership¹ provides support for the political and economic transitions in Egypt, Tunisia, Morocco, Libya, Jordan and Yemen. The MENA Transition Fund was created to provide countries with advisory services to help them undertake the policy reforms needed to build more inclusive and transparent economies, to boost trade and integration in the region, and to create an enabling environment for private sector growth. It is administered by the World Bank; the EIB is an Implementation Support Agency.

As at end-2016, the total amount of contributions received in the fund was **USD 239.6m**. USD 24.3m² has been granted by the MENA Transition Fund for five EIB-led technical advisory programmes in the Southern Neighbourhood Countries through the FEMIP TF: **Logismed Soft Project** (Egypt, Morocco and Tunisia); **Regional Integration through Trade and Transport Corridors** (Egypt, Jordan, Morocco and Tunisia); **SME Growth Programme** (Jordan); **Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries** (Jordan and Morocco); and **Optimising and Monitoring Employment in Infrastructure Investments** (Tunisia).

EIB-led projects approved by the Deauville MENA Transition Fund³

Project	Objective	Status
Logismed Soft Project	Supports the enhancement of logistic platform capacities in Egypt, Morocco and Tunisia and creates a collaborative network between these logistic platforms.	Under Implementation
Regional Integration through Trade and Transport Corridors	Promotes the reduction of trade and transport barriers along the priority trade corridors of Egypt, Jordan, Morocco and Tunisia, and at related border crossings.	Under Implementation
SME Growth Programme	Supports and sustains start-ups and micro, small and medium-sized enterprises – with a particular focus on high-value growth enterprises – to increase productivity and competitiveness by adopting and applying innovation.	Under Implementation
Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries	Provides targeted support to the region's central banks to promote the development of innovative retail payment solutions, such as mobile financial services, which will support expanded access to financial services across the region.	Closed
Optimising and Monitoring Employment in Infrastructure Investments	Estimates the impact of government investments in public infrastructure on job creation, in qualitative and quantitative terms, by creating a Management Information System; applies lessons learnt in order to design better projects, which in turn create more and better jobs.	In preparation

¹ <https://www.menatransitionfund.org/>

² In 2013, 2014 and 2015.

³ More details on the contracts regarding EIB projects are given in Annex 4.



Financial breakdown of EIB-approved projects (in USD)

Project per country	Egypt	Jordan	Morocco	Tunisia	Grand Total
Logismed Soft Project	1 565 403		1 565 403	1 565 000	4 695 806
Regional Integration through Trade and Transport Corridors	4 230 000	2 630 000	3 550 000	3 800 000	14 210 000
SME Growth Programme		3 850 000			3 850 000
Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries		426 000	392 000		874 000 ⁴
Optimising and Monitoring Employment in Infrastructure Investments				609 500	609 500
Total	5 795 403	6 906 000	5 507 403	5 974 500	24 239 306

Cooperation with the German Agency for International Cooperation (GIZ)

The EIB and the GIZ co-financed a NAMA (National Appropriate Mitigation Actions) study aimed at supporting NAMA projects in FEMIP countries that create short-term and long-term opportunities for climate action investments in the Mediterranean

region. The GIZ made a contribution of EUR 100 000 to the FEMIP Trust Fund, which was combined with the amount of EUR 200 000 from the FTF/CAMENA envelope. Currently, the study is under implementation and completion is expected at the end of 2017.

⁴ USD 56 000 has been retained as an indirect cost for promoting financial inclusion via mobile financial services in the Southern and Eastern Mediterranean countries for Egypt.



FEMIP Trust Fund

Since its inception in 2004, the FEMIP Trust Fund (FTF) has received EUR 54.3m from its 16 Member State donor countries and the European Commission to support the development and completion of Bank-financed projects.

The FTF supported the Bank's activities in the Southern Neighbourhood region by financing technical assistance, capacity building support, upstream studies and risk capital operations. The Southern Neighbourhood countries currently eligible for FTF support are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya⁵, Morocco, Palestine, Syria⁶ and Tunisia.

The FTF also channelled almost USD 24.3m from the Middle East and North Africa (MENA) Transition Fund to five Bank projects. The Fund was established by the G8 through the Deauville Partnership in the wake of the Arab Spring.

In addition, the United Kingdom's Department for International Development (DFID) approved in 2014 a GBP 15m grant to the FTF for a climate action programme for the Middle East and North Africa (CAMENA).

In 2016, the FTF approved EUR 3.91m for Bank projects, bringing the cumulative amount of grants approved by the FTF to almost EUR 43m.

Excluding grants related to dissemination, internship and secondments, a total of 67 grants amounting to EUR 39.4m were approved, of which nine grants amounting to EUR 12.8m (or 33%) were directly linked to EIB loans. These grants generated a leverage of 93 times versus the total project cost and 41.5 times versus the EIB loaned amount.



⁵ The EIB will commence its activities in Libya once a framework agreement with the country has been signed; the preparation of that agreement was initiated by the EIB in 2014 but finalisation will depend on progress made towards a sustainable policy within the country.

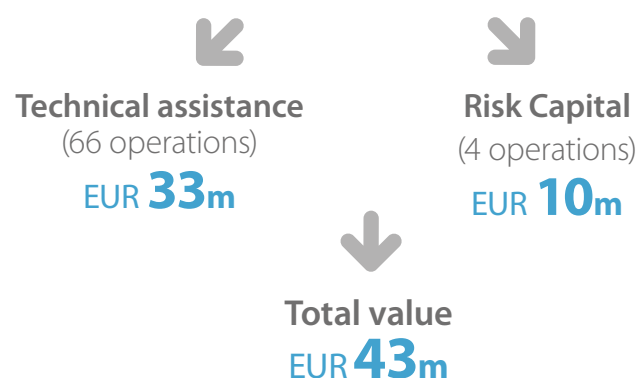
⁶ Following the sanctions imposed by the EU in November 2011, the EIB has suspended all disbursements and technical advisory contracts relating to projects in Syria.



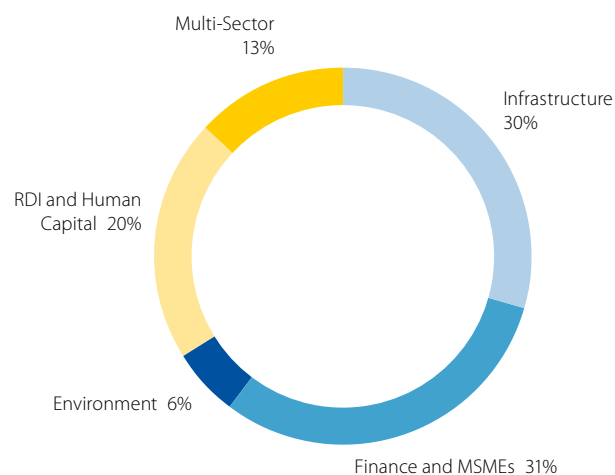
FTF approvals 2005-2016

Since its start, the FTF has approved 70 operations with an aggregate value of almost EUR 43m.

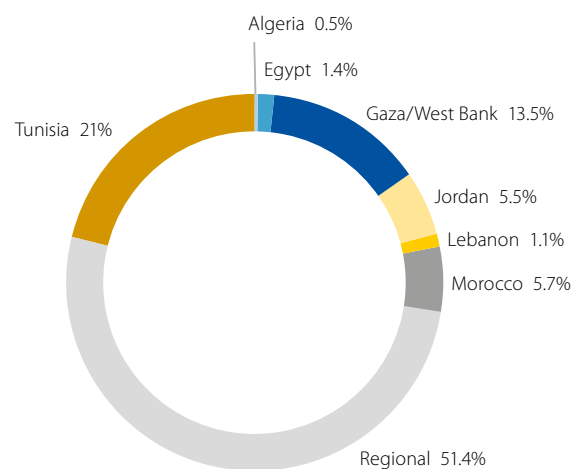
FTF approved operations 2005-2016



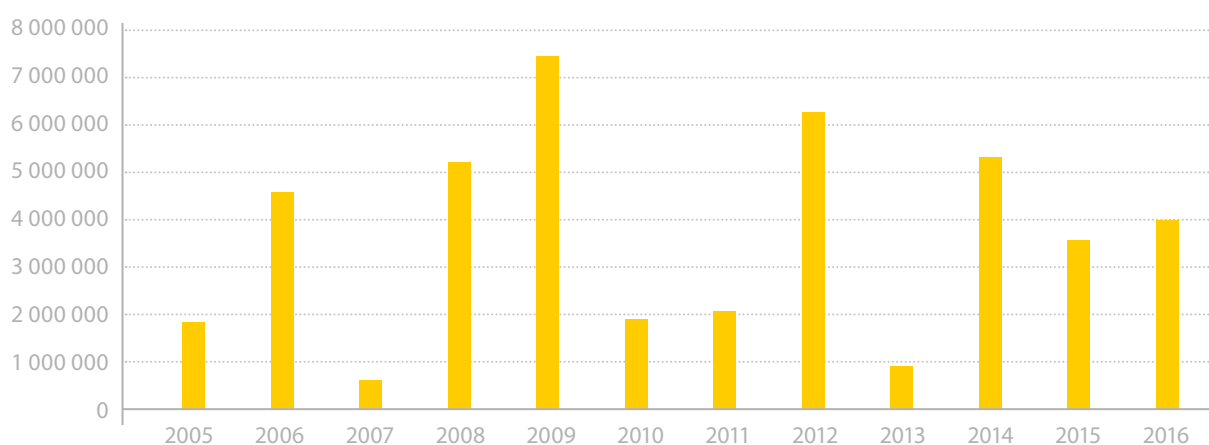
FTF approvals by sector (in EUR m, 2005-2016)



FTF approvals by country (in EUR m, 2005-2016)



Yearly approved amounts (in EUR)



Statements by Donors

The achievements of the FTF stem from close collaboration between the Bank and FTF contributors in terms of pooling both financial resources and knowledge. The following are the views on FTF expressed by the United Kingdom and Spain:



Sarah Sanyahumbi

Deputy Director and Head of
Europe Department, DFID

United Kingdom

"Supporting efforts to mitigate and adapt to climate change, and therefore to strengthen resilience and response to crises, is an important part of the UK's international aid strategy. The threat of climate change is particularly acute in the Middle East and North Africa, which will be impacted as much as or more than any other region. Addressing climate change also presents opportunities for the MENA region through the promotion of climate-sensitive investment and development of renewable energy. That is why in 2015, the UK entered into partnership with the EIB through the creation of the Climate Action for the Middle East and North Africa (CAMENA) envelope in the FEMIP Trust Fund.

