

ANNUAL REPORT 2018

FEMIP TRUST FUND



European
Investment
Bank

The EU bank

EUROPEAN INVESTMENT BANK

ANNUAL REPORT 2018

FEMIP TRUST FUND

European Investment Bank FEMIP Trust Fund Annual Report 2018

© European Investment Bank, 2020.
All rights reserved.

All questions on rights and licensing should be addressed to publications@eib.org

For further information on the EIB's activities, please consult our website, www.eib.org, or contact our info Desk, info@eib.org.

Published by the European Investment Bank.
Editors: Giovanni Camisa, Brian Power, Yusuf Yassin
Layout: EIB GraphicTeam
Printed on FSC Paper.

The FEMIP Trust Fund report offers an overview of the European Investment Bank's actions to help the Mediterranean region by financing technical assistance, regional studies and targeted operations supporting innovative private companies. Established in 2004, the fund focuses on small businesses, infrastructure, the environment and innovation.

This report is a summary of our work in 2018. It highlights areas in which we made progress, such as helping clients meet the Sustainable Development Goals and forming partnerships.

The report is divided into sections that explain how we work and give examples of our activities, followed by an explanation of special programmes and partnerships. Finally, we list the operations approved during the year.

We hope this report provides a good explanation of how this fund supports our operations in the Mediterranean and how our activities improve economies and make life better for everyone.

CONTENTS

6	FEMIP AT A GLANCE
8	SUSTAINABLE DEVELOPMENT GOALS
10	THE EIB IN THE SOUTHERN NEIGHBOURHOOD
12	OPERATIONAL RESULTS
16	COMPLETED OPERATIONS IN 2018
16	IMPROVING WATER SERVICES IN ALEXANDRIA
17	EXAMINING THE IMPACTS OF LOGISTICS IN JORDAN
17	MINIMISING DISPLACEMENT IMPACT IN SOUTHERN TUNISIA
18	LOW-CARBON INVESTMENT
19	WATER SUPPLY AND SANITATION
20	SPECIAL PROGRAMMES
20	CLIMATE ACTION IN THE MIDDLE EAST AND NORTH AFRICA (CAMENA)
22	PARTNERSHIPS
22	THE DEAUVILLE MENA TRANSITION FUND (MTF)
25	EU BLENDING FACILITIES
26	ANNEX 1. APPROVED FEMIP TRUST FUND OPERATIONS (AT END-2018)
29	ANNEX 2. OPERATIONS APPROVED IN 2018
30	ANNEX 3. ABRIDGED FINANCIAL STATEMENTS

FEMIP AT A GLANCE

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together the whole range of instruments used by the European Investment Bank (EIB) in support of economic development in the Southern Neighbourhood countries. The FEMIP Trust Fund is an instrument that complements the EIB's activities in the Mediterranean region. While substantial investment is required in the EU's Southern Neighbourhood countries, sufficient local capacity is not always available to prepare and implement operations. In addition, investors are often unwilling or unable to finance preparation or provide seed capital to develop major investment projects. The FEMIP Trust Fund aims to address these gaps by directing resources to operations in priority sectors, which can be enhanced through the provision of technical assistance or made financially viable via risk capital.

PRIORITY SECTORS

The FEMIP Trust Fund supports projects in the following four priority sectors:

- access to credit for small and medium enterprises (SMEs) and mid-caps;
- infrastructure, including projects in the transport, energy, and water sectors;
- environment, including support for projects combating the causes and effects of climate change through a dedicated envelope called CAMENA (Climate Action in the Middle East and North Africa); and
- research, development and innovation (RDI) and human capital.

TYPES OF SUPPORT

Tailored technical assistance throughout the project cycle

- identification (e.g. upstream sector studies and master plans);
- preparation (e.g. pre-feasibility and feasibility studies, audits and procurement documents);
- implementation (e.g. strengthening project management; skills and capacity building; and coaching public authority project implementation units); and
- access to finance (e.g. assessing the ability of enterprises and individuals to obtain financial services).

Risk capital operations

- targeted private equity operations, including seed capital (e.g. investments in fund structures and microfinance institutions).

Capacity building

- internships, secondments and other programmes to share knowledge.

GOVERNANCE

The FEMIP Trust Fund is governed by the Assembly of Donors, which meets at least once a year. Contributions to the fund mainly come from the EU Member States and the European Commission. With a view to reinforcing coordination with other International Financial Institutions, as well as the catalytic impact and ownership of operations in the Mediterranean Partner Countries, the Assembly of Donors may authorise third-party contributions, in line with the guiding principles of the FEMIP Trust Fund.

The Assembly of Donors serves as an advisory and decision-making body for the FEMIP Trust Fund, by providing guidance on the fund's strategy and orientation and by approving financing proposals. This forum of exchange enables the EIB to enhance cooperation and build a strong partnership with contributors to deliver concrete impact on the ground and provide joint support for the Southern Neighbourhood region.

FEMIP IN FIGURES

19 DONORS	APPROVED €55.5 MILLION
80 GRANT OPERATIONS	SIGNED €49.8 MILLION
PLEDGED €67.1 MILLION	DISBURSED €32.6 MILLION
PAID-IN €61.9 MILLION	

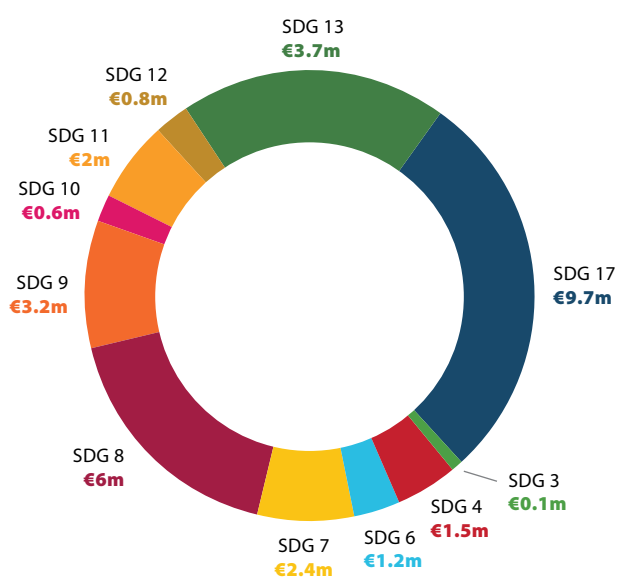
SUSTAINABLE DEVELOPMENT GOALS

The scope of the FEMIP Trust Fund operations is in line with official development assistance (ODA) requirements. Therefore, contributions to the fund can be reported as ODA based on the OECD's Development Assistance Committee List of countries and territories eligible for ODA.

In 2015, world leaders adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Governments, businesses, and civil society, together with the United Nations, are mobilising efforts to achieve the agenda by 2030. Universal, inclusive and indivisible, the agenda calls for action by all countries to improve the lives of people worldwide.

As of the end of 2018, 11 of the 17 SDGs were supported with investments totalling €31.41 million under the ongoing FEMIP Trust Fund operations, including those completed in 2018.

FEMIP TRUST FUND COMMITTED FINANCING PER SDG (ONGOING OPERATIONS)



Building partnerships and cooperation (SDG 17), which is vital for the achievement of the SDGs, attracted the largest share of ongoing operations (31% of the approved amount for 29 FEMIP Trust Fund operations). These take the form of investments in financial instruments (equity and local currency microfinance) and capacity-building programmes. Decent work and economic growth (SDG 8), which encompasses operations contributing to inclusive growth, constitute 19% of the approved amount, and this proportion has increased since 2017. The next biggest proportions are spent on actions taken to combat climate change and its impacts (SDG 13; 12%) and infrastructure, industrialisation, and innovation (SDG 9; 10%). It is also noteworthy that 32% of approved funds contribute to the reduction of the negative impact of economic activities on the environment (a slight increase from 2017) and therefore are associated with the environmental SDGs (SDGs 6, 7, 11, 12 and 13).