The UK is providing GBP 15m over a four-year period for CAMENA to provide technical assistance to support project development and implementation, and to invest in an equity fund focused on facilitating green growth. CAMENA is now two years old and funding has been committed to a number of activities across a range of sectors, including renewable energy in Palestine, transport in Morocco, and waste water in Egypt. In Palestine, technical assistance has been delivered to help prepare the procurement for on-and off-site power plants which will supply a desalination plant. The plant will supply sufficient safe water for a population of 1.7 million people in a location where 90% of water does not comply with WHO drinking water standards. Solar panel and wind turbines will provide 60% of the required power, which would make it one of the very few large desalination facilities in the world run on a large proportion of renewable energy. This is the kind of positive impact we are pleased to be supporting through the CAMENA programme.

We look forward to seeing the further results these projects generate in the region over the coming year. Building far-reaching and long-lasting change will require a sustained and joined-up effort, and therefore we also encourage other donors to help build the momentum by contributing to the CAMENA envelope".



Carlos San Basilio

Director General of the Spanish
Treasury

Spain


















“Since the creation of the FEMIP Trust Fund (FTF), Spain has reaffirmed its commitment to the Southern Neighbourhood and has actively supported the achievement of a favourable economic environment and the development of a strong and dynamic private sector in the region. In a constantly evolving environment, the Fund has proven to be an effective instrument in reinforcing economic development through capacity building and investment climate enhancement.

Spain will continue to support the Fund as a means to address economic challenges in our Southern Neighbouring countries. We are sure it will continue to play a crucial role, attracting other key economic and financial stakeholders in the region”.

FTF Funding Outlook

Funding from Donors

Contributions received as at 31 December 2016

Donor	Total pledges (EUR '000) 2004-2016	Total received contributions (EUR '000)	of which received in 2016 (EUR '000)
 Austria	2 000	2 000	
 Belgium	2 500	2 500	
 Cyprus	1 000	1 000	
 European Commission	1 000	1 000	
 Finland	1 000	1 000	
 France	7 000	7 000	
 Germany	2 000	2 000	
 Greece	3 000	3 000	
 Ireland	1 000	1 000	
 Italy	2 500	2 500	
 Luxembourg	5 400	5 000	400
 Malta	1 500	1 500	
 Netherlands	2 000	2 000	
 Portugal	1 000	1 000	
 Spain	10 000	10 000	
 Sweden	1 923	1 923	
 United Kingdom	21 615	9 867	
TOTAL	66 438	54 290	400



Funding from third parties

In addition, the FTF channels grants from third parties for specific purposes, such as the **Deauville Partnership MENA Transition Fund (MENA TF)**, which supports EIB-led regional projects¹.

Third party contributions to the FTF have also been received through cooperation agreements with:

- the **International Renewable Energy Agency, United Arab Emirates (IRENA)** for the co-financing of the study “Evaluating renewable energy manufacturing potential in the Southern Neighbourhood Countries”.
- the **International Institute for Democracy and Electoral Assistance, Sweden (IDEA)** to support the joint regional study “Enhancing the Impact of Private Sector Development on Democratic Transition in the Southern Neighbourhood Countries”.
- the **German Agency for International Cooperation (GIZ)** to support a climate-related study on “National Appropriate Mitigation Actions Potentials in the Southern Neighbourhood Countries”.

The following table shows contributions to the FTF received from third parties as at 31 December 2016:

Third Party	Pledges in EUR	Paid-in in EUR	Status
Deauville Partnership MENA Transition Fund (MENA TF)	20 965 000	16 250 991	Ongoing
International Renewable Energy Agency, United Arab Emirates (IRENA)	18 075	18 075	Completed
International Institute for Democracy and Electoral Assistance, Sweden (IDEA)	75 000	75 000	Completed
German Agency for International Cooperation (GIZ) (NAMA)	100 000	100 000	Ongoing
TOTAL	21 158 000	16 444 066	

The Trust Fund has been very successful in deploying capital. However, the remaining resources available for new operations are running out. In parallel, requests for financing are increasing and the pipeline

of projects already exceeds EUR 20m. The EIB counts on the continued support of Donors in order to successfully implement the ambitious and challenging objectives.

¹ See section 3.1 above for more details.

FTF operations in 2016

FTF approved operations

In 2016, the FTF Assembly of Donors approved five new operations for an overall amount of **EUR 3.9m** as follows:

- three operations worth **EUR 3.2m** under the FTF's general scope, including one TA and two extensions related to the FEMIP Secondment and Internship Programmes,
- two operations worth **EUR 730 000** under the CAMENA window only.

FTF operations approved in 2016	in EUR
Technical Assistance Programme in support of the DGPC (Direction Générale de Ponts et Chaussées) for EIB-financed projects Modernisation Routière I – II and Voiries Prioritaires V (Tunisia)	2 100 000
Extension of the FEMIP Secondment Programme – (Regional)	600 000
Extension of the FEMIP Internship Programme – (Regional)	480 000
Feasibility Study for Alexandria West Wastewater Treatment Plant Extension (Egypt) – CAMENA Window	400 000
Feasibility Study for Upgrade and Expansion for Saida Wastewater Collection and Treatment Systems (Lebanon) – CAMENA Window	330 000
TOTAL FTF operations approved in 2016	3 910 000

FTF completed operations

In 2016, three operations for an overall amount of **EUR 550 000** were completed. The completion reports for these operations are attached in Annex 3 of this report.

FTF completed operations in 2016	in EUR
Étude de faisabilité d'une Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte	320 000
Étude de la liaison permanente entre l'Autoroute A4 et la ville de Bizerte: Supervision Indépendante de l'Ouvrage Principal	80 000
Enhancing the Impact of Private Sector Development on Democratic Transition in the Mediterranean Partner Countries	150 000
TOTAL FTF completed operations in 2016	550 000



FEMIP Trust Fund Targeted Windows

CAMENA Supporting Climate Action in Middle East and North Africa

CAMENA outputs

- Identification of projects
- Assistance with project preparation and implementation
- Capacity building for a range of financial intermediaries, public sector borrowers and other stakeholders to ensure better development of climate action projects
- Upstream activities related to advisory services and investments in climate action

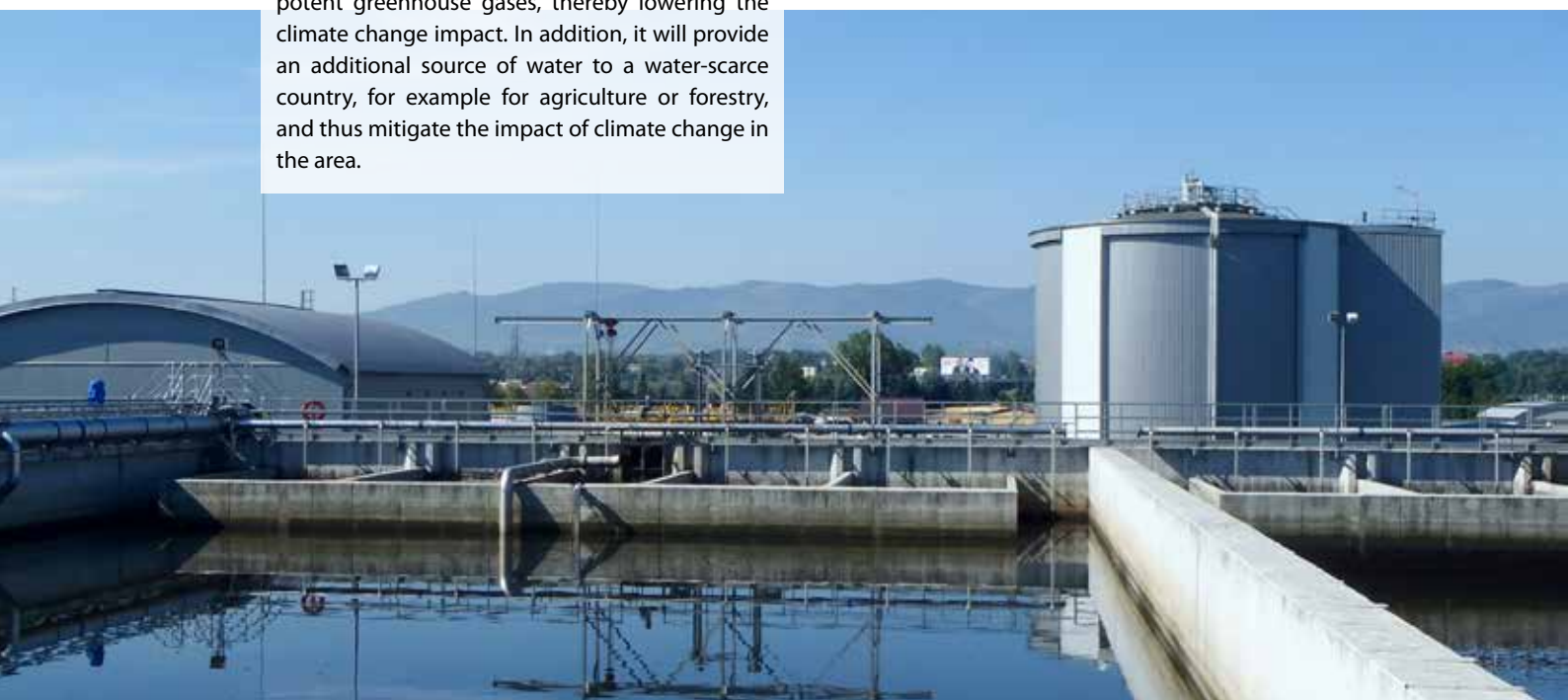
CAMENA's portfolio of operations covers a wide range of countries in the region. During 2016, two new operations in Egypt and in Lebanon were approved for two feasibility studies: Alexandria West Wastewater Treatment Plant Extension and Upgrade; and Upgrade and Expansion of Saida Wastewater Collection and Treatment Systems.

Alexandria West Wastewater Treatment Plant Extension and Upgrade (Egypt)

This technical assistance operation of EUR 400 000 will help prepare capacity expansion of the existing Alexandria West Wastewater Treatment Plant (WWTP) and an upgrade of the treatment level. Upgrading the treatment level will significantly reduce the emission of methane, one of the more potent greenhouse gases, thereby lowering the climate change impact. In addition, it will provide an additional source of water to a water-scarce country, for example for agriculture or forestry, and thus mitigate the impact of climate change in the area.

Upgrade and Expansion of Saida Wastewater Collection and Treatment Systems (Lebanon)

This technical assistance operation for EUR 330 000 will help prepare the extension and rehabilitation of the stormwater drainage and wastewater collection system, an increase in the capacity of the existing Saida Wastewater Treatment Plant (WWTP) and an upgrade of the treatment level of the WWTP. The operation will contribute to climate action by, among other things, reducing greenhouse gas emissions, exploring energy efficiency measures, and improving resilience to climate change-induced impacts on water availability.



Impact Investment Envelope

The Impact Investment Envelope enables the Bank to extend the range of instruments to finance entrepreneurial activities, and to consider private sector projects which, despite their potential for significant developmental impact, the Bank would not normally be able to undertake due to the risk profile. The envelope targets equity, guarantees or debt investments pursuing specific development, innovation or social objectives.

A first investment from this envelope – a EUR 1m subordinated loan for **TAYSIR Microfinance** in Tunisia – was approved and signed in 2014. The project is the EIB's first operation in Tunisia to support the creation of a new MFI (microfinance institution) with a social impact objective targeting small farmers, women and young entrepreneurs.

Taysir a newly established Tunisian MFI

Objectives

- Break-even at the end of 2018
- 25 000 clients and a portfolio of TND 60m by the end of 2018

Status

- Project signed on 3 December 2014 (EUR 1m)

Taysir as of end-2016

- Six branches opened; around 3 000 active loans; portfolio of almost TND 6m; innovative products.

CoopMed an innovative financing tool for the Mediterranean

Objectives

- Portfolio of EUR 20m in 15 investments across the MED
- Support to nascent cooperative sector and social economy

Status

- Project signed on 4 September 2015 (EUR 2m)

CoopMed as of end-2016

- Strong and committed shareholders
- Committed portfolio EUR 3.6m in four countries (of which EUR 2.89m disbursed mainly in Lebanon) with five clients.

Approved and signed in 2015, the **CoopMed project** is the second FTF impact operation. The project consists of the subscription for up to EUR 2m of the mezzanine tranche of bonds issued by the CoopMed Fund, an investment vehicle supporting financial inclusion in the Southern Neighbourhood region. CoopMed will provide stable long-term financing, mainly in the form of subordinated loans, to microfinance institutions and other financial intermediaries, with a view to strengthening their funding structure and encouraging them to expand their lending activity to the benefit of microenterprises, cooperatives, social economy enterprises, and economic initiatives led by NGOs.

FEMIP Trust Fund Capacity Building Programmes



The FEMIP Internship Programme has grown in popularity each year among young interns, as it opens new perspectives and can provide a fundamental career boost.

FEMIP Internship Programme

The EIB-FEMIP Internship Programme builds 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.

The programme looks for candidates specialising in a field relevant to international development banking, such as economics, finance, the environment, engineering (ports, roads, energy, etc.) or urban planning.

The FEMIP Internship Programme has been successful in promoting young Mediterranean talent and building skills in various areas – from finance to legal and policy analysis. For the Bank, the work of the interns is highly valued, particularly as these young professionals are often able to directly apply their knowledge of the Mediterranean region to FEMIP operations.

Many trainees have since embarked on successful careers in their respective countries or in the EU, in both the private and public sectors, including the public administrations.

Since 2007, the Bank has welcomed a total of 105 young professionals to the FEMIP Internship Programme financed by the FEMIP Trust Fund, as detailed in the tables below.

Directorate Breakdown	
Secretariat General	16
Operations Directorate	43
Projects Directorate	30
Finance Directorate	4
Office of the Chief Compliance Officer	5
Risk Management Directorate	1
Transaction Management and Restructuring	4
EIB Institute	2
TOTAL	105

The FEMIP Internship Programme has grown in popularity each year among young interns, as it opens new perspectives and can provide a fundamental career boost.

Every year the EIB offers young nationals of Southern Neighbourhood countries the opportunity to take part in a twelve-month internship programme at its head office in Luxembourg or in one of its external offices. In 2016, **ten new trainees** joined the Bank.

Country of Origin Breakdown	
FEMIP Countries	No. of trainees
Algeria	4
Palestine	5
Egypt	13
Israel	1
Jordan	3
Lebanon	5
Morocco	32
Syria	5
Tunisia	12
Turkey	25
TOTAL	105

Hear it from the FEMIP Interns



"Being a FEMIP trainee at the EIB is a life-changing experience. I have been fortunate to thrive in a fast paced, dynamic environment and work with experienced, brilliant, and like-minded colleagues. The FEMIP Internship Programme has been a tremendously rewarding experience, both professionally and personally, as it has given me the confidence and expertise to pursue my career path."

Adnan MANAI
Compliance Directorate
April 2016- May 2017, Tunisia



"My time as a FEMIP trainee is one of the greatest experiences of my life. Working at the EIB made me grow not only professionally but personally as well. The soft skills I developed will definitely help me throughout my career. Working with so many different people from different backgrounds has broadened my horizons. I will always be proud to say that I was once part of this wonderful programme."

Meriem CHEMSI
Environment and Sustainable Territorial
Development Department
June 2016 - July 2017, Morocco



"The FEMIP internship is a once in a life time opportunity for non-EU citizens to work for an EU institution. The EIB provides a multi-cultural environment, in which we get to gain our first professional experience in our respective fields. As an economics and international relations graduate, working for the Institutional Strategy Department provided me with much-needed understanding of the financing world in the international realm. The knowledge and practical experience will definitely serve me in my professional career, and I am grateful for this amazing opportunity."

Bar NADEL
Institutional Strategy Department
September 2016 - August 2017, Israel



"I am very grateful to be involved in this FEMIP traineeship programme at the European Investment Bank. In fact, working in this energetic, active, enthusiastic and international atmosphere was and still is one of the biggest opportunities that I have ever had. I believe that the knowledge, the skills and the professional network I am exposed to are very valuable for my personal and professional development and my future career growth."

Sarra MAATALLAH
Innovation and Competitiveness Department
September 2016 - August 2017, Tunisia

FEMIP Secondment Programme

To build human capacity and partnerships in the Southern Neighbourhood region, and to maximise the diversity of expertise available for the EIB's own operations in this region, the Bank welcomes secondees both from the Southern Neighbourhood region and the EU within the framework of two programmes financed by the FTF.

Secondees from the Southern Neighbourhood region

The European Investment Bank seeks qualified professionals from public sector organisations or private sector entities in the Mediterranean Partner Countries (MPCs) who are committed to working to improve people's lives, and who wish to contribute to the work of their respective institutions by promoting economic and social progress in these countries.

This is an annual programme and its goal is to offer successful candidates an opportunity for professional development and global experience in an international environment, with wide exposure to the EIB's various business activities. The programme strengthens the institutional cooperation of the MPCs with the EIB by bolstering common activities, both upstream and project-related.

Since the launch of the programme in 2013, the EIB has welcomed four secondees from Egypt, Tunisia and Palestine working in the Operations Directorate as policy/mandate officers.

Secondees from the European Union

To strengthen the EIB's cooperation with EU development finance institutions and public banks, another initiative was established under the FTF to encourage the exchange of staff with these European partners.

Under this initiative, the EU secondees work within the Bank for up to three years to support common activities, both upstream and project-related, in the Southern Neighbourhood countries. Following the launch of the programme in 2013, two EU secondees have participated in this initiative. Both secondments are hosted by the Operations Directorate.

Hear it from the FEMIP Secondees



Ministry of Development, Investment and International Cooperation – Tunisia

Before joining the EIB's headquarters in Luxembourg, I was working in the Tunisian Ministry of Development, Investment and International Cooperation as manager and officer in charge of European Commission projects. When I was selected as a secondee, I didn't realise at the time what a chance I had got. After more than one and a half years working in the Operations Directorate within the Trust Funds and Blending Division, I can affirm that this opportunity brought me far more benefits than I was expecting, particularly in terms of expertise and capacity building.

Aymen BEN ALI

Mandate Management Department, Trust Funds and Blending Division



Public activities in 2016

Supporting Syria and the Region – London 2016 Conference, London, 4 February 2016

The conference, hosted by the UK, Germany, Norway, Kuwait, and the United Nations, addressed the longer-term needs of those affected by the crisis by identifying ways to create economic opportunities and jobs and to provide education.

Speaking ahead of the conference, EIB President Werner Hoyer said,

“Our response must be ambitious. It must also be concerted among all partners. The EIB is ready and perfectly placed, thanks to our three decades of experience, to support the efforts of Europe and the international community as a whole in tackling this grave and urgent crisis. This is why today, as the largest financial institution active in this region, we have announced our readiness to work closely with our partners to further increase our already substantial activities. In light of the urgent need and its importance for the European Union, the EIB – as the EU bank – can step up its efforts over the next five years in Turkey and the Middle East and North African countries provided the necessary conditions are in place.”

He added, *“These countries in the frontline urgently need our support. We need to do more to help them. It is in everybody’s interest that families fleeing violence and persecution are not pushed farther and farther from home, forced to risk dangerous journeys and an uncertain future. For them, for us, for the stability of this region and for the European Union, the EIB has a major role to play. If we get further grant resources we can do more of what we do best. We can help mobilise private capital for the economic development of the region in a number of ways, for example by supporting services now under intense pressure such as water supply, schools and education and health services and in increasing opportunities for jobs and entrepreneurship.”*

Signature of EUR 250m loan for road infrastructure and SMEs in Tunisia, 23 February 2016

The bank of the European Union has signed finance contracts totalling EUR 250m (TND 554m) to upgrade road infrastructure and increase support for entrepreneurs and project promoters in Tunisia.

“I am delighted to be able to announce to you today that EUR 250m – or TND 554m – has been provided to upgrade Tunisia’s roads and support businesses”, said EIB Vice-President Román Escolano. This is a key loan for Tunisia and its people as it is vital in terms of economic development, social cohesion and jobs. We are developing and upgrading the country’s roads. We are stepping up our support for Tunisian businesses by injecting EUR 100m into the Tunisian economy practically immediately. We are backing job creation, particularly for younger generations.”

Signature of a technical cooperation agreement between the Hashemite Kingdom of Jordan, the EIB and the Agence Française de Développement, 9 May 2016

On 9 May 2016, the Hashemite Kingdom of Jordan, the EIB and the AFD agreed to move forward with the implementation of the Red Sea – Dead Sea project and signed a cooperation agreement to develop technical assistance and advice for phase 1 of the project.

This agreement aims to define and promote the best option to satisfy the current and future needs for domestic water supply in Jordan, as well as enabling economic growth and mitigating climate change’s impact on water resources. In the framework of the agreement, three studies will be conducted by the EIB in cooperation with AFD in terms of economics and financial analysis as well as environmental and social impact.

EIB grants a EUR 19m loan for climate action in Tunisia, 26 May 2016

During the official visit of its Vice-President Roman Escolano, the European Investment Bank signed a loan contract with Groupe Chimique Tunisien (GCT) for EUR 19m (TND 42m) to reduce the environmental impact of GCT's production activities. This additional loan follows on from an initial EUR 55m contract signed in 2008 for the same environmental upgrading project.

"This loan is of symbolic importance for climate action", remarked EIB Vice-President Roman Escolano. "The reduction of greenhouse gases is one of our priorities. That is why we have mobilised our resources, skills and expertise to support this project, which will have a direct impact on sustainable development and on the daily lives of Tunisians."

FEMIP Trust Fund Assembly of Donors Meeting, Luxembourg, 18 July 2016

On 18 July 2016, the FEMIP Trust Fund Assembly of Donors Meeting took place at the EIB's headquarters in Luxembourg. The meeting was an opportunity to update Donors on the FTF and ongoing operations and to approve new projects.

Signature of EUR 500m credit line agreement with National Bank of Egypt and VP's visit to Egypt, October 2016

This signature relates to a credit line for SMEs, the backbone of the Egyptian economy, to support all eligible industrial and services sectors of the Egyptian economy. The credit line will provide short-term hard currency funding, enabling the intermediary to satisfy its clients' foreign currency needs for working capital financing.

EIB steps up its support for Moroccan businesses along with BMCE Bank of Africa, 15 November 2016

On the fringes of COP22, the European Investment Bank signed a EUR 150m credit line with BMCE Bank of Africa. The goal is to strengthen support to SMEs for financing projects in the industrial and services sectors.

"This is an important financing operation for the Moroccan economy", said Marion Hoenicke, head of the EIB's division for lending operations in support of SMEs in neighbouring countries, at the signing ceremony. "Companies are engines of growth and employment. For this reason, we are responsible for creating the optimum conditions for financing and access to credit. By working together with BMCE Bank of Africa, we are contributing to the dynamism and competitiveness of the Moroccan economy."

EIB participation in the Tunisia 2020 Investment Conference, 29 November 2016

At TUNISIA 2020, an international conference in support of Tunisia's economic, social and sustainable development, EIB President Werner Hoyer announced that Tunisia would receive up to EUR 2.5bn of support by 2020 to promote inclusive and sustainable growth, the main source of jobs for young people.

"This is an exceptional measure", stated President Werner Hoyer. "In view of the challenges currently facing Tunisia, it is our responsibility to act rapidly and decisively to restore the confidence of public and private investors. This is why we have decided to step up substantially our activity in Tunisia from now until 2020, with an overall investment of EUR 2.5bn to support the public and private sectors in key areas of the Tunisian economy such as private entrepreneurship, sustainable infrastructure, social housing, energy, education and training of young people and also foreign direct investment and innovation. In this way, we are providing fresh stimulus to investment and job creation and opening up new opportunities for Tunisia's youth."

Looking ahead



EIB lending objectives

In the context of the migration crisis, the EIB has been called upon by the European Council to intensify its support for the EU's Neighbourhood, covering both the Southern Neighbourhood and the Western Balkans. The migration crisis has compounded the development challenges in these regions and further undermined their economic resilience. Many of the countries concerned are confronted with a financing environment characterised by severe borrowing capacity limitations and constraints in the financial sector on supporting productive investments by the private sector. Many of the much-required investments in the social sector generate insufficient revenues despite high socio-economic returns. Recognising the magnitude of these challenges and following the Council's request, the Bank has launched its Economic Resilience Initiative (ERI), which will bring about a step-change in EIB support in the Neighbourhood.

For the Southern Neighbourhood, the ERI leads to a 60% increase from EUR 7.5bn to EUR 12bn in the EIB's projected overall lending volumes over the period 2016-2020. The Bank therefore expects to further strengthen its role as a large-scale financier in the region with a focus on infrastructure financing and an increase in support to the private sector, while reinforcing a number of key cross-sectoral priorities

including climate change mitigation and adaptation, support for regional integration as well as the new lending objective of economic resilience.

The full implementation of the ERI should not only lead to an increase in the overall volume of EIB lending, but could also strengthen the concessional nature of some of the operations envisaged and enable the Bank to further adapt its financial instruments to better meet local needs. In this challenging environment and given the step change in the EIB's activity, the need for technical assistance in support of Bank-funded projects in the Southern Neighbourhood will be significantly greater.

FTF objectives

During 2016, the FEMIP TF has continued to support the quality and sustainability of the EIB's investments in the Mediterranean Partnership countries. To support the investment needs in the region linked to the new ERI described in the above section, higher demand for grants is anticipated for 2017 and beyond.



Indeed, with a growing project pipeline, demand for FEMIP TF resources is increasing and the Bank has allocated almost all funds available in the FEMIP TF at the end of 2016. The Bank will then need to raise around EUR 20m to cover project needs during the period 2017-2020.

It is expected that the FEMIP TF will continue to provide well-targeted TA in order to identify, prepare and implement projects that will benefit from EIB lending, and support the realisation of both the External Lending Mandate's (ELM) and the ERI's high-level objectives.

In this context of limited resources, efforts will continue to be made to ensure careful programming and prioritisation of the TA provided by the FEMIP TF, focusing support where the FEMIP TF can add most value:

- In project design, quality control and supervision and technical advice in the infrastructure sector, with a specific focus on energy efficiency and security, environment and climate action (35% in developing countries).
- In bringing new knowledge to the countries once the Association Agreements and Deep and Comprehensive Free Trade Area (AA/DCFTA) agree-

ments have been signed with the EU, and facilitating transition to a more EU-oriented structure of trade, legal approximation and convergence to EU norms and standards.

- In projects with potential to bring efficiency and spillovers to the economy, and in promoting gender equality, economic inclusion and social wellbeing through investments.

Finally, as mentioned before, in order to strengthen the Bank's operational efficiency by streamlining and standardising its activities to the extent feasible, a Partnership Platform for Funds (PPF) – an EIB-managed multi-region, multi-contributor and multi-sector platform – was established within the Bank in 2016.

Discussions on the reorganisation of the FEMIP TF within the Platform are under way. Efforts will be made to improve the FTF's complementarity with other funding sources, and the ERI in particular.

Contributors will be consulted during 2017 with a concrete proposal.

Statutory annexes related to the FTF

Annex 1. Approved FTF operations as at 31/12/2016

As at end-December 2016, **70 operations** were in preparation/ongoing/completed:

- 47 completed operations for a total approved budget of EUR 17 842 690
- 20 ongoing operations for a total approved budget of EUR 22 165 000
- 3 operations under preparation for a total approved budget of EUR 2 980 000

No	Country	Title	Sector	Approved Budget in EUR	Signed Amount in EUR	Amount Disbursed in EUR	% Disbursed	Assistance Type
Completed operations				17 842 690	16 332 200	16 170 863	99%	
1	Regional	Improving efficiency of workers' remittances	Finance	198 000	197 850	197 850	100%	Study
2	Regional	Financial sector support programmes - METAC I and II - 1 st Phase	Finance	500 000	500 000	500 000	100%	TA
		2nd Phase		500 000	500 000	500 000	100%	
3	Algeria	Examining the access of small firms to sustainable forms of external finance	Finance	195 000	195 000	195 000	100%	Study
4	Morocco	Examining the promotion of long-term private saving	Finance	180 000	183 418	179 740	98%	Study
5	Regional	Logistic needs in the MPCs: potential for the development of a logistic platform network	Transport	597 390	597 385	597 385	100%	Study
6	Regional	Clean Development Mechanism (CDM) - project identification in FEMIP countries	Energy	195 000	195 000	172 560	88%	Study
7	Regional	Financial mechanism for the development of renewable energy and energy efficiency	Energy	189 000	189 054	189 054	100%	Study
8	Regional	Analysis of tourism strategies and policies in FEMIP countries	SME	200 000	200 000	198 660	99%	Study
9	Regional	Study programme with Blue Plan	Environment/Climate Change	180 000	180 000	180 000	100%	Study
10	Regional	Review of existing trade finance services for Euromed trade	Finance	80 000	80 000	80 000	100%	Study
11	Regional	Potential for biofuel production in FEMIP countries	Energy	200 000	199 000	173 530	87%	Study
12	Regional	A review of the economic and social impact of microfinance	Finance	70 000	70 000	70 000	100%	Study
13	Tunisia	TA related to the Tunisian Seed Capital Fund	Finance	125 000	125 000	125 000	100%	TA
14	Regional	Strategies for the regeneration of medinas in the Mediterranean area	Urban Development	185 000	160 950	160 950	100%	Study
15	Morocco	Private-type management and operation of public irrigation systems in FEMIP countries: a test case in Morocco	Environment and Water	1 000 000	581 359	581 359	100%	TA
16	Regional	Identification and removal of obstacles to the extended use of wastewater in agriculture	Environment and Water	200 000	199 999	199 999	100%	Study
17	Tunisia	Adaptation of financial products to worker's remittances, TA Tunisian Bank Union	Finance	489 500	489 500	489 500	100%	TA
18	Regional	Mediterranean Business Development Initiative MBDI	SME	200 000	198 980	198 450	100%	Study
19	Jordan	Jordan Highway Master Plan	Transport	2 093 300	2 093 300	2 093 300	100%	TA
20	Regional	Study programme with the Blue Plan II	Energy/Tourism	850 000	850 000	850 000	100%	TA
21	Tunisia	Technical Assistance Business Angels	SME	160 000	159 654	153 861	96%	TA
22	Regional	Mediterranean Solar Plan	Energy	350 000	189 163	186 850	99%	Study
23	Morocco	Incubators Network (RMIE)	SME	300 000	284 724	279 000	98%	TA
24	Morocco	Urban operation in Medina/Meknes	Urban Development	400 000	395 000	395 000	100%	Study
25	Palestine	Technical assistance to Palestine ICT Incubator	RDI	194 600	194 600	194 600	100%	TA
26	Regional	Broadband access for FEMIP countries	RDI	500 000	499 000	493 000	99%	Study

No	Country	Title	Sector	Approved Budget in EUR	Signed Amount in EUR	Amount Disbursed in EUR	% Disbursed	Assistance Type
27	Regional	Maritime highways	Transport	165 000	157 500	157 500	100%	Study
28	Regional	Medinas 2030 Investment Programme	Urban Development	400 000	480 000	480 000	100%	TA
29	Tunisia	Competitiveness and employment challenges in Tunisia	Multi-sector	185 000	177 228	177 228	100%	TA
30	Regional	Mobilising the potential of Gulf countries' sovereign wealth funds for the Mediterranean Partner Countries	Finance	190 000	190 000	190 000	100%	Study
31	Regional	Mobile financial services in Mediterranean Partner Countries	Finance	160 000	159 000	159 000	100%	Study
32	Egypt	Project preparation and implementation study in the framework of the "Integrated and Sustainable Community Development Programme (ISCDP)"	Urban Development	199 900	138 000	138 000	100%	Study
33	Regional	Project identification study under the Mediterranean Urban Projects Finance Initiative	Urban Development	250 000	250 000	250 000	100%	Study
34	Tunisia	Seed Capital Fund	Finance	2 000 000	1 775 000	1 775 000	100%	Risk Capital
35	Regional	PPP legal frameworks in the FEMIP region FTFO - EPEC services (2011) for PPPs in MPCs	Multi-sector	750 000 80 000	675 000 80 000	675 000 80 000	100% 100%	Study
36	Regional	Energy efficiency and renewable energy project preparation programme in urban areas of the MPCs	Energy	200 000	167 265	167 265	100%	TA
37	Regional	Potential of mesofinance for job creation in Mediterranean Partner Countries	Finance	199 000	189 000	189 000	100%	Study
38	Regional	Study on enabling SME access to growth capital markets via dedicated SME exchange markets (SMEX initiative)	Finance and MSMEs	25 000	25 000	25 000	100%	Study
39	Regional	Support for the dissemination of FEMIP Trust Fund-funded activities in the FEMIP region	Multi-sector	35 000	35 000	35 000	100%	Study
40	Regional	Support for the pre start-up of the Euro-Med Development Centre (EMDC) for MSMEs	Finance and MSMEs	250 000	250 000	236 780	95%	TA
41	Regional	Cooperation agreement between EIB and FEMISE	Multi-sector	400 000	400 000	400 000	100%	Studies
42	Regional	Evaluating renewable energy manufacturing potential in the Mediterranean Partner Countries	Energy	71 000 19 000	52 925 18 075	52 925 18 075	100% 100%	Study
43	Regional	Feasibility study on diaspora and start-up programme PACEIM (Programme d'Aide à la Création d'Entreprises Innovantes en Méditerranée)	Human Capital	37 000	36 400	36 400	100%	Upstream Study
44	Regional	Study on the employment impact of EIB infrastructure investments in Mediterranean Partner Countries (MPCs)	Multi-sector	245 000	245 000	231 170	94%	Study
45	Regional	Enhancing the impact of private sector development on democratic transition in the Mediterranean Partner Countries	SME	150 000	148 872	148 872	100%	Study
46	Regional	LOGISMED Euromed Logistics Platforms: Lot 2.A (Tunisia) Lot 2.B (Morocco)	Transport	1 000 000	237 500 237 500	237 500 237 500	100% 100%	Feasibility Study
47	Regional	Space for MED with the European Space Agency	Multi-sector	500 000	500 000	439 000	88%	TA
Engaged operations (partially disbursed)				22 165 000	20 752 772	10 033 414	48%	
48	Jordan	Technical assistance in support of development of the Euro-Mediterranean logistic area of Amman (Madounah) in the Hashemite Kingdom of Jordan	Transport	250 000	230 000	138 000	60%	TA
49	Regional	Dissemination window for FTF studies	Multi-sector	450 000	450 000	330 155	73%	Seminars
50	Regional	Multipartner networking and learning centre (contribution to Marseille Centre for Mediterranean Integration (MCMII))	Multi-sector	500 000	500 000	468 429	70%	TA
51	Palestine	Middle East Venture Capital Fund	RDI	5 000 000	5 000 000	2 280 351	46%	Risk Capital (Investment Loan)
52	Regional	FEMIP Internship Programme	Human Capital	1 990 000	1 990 000	1 229 000	62%	Capacity Building
53	Regional	PPP action in the FEMIP Region: Action I (a)	Multi-sector	1 700 000	400 000	400 000	100%	TA
		Action I (b)			425 000	275 000	65%	
		Action II			760 000	219 358	29%	
		Action III			5 000	35 000	100%	
54	Tunisia	Capacity building in the Tunisian microfinance sector (MicroMED)	Finance	2 800 000	2 800 000	1 278 944	46%	TA
55	Regional	FEMIP Secondment Programme (phase I+II)	Human Capital	EUR 1 100 000	EUR 1 100 000	EUR 251 380	50%	Capacity Building
56	Tunisia	Reinforcing private equity regulation and institutional expertise in Tunisia	Finance	175 000	100 000		0%	TA

No	Country	Title	Sector	Approved Budget in EUR	Signed Amount in EUR	Amount Disbursed in EUR	% Disbursed	Assistance Type
57	Regional	Strengthening cooperation with EU bilateral agencies and public banks for joint initiatives in the Mediterranean Partner Countries: (1) Elaboration of joint studies and technical assistance operations	Multi-sector	300 000	40 000		0%	Study
		(2) Supporting joint capacity building activities in the region			40 000		0%	
		(3) Targeted secondments			180 000	120 000	67%	
		(4) Designing and implementation of joint dissemination events			40 000		0%	
58	Tunisia	Taysir - Subordinated loan to a greenfield MFI in Tunisia (under Impact Investment Envelope)	Finance/ Private sector	1 000 000	1 000 000	1 000 000	100%	Risk Capital (Investment Loan/ Local Currency)
59	Regional	Technical advisory to support seed accelerators in the FEMIP region	Finance and MSMEs	1 200 000	1 188 000	783 915	65%	TA (PP - Project Preparation)
60	Regional	COOPMED - Participation in a debt fund supporting micro-finance and social economy in the Mediterranean region	Finance and MSMEs	2 000 000	2 000 000		0%	Risk Capital (Investment Loan)
61	Regional	Increasing the impact of the Southern Neighbourhood Advisory Programme for the Transport Sector ("SNAP-T"):	Transport	2 000 000				TA (PP - Project Preparation)
		Étude de faisabilité d'une Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte			320 000	320 000	100%	
		Étude de la Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte : Supervision indépendante de l'ouvrage principal			75 000	75 000	100%	
		Assistance Technique pour l'extension et l'amélioration fonctionnelle de l'Aéroport International de Tunis Carthage (AITC)			265 700	74 800	28%	
62	Palestine	Preparation of the power plant facilities for the Gaza Central Desalination Plant	Renewable Energy (Climate Action)	600 000	595 760	417 032	70%	TA (PP - Project Preparation)
63	Lebanon	Technical assistance in support of the South Lebanon Water and Wastewater Project (extension of TA2010047 LB F10)	Water (Climate Action)	150 000	150 000	42 894	29%	TA (Project Implementation)
64	Regional	National Appropriate Mitigation Actions Potentials in the Mediterranean Partner Countries - NAMA Study	Environment (Climate Action)	200 000	288 562	144 281	50%	TA
65	Egypt	Feasibility study for Alexandria West Wastewater Treatment Plant Extension	Wastewater	400 000	299 750	149 875	50%	Feasibility Study
66	Egypt	Assistance with tendering a Project Implementation Consultant (PIC) for Alexandria West Wastewater Treatment Plant Extension and Upgrade			50 000			TA
67	Regional	Enhancing the impact of the PPP Project Preparation Facility (the "MED SP Initiative")	Multi-sector	350 000			0%	TA (Project Implementation)
Operations approved (not yet signed)				2 980 000				
68	Morocco	High Performance Railway Feasibility Study for a new rail link between Melloussa and Tetouan, including environmental and social impact scoping	(Sustainable) Transport	550 000			0%	TA (PP - Project Preparation)
69	Tunisia	Technical Assistance Programme in support of the DGPC (Direction Générale de Ponts et Chaussées) for EIB-financed projects Modernisation Routière I – II and Voiries Prioritaires V	Transport	2 100 000			0%	Project Implementation
70	Lebanon	Feasibility Study for Upgrade and Expansion of Saida Wastewater Collection and Treatment Systems	Water/wastewater	330 000				TA (PP - Project Preparation)

Annex 2. Operations approved in 2016

Feasibility study for the Alexandria West Wastewater Treatment Plant Extension and Upgrade – (Egypt) EUR 0.4 million

Country: Egypt
Beneficiary: Alexandria Sanitary Drainage Company (ASDCO)
Sector: Wastewater

Context

Egypt is an arid country covering an area of approximately 1 million km², with its population occupying only 5.5% of this area, and is the most populous country in the Middle East - North Africa (MENA) region. The availability of fresh water resources in the country is limited mainly to the Nile River, groundwater from both renewable and non-renewable aquifers, limited rainfall along the northern coast and flash floods in the Sinai Peninsula. Rainfall is very scarce and occurs only during the winter season.

Sanitation infrastructure and services are less developed compared to those for water supply. The low sanitation coverage in combination with the sub-optimal wastewater treatment results in severe water pollution problems, the spread of waterborne diseases and degradation of the environment. The quantity of raw wastewater directly discharged into the waterways has been increasing over the years due to the growth of the population and rapid implementation of water supply networks in many villages without the parallel construction of sewerage systems. However, access to improved services is still uneven and stark geographical and socio-economic disparities persist affecting the living conditions and health of millions of Egyptians, including a significant number of children exposed to unsanitary environmental conditions.

Objectives

The Alexandria West Wastewater Treatment Plant Extension and Upgrade project is targeted at extending the plant's capacity and upgrading the treatment level. The higher treatment level should improve the current sanitation and environmental services in the city

of Alexandria and bordering Lake Maryut in order to limit the spread of waterborne diseases and improve economic conditions in the area, elements of utmost importance for the pursued sustainable development of the country. The project is designed to supply an additional constant source of water that can be used in agriculture/forestry and thus reduce pressure on the already scarce water resources. In addition, the planned generated electricity from the sludge should reduce the ecological footprint of the WWTP.

The overall goal of the project supported by this technical assistance is to contribute towards efficient and sustainable water resource management in Egypt as well as to the country's climate action efforts. It will contribute to the environmentally sound disposal/ utilisation of effluent and sludge and energetically optimised and environmentally sound sludge treatment.

On a regional scale, this project will support the depollution of Lake Maryut and the Mediterranean Sea and provide an additional source of water, thus improving the economic situation for fisheries, agriculture/forestry and tourism in the area. Also, this project will improve the health and environmental situation of the people living in the Governorate of Alexandria.

Operation description

The feasibility study will particularly look into climate aspects relevant to the extension and upgrading of the Alexandria West WWTP. Anaerobic digestion of sludge is not yet standard in Egypt and will therefore need proper project preparation and training in operation of the new investments.

The TA project will investigate the necessity as well as the technical, economic, financial, social and environmental feasibility of the following measures:

- Rehabilitation of existing plant facilities where required;
- Increase in the design capacity of the WWTP;
- Upgrading of the current primary wastewater treatment to secondary and possibly tertiary wastewater treatment;
- Upgrading of the current sludge dewatering treatment to sludge digestion with energy generation.

Technical Assistance Programme in support of the DGPC (Direction Générale de Ponts et Chaussées) for EIB-financed projects Modernisation Routière I – II and Voiries Prioritaires V – (Tunisia), EUR 2.1 million

Country: Tunisia

Beneficiary: Direction Générale de Ponts et Chaussées (DGPC) within the Ministère de l'Équipement, de l'Habitat et de l'Aménagement du Territoire (MEHAT)

Sector: Transport

Context

The Tunisian road network is composed of 19 455 km of roads, some 79% of which are paved. There are 3 938 km of national roads (RN), 26% of regional roads (RR) and 2 453 km of local roads (RL). A total of some 50 000 km of rural tracks and 14 000 km of municipal roads complete the network.

In Tunisia, investments in road infrastructure are programmed under five-yearly plans (*Plans Quinquennaux de Développement Économique et Social*). The majority of the road schemes included in the underlying projects for the present TA were programmed in the previous quinquennial plans 2011-2015 and 2016-2020. The projects linked to the TA operation comprise road schemes programmed under the chapters Voiries du Grand Tunis (VGT), *Voiries Structurantes* (VS) and, to a lesser extent, under the chapter *Développement du Réseau Régional Classé*.

Operation description

The approved TA concerns the support to the Project Implementation Unit (PIU) responsible for three EIB-financed multi-scheme road projects. For all of them, the promoter is the *Direction Générale de Ponts et Chaussées* (DGPC) within the *Ministère de l'Équipement, de l'Habitat et de l'Aménagement du Territoire* (MEHAT). The TA operation will provide support to the implementation of the latest EIB project *Modernisation Routière II* (MR II) and to the final implementation stages of the previously financed projects *Modernisation Routière I* (MR I) and *Voiries Prioritaires V* (VP V).

The project MR II includes new construction, rehabilitation and upgrading works on different sections of

the Tunisian national road network. Six project components have been preliminarily identified as potential recipients of EIB financing under this framework loan. Two are located in the Tunis conurbation (Voiries Grand Tunis) while four are close to the cities of Hammamet, Sfax and Zarzis (Voiries Structurantes).

Expected results

The overall objective of the technical assistance assignment is to provide targeted support to the PIU within the DGPC to allow for successful implementation and completion of three EIB-financed multi-scheme road projects at different stages of implementation. It will focus on the missing road links programmed under the master plan *Schéma Directeur de la Voirie du Grand Tunis* but also under the plan *Voiries Structurantes* for some of the major cities of the country.

The TA operation will also aim at enhancing national capacities in road infrastructure project management by means of a transfer of knowledge from the international consultants mobilised to the relevant permanent staff of the DGPC. It will subsequently contribute to the rehabilitation and expansion of road infrastructure for the economic development of Tunisia, by enhancing goods and passenger exchanges within and between the most important urban centres of the country.

The TA operation will contribute to the successful implementation of an estimated investment in the underlying projects of more than EUR 800m and will facilitate future EIB disbursements (approximately EUR 250m).

Feasibility Study for Upgrade and Expansion for Saida Wastewater Collection and Treatment Systems – (Lebanon), EUR 0.33 million

Country: Lebanon

Beneficiary: South Lebanon Water Establishment (SLWE)

Sector: Wastewater

Context

Prior to the Syrian crisis, Lebanon had a slightly higher average rate of household water connections (79%)

than the average for the Middle East - North Africa (MENA) region (75%). The water sector's performance indicators showed an average of 86% for the household water connection rate for the South Lebanon Regional Water Authority (SLRWA) coverage, i.e. in South Lebanon and Nabatiyeh Governorates. However, the rate for urban areas like Saida city is higher. And although 60% of the Lebanese population was connected to wastewater collection networks, only 8% of wastewater was being treated in 2010 (MENA average 32%).

Operation description

The technical assistance will finance a feasibility study for the extension and rehabilitation of the stormwater drainage and wastewater collection system, an increase in the capacity of the existing Saida Wastewater Treatment Plant (WWTP) as well as an upgrade of the treatment level of the WWTP. The study will investigate the necessity as well as the technical, economic, financial, social and environmental feasibility of some measures, with the objective of preparing an investment project to extend the existing WWTP.

Expected results

The extension of the network will ensure that the increasing population of Saida, partly due to the influx of refugees, has access to proper sanitation. As such, it will improve the environmental and health situation of the people in the area, especially those living in the more rural areas that are least connected to a sewer network.

Reducing the discharge of untreated wastewater is essential to improving the environmental situation in the Mediterranean Sea. The increased connection rate combined with the upgrade in treatment level may provide an additional source of water for agriculture or forestry in a country with a long dry season, thus strengthening resilience to the expected impact of climate change.

The study will also provide advice on any social and governance issues which need to be addressed to ensure the sustainability of the project. It will also undertake a gender assessment and provide recommendations for gender mainstreaming at the project implementation stage. Besides, it will prepare an implementation strategy for the promoter and the ben-

eficiary and provide the basic documents for hiring a consultant to assist in the first steps after a financing agreement has been signed.

The operation's objective is to achieve a sustainable investment project that manages the stormwater discharge, collects the wastewater and provides wastewater treatment for the catchment area to the required quality of effluent, with the overall outcome of reducing the pollution load discharged into the Mediterranean Sea, in line with Horizon 2020 goals. It will also provide the optimum solution considering climate change adaptation and mitigation.

Following the conclusions of the feasibility study, which will bring the investment project to a stage where the scope and impact of the investments is clear, it is expected that the Government of Lebanon will put a loan in place to finance the estimated EUR 60m investment cost.

Building Capacity in Mediterranean Partner Countries: The FEMIP Internship Programme (Phase IV) – (Regional), EUR 0.48 million

Country: FEMIP countries (Algeria, Egypt, Palestine, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia)

Beneficiary: Mediterranean Partner Countries

Sector: Capacity building

Context

Since 2006, the FEMIP Trust Fund has provided EUR 1 510 000 to launch and sustain the FEMIP Internship Programme (four extensions). It has successfully conducted ten campaigns, enabling 95 trainees from Mediterranean Partner Countries (MPCs) to gain professional experience at the EIB.

The programme has grown in popularity each year among the MPCs and within the Bank. Hence, demand for interns has grown. Since its launch, the programme has attracted 1 683 applications, on average 71 applications per position. These figures illustrate the extremely high level of interest of young people in the programme.

Project description

As in the past, no geographic or gender quotas will be imposed and the selection of candidates will be solely based on qualifications matching the candidates' profile with the available internships. All candidates who wish to be considered for the programme must meet some criteria based on, inter alia, nationality, language proficiency and experience.

In addition to the EIB website, information about the programme will be disseminated through the local universities and institutions in order to attract the most qualified candidates.

Expected results

In creating the programme, the Bank and FTF Donors aimed to contribute to capacity building by providing a unique opportunity for graduates from all FEMIP countries (Algeria, Egypt, Palestine, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia). The programme is small but visible as a means to foster the development of professional qualifications and international experience in the Mediterranean countries.

The Internship Programme will continue to provide selected candidates with EIB in-house experience and training in a global development environment, whilst giving the EIB an opportunity to benefit from their knowledge, skills and cultural diversity. As the previous campaign shows, the programme has been successful in helping interns to build their skills in various areas – from finance to legal and policy analysis – as well as developing their professional experience whilst being part of an international and multicultural working environment. Many trainees have subsequently moved on to pursue successful careers in their countries and the EU, in both the public and private sectors. Some continued their studies at Master's or PhD level.

Building Capacity in Mediterranean Partner Countries: EIB-FEMIP Secondment Programme (Phase II) – (Regional), EUR 0.6 million

Country: FEMIP countries (Algeria, Egypt, Palestine, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia)

Beneficiary: Mediterranean Partner Countries

Sector: Capacity building

Context

The FEMIP Trust Fund provides new opportunities for the EIB to contribute to strengthening capacities in the Mediterranean Partner Countries. Following the successful roll-out of the FEMIP Internship Programme, in August 2013 the EIB initiated the set-up of an EIB-FEMIP Secondment Programme focusing on strengthening the institutional capacity of the MPCs. While being fully in line with the new European Neighbourhood Policy and its approach to a partnership for democracy and joint prosperity with our neighbours, such an initiative was considered to be very timely and much needed.

Since the launch of the programme in 2013, the EIB has welcomed three secondees – two, from Egypt and Palestine, working in the Operations Directorate as policy officers, and the third, from Tunisia, working as a co-financing officer.

Project description

The EIB-FEMIP Secondment Programme is open to (i) officials from different ministries (Finance, Economy, Transport, Environment, etc.), central banks and other public sector organisations; and (ii) candidates from the private sector across the MPCs.

Secondment candidates must be supported by their employer and meet the relevant nationality, language proficiency and experience criteria.

Expected results

The overall objective of the EIB-FEMIP Secondment Programme is to contribute to sustainable socio-economic development and inclusive growth in the Mediterranean Partner Countries through capacity building in order to foster an enabling investment environment in support of the EU's priority areas for its Southern Neighbours. The aim of the programme is to enable more secondees from the region to complement their professional background with hands-on experience in development banking within the multicultural environment of an EU institution.

Also, the programme will aim at matching the priorities for capacity development in partner countries, as the secondees will be hosted by the EIB on the basis of partner countries' needs as well as in accordance with the Bank's operational requirements and capacity to use and supervise them.

Annex 3. Operations completed in 2016

1. Enhancing the Impact of Private Sector Development on Democratic Transition in the Mediterranean Partner Countries

Country: **Regional**
 Beneficiary: **Southern Neighbourhood countries**
 Sector: **Finance and SMEs**
 Consultant: **Individual consultant**

Approved Amount:	EUR 150 000
Signed Amount:	EUR 148 872
Tender Procedure:	Competitive negotiated
Duration:	18 months
Implementation Period:	21.07.2014 – 20.01.2016

Context

The political developments that have shaken the Mediterranean region since January 2011 have demonstrated that the future of democratic stabilisation depends on the capacity of economies to create more jobs and inclusive growth for populations.

Whether in scale or scope, the private sector has gained in importance in the economies of the Mediterranean Partner Countries over the past few decades. The contribution of private business and investment to job creation and employment, sectoral diversification, public service provision, as well as capital formation has grown significantly, with important differences persisting across the region. Despite the global economic downturn, the willingness of local authorities to delegate more responsibilities to private investors and entrepreneurs has continued.

Description of the operation

This international EIB-IDEA joint regional study on “Enhancing the Impact of Private Sector Development (PSD) on Democratic Transition in the Mediterranean Partner Countries” is a technical assistance operation that aims at identifying the existing links, in the FEMIP countries, between (i) development, growth and dynamism of the private sector and (ii) democratic transition. The study highlights the ways for IFIs, and especially the EIB, to focus their interventions on fields enabling the private sector to be used as leverage for democratic progress. The outcome of this study consists of a review of key theories and models establishing links between these theories and social reality in the Mediterranean Partner Countries.

The study takes stock of the impact that private sector development has exerted so far on social and economic change in contexts of authoritarian breakdown followed by a transition to democracy. This analysis includes country comparisons at regional level as well as the main reasons that triggered the differences amongst MPCs, as follows:

- Part 1: Analysing private sector impact on democracy building.
- Part 2: Recommendations for leveraging private sector development for democratic transition.
- Part 3: Laying the ground for dialogue.

Objectives and results

The overall objective of this study was to provide and improve the understanding of the relationship between private sector development and democracy building in the Mediterranean region in the aftermath of the Arab Spring. It aimed at:

- a. assessing the impact that private sector development has exerted so far on social and economic change
- b. providing recommendations for further leveraging private sector development, through its role in democracy building efforts.
- c. laying the foundations for future development of a set of indicators that will contribute to implementing the new external policy objectives of the EU in the Mediterranean.

The study helped to identify, for the whole region as well as for each country, the impact of the private sector on democracy and the operations and projects that are most likely to support both private sector and democratic development.

Conclusions

Modernisation and political agency theories provide different insights into how PSD will contribute to democratisation. The former emphasises the importance of a development process that disperses power away from the regime-state to other economic actors, while the latter focuses on assisting private sector actors to become effective political agents through improved capacity for advocacy, representation and collective action.

The study finds that bolstering SMEs can have a disproportionately pro-democratic impact but that helping businesses does not necessarily translate into strengthening a political voice in favour of democracy. To achieve a lasting impact on systems of political accountability and authority, building the capacity of independent firms must be accompanied by efforts to reduce the influence of vested, oligarchic business within the political arena. These ideas form the basis for ten high-level design considerations when formulating PSD interventions in the MPCs, five focusing on accelerating structural change, and five focusing on encouraging political agency in the private sector.

The ten high-level guidelines have operational implications for IFIs seeking to enhance the democratic impact of their PSD interventions. Analysis of existing PSD activities in the MPCs finds

that IFIs and other international organisations can do more to accelerate structural change by further developing impact financing operations and strengthening their capacity for political economy analysis. PSD interventions could further help the private sector to engage in pro-democratic advocacy by: identifying and addressing the specific needs of end beneficiaries; strengthening representative organisations in the private sector; empowering pro-democratic actors within the state; creating linkages with civil society actors; and supporting public-private dialogue.

To measure the political impact of their PSD activities, IFIs must develop evaluation frameworks by extending core sets of existing indicators in a similar way to the EIB's social impact indicators under the REM+. Impacts should be measured separately at the level of financial intermediary institutions and final beneficiaries and by looking at the potential influences of activities beyond the direct and indirect participants. The frameworks should be iterative and flexible so that indicators can be adapted if the definition of political success changes. They should also allow for beneficiary participation in order to ensure that indicators of political change are meaningful in the local context. Finally, IFIs should combine several indicators of democratic quality in order to reflect the complexity and multi-faceted nature of democratisation. This will provide a more nuanced understanding of the political impact.

2. Étude de faisabilité et supervision d'une Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte

TA1: Étude de faisabilité d'une Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte

Country: **Tunisia**
Beneficiary: **Ministère de l'Équipement, de l'Aménagement du Territoire**
Sector: **Transport**
Consultant: **Individual consultant**

Approved Amount:	EUR 320 000
Signed Amount:	EUR 320 000
Tender Procedure:	Restricted International Tendering
Duration:	15 months
Implementation Period:	06.08.2015 – 23.11.2016

TA2: Étude de la Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte : Supervision indépendante de l'ouvrage principal

Country: Tunisia
 Beneficiary: Ministère de l'Équipement, de l'Aménagement du Territoire
 Sector: Transport
 Consultant: Individual consultant

Approved Amount:	EUR 80 000
Signed Amount:	EUR 75 000
Tender Procedure:	Competitive negotiated
Duration:	10 months
Implementation Period:	16.10.2015 – 01.08.2016

Context

Given the vital role of road infrastructure in the country's economic development, Tunisia continues to make significant investments in the maintenance and promotion of the road network, which facilitates the movement of people and provides over 80% of goods transport.

The various road improvements registered in the various five-year investment plans reflect the will of the Tunisian government to work for the modernisation of road infrastructure in order to contribute to the economic and social development of the country.

In this context, in July 2010, the EIB undertook a strategic review of the motorway programme and the implementation of a bypass of major towns in Tunisia with a view to defining the overall priorities for the motorway sector in the country.

Description of the operation

The project concerned the construction of a 5-8 km road link between the city of Bizerte and the motorway considering two options, whether through a bridge or a tunnel. This link will help relieve congestion in the centre of Bizerte and improve mobility between the two sides of the canal, thereby supporting economic development in the wider Bizerte area.

Following the review and consultation with the European Commission, the FEMIP Support Fund financed inter alia the technical assistance operation "Feasibility study for a Permanent Liaison between the A4 motorway and city of Bizerte in Tunisia" for an amount of EUR 2 049 000.

Subsequently, the FEMIP Trust Fund has funded two technical assistance operations supporting this project: the first was related to the extension of the feasibility study (TA1) for the project and the second was related to the financing of the supervision/audit of studies (TA2). These TA operations fall within the scope of a broader regional initiative, namely the Southern Neighbourhood Advisory Programme for the Transport Sector, known as SNAP-T – EU.

The initial feasibility study was divided into four phases. During the implementation of Phase 2 (feasibility and preliminary design) it became evident that a number of complementary measures were necessary to complete the TA operation and to proceed with the project. These needs were translated into two TA extensions financed by the FEMIP TF.

TA 1: Extension of the feasibility study to include a new link (about 2 km) beyond the RN11 on the north side to improve the distribution of traffic entering the city

The extension of the corridor 4 link beyond the RN11 and continuing for about 2 km to the north was the preferred option. It was proposed to extend the link beyond the national road 11 (RN11). This solution will enable better distribution of traffic in the existing network and better integration of the road link into the urban area. The link will include two interchanges, one at the level of the RN11 and the other at the northern end.

This extension has required two actions: (i) additional detailed traffic surveys and studies on the adjacent urban road network as well as topographic and geo-technical studies; and (ii) social surveys on the entire new road link over a distance of about 7 km.

TA 2: Independent supervision/audit of studies of the main structure of the permanent link between the A4 motorway and the city of Bizerte, Tunisia.

This technical assistance operation (TA) consisted of the enlarged or audited supervision of the same viaduct project. This audit is equivalent to the realisation of an inspection of the project by an expert, independent of the one undertaking the preparation of the project. The audit was carried out in four phases over a total period of six months.

Objectives and results

The overall objective of the project is to support the policies of the Tunisian Government in the development of the road sector, specifically in the creation of a new road link between the end of the A4 motorway and the city of Bizerte, including the building of a major structure across the port canal area of the city.

The specific objectives of the TA operation were to support the promoter in the development of a high speed road link between the A4 motorway and the centre of Bizerte over a distance of about 5 to 8 km including an analysis of several alternatives for crossing the port canal area, including both bridge and tunnel variants.

Conclusions

The route of the new permanent connection meets the objectives sought by the project:

- Responds to the growing demand for traffic in the urban area of Bizerte, enabling rapid absorption of the volume of vehicles increasing the number of vehicles crossing the canal. It absorbs 54% of traffic, 66% in 2030, and 75% in 2040.
- Makes it possible to decongest the accesses to the downtown area and to equalise the loads of the network.
- Meets both urban and regional traffic needs and especially on trade route with Greater Tunis.
- Provides a structuring connection for urban and socio-economic development.
- Reduces transportation costs for users, especially trucks, and increases time savings for users.
- Decreases the number of accidents by improving the road network and road service levels.

The realisation of the extension of the project over 2 km with the development of the RN11 interchange contributes to better meeting the objectives sought for the project in the medium and long terms.

Annex 4. MENA Transition Fund: pipeline of contracts

Country	TA Operation description	Progress	Contract Status	Amount in EUR
Jordan	Updating of Master Plan and Cost Estimate: Jordan-Iraq Border Crossing (Al-Karamah)	Initiated		70 000
Regional	MENA Region: Transport institutional and capacity strengthening	Initiated		500 000
Morocco	Étude de faisabilité de la plateforme logistique d'Oulad Saleh Casablanca	Initiated		131 000
Egypt	El Salloum Border Crossing: Master Plan and Final Design	Approved		500 000
Regional	Assistance technique aux ministères chargés de la logistique de l'Égypte, du Maroc et de la Tunisie pour la mise en place de l'initiative régionale Logismed Soft - Part I	Approved	Signed	1 931 843
Tunisia	Étude de corridors stratégiques "Est-Ouest" reliant les gouvernorats de Kasserine, Sidi Bouzid et Gafsa aux gouvernorats de Sfax et Gabès	Approved	Signed	945 000
Jordan	Jordan's Small and Medium Enterprise (SME) Growth Programme	Approved	Signed	2 623 400
Tunisia	Assistance Technique pour la préparation de la mise à niveau et le développement des installations de deux postes transfrontaliers sur les frontières Tuniso-Algériennes; Bouchebka et Malloula	Approved	Signed	299 000
Tunisia	AT pour la facilitation des flux commerciaux à travers le développement des ports et de la logistique	Approved	Signed	700 000
Tunisia	Étude de faisabilité relative au rétablissement de la liaison ferroviaire Kalaa Sghira – Khazzazia – Kairouan	Approved	Signed	256 679
Morocco	Étude de faisabilité des options de développement de l'offre portuaire dans la région d'Agadir	Approved	Signed	527 700
Morocco	Étude des schémas régionaux logistiques pour la région de l'Oriental et de Khénifra-Béni Mellal	Approved	Signed	335 000
Egypt	Technical assistance in support of the development of the East Port Said Logistic Centre in Egypt	Approved	Signed	318 231
Egypt	Technical assistance in support of transport-demand assessment for the Suez Canal interconnection with Greater Cairo in Egypt.	Approved	Signed	313 500
Regional	MENA region: Road Safety Action Programme	Completed	Ended	574 270
Jordan	Technical assistance for the rehabilitation and upgrading of Road R15 and Road R65 in Jordan	Completed	Ended	1 132 400
Morocco	Étude d'une rocade centrale: RN8 Fes - Marrakech - Étude de faisabilité et Avant-projet sommaire	Completed	Ended	548 300
Morocco	Services financiers mobiles et services de paiement au Maroc: étude internationale de la réglementation et appui à la Banque centrale	Completed	Ended	248 500
Morocco	Assistance Technique pour la Supervision des Études sur les Schémas Régionaux de Zones Logistiques - Royaume du Maroc	Completed	Ended	49 500
Jordan	Promoting financial inclusion via mobile financial services	Completed	Ended	329 598
Tunisia	Optimisation et suivi de l'impact des projets d'infrastructure sur l'emploi en Tunisie	Initiated		390 000
TOTAL Approved Project				12 723 921

Annex 5. Abridged Financial Statements

BALANCE SHEET

As at 31 December 2016

(in EUR '000)

	Notes	31.12.2016	31.12.2015
ASSETS			
Cash and cash equivalents	4	44 203	50 188
Venture capital investments	5	3 373	2 581
Other assets	6	1 235	407
Total assets		48 811	53 176
LIABILITIES AND CONTRIBUTORS' RESOURCES			
LIABILITIES			
Other liabilities	9	8	8
Amounts owed to third parties	7	236	752
Third party contributions	8	12 282	15 476
Total liabilities		12 526	16 236
CONTRIBUTORS' RESOURCES			
Contributions	10	54 290	53 890
Retained earnings		-18 005	-16 950
Total contributors' resources		36 285	36 940
Total liabilities and contributors' resources		48 811	53 176

INCOME STATEMENT

For the year ended 31 December 2016

(in EUR '000)

	Notes	From 01.01.2016 to 31.12.2016	From 01.01.2015 to 31.12.2015
Interest and similar income		6	-
Unrealised gain on venture capital investments	5	314	571
Net foreign exchange gain		104	450
Other income	13	75	394
Total operating income		499	1 415
Projects financed	11	-1 461	-1 553
General administrative expenses	12	-85	-81
Other expenses	14	-8	-8
Total operating expenses		-1 554	-1 642
Net loss for the financial year		-1 055	-227





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2016

Southern Neighbourhood & FEMIP Trust Fund

Annual Report