THE EIB IN THE SOUTHERN NEIGHBOURHOOD

LENDING ACTIVITIES

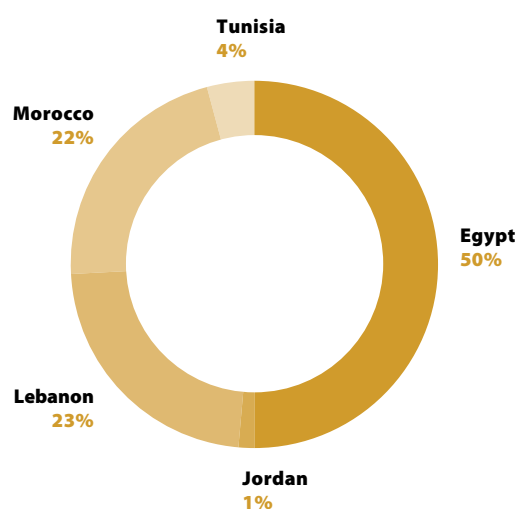
In 2018, the EIB lent a total of €1.96 billion for 12 projects in the Southern Neighbourhood countries, an increase of about 6% over 2017. Operations are financed in the Southern Neighbourhood under the External Lending Mandate through the European Union. These 12 operations covered five countries in 2018: Egypt, Jordan, Lebanon, Morocco and Tunisia. While the Bank continued to support key infrastructure projects across the region, there was also a progressive shift toward the private sector in favour of both SMEs and corporates.

EIB lending focused in particular on countries hit the hardest by the refugee crisis, which is in line with the EIB's objectives under the Economic Resilience Initiative (ERI).

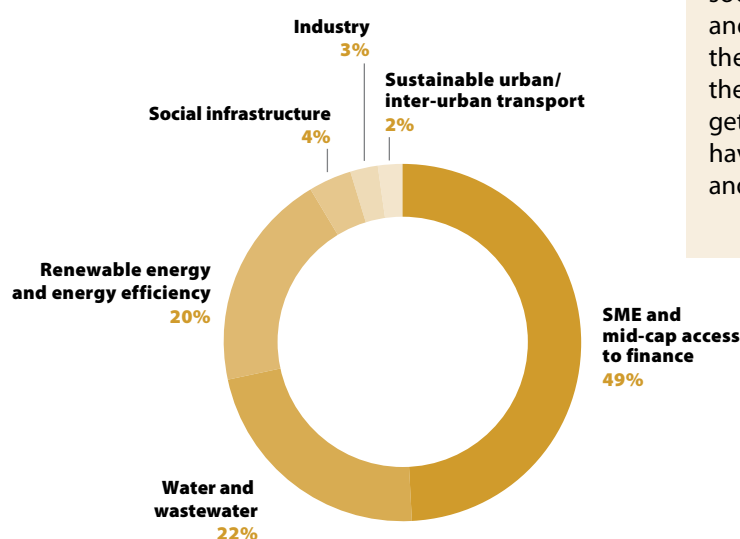
Lending to Jordan and Lebanon constituted approximately one-quarter of overall activity while lending to Egypt reached a record €985 million. Morocco was the other major country that benefited from lending activities during 2018 (22%).

Around 50% of the total lending volume in 2018 went to the private sector. One flagship operation was a financing agreement worth €375 million with the **National Bank of Egypt** (NBE) to fund investments by SMEs and mid-caps in the country. This operation is expected to sustain more than 20 000 jobs in Egyptian firms. The financing agreement falls under the ERI and, in line with the ethos behind this initiative, aims to enhance the prospects for more resilient and inclusive growth in Egypt through financial inclusion. A percentage of the financing will target firms owned or run by women as well as enterprises located in less developed areas of Egypt.

SIGNED LOANS BY COUNTRY 2018



SIGNED LOANS BY SECTOR 2018



In the public sector, the EIB continued to provide support for key infrastructure projects across the region, specifically in the areas of water and sanitation, energy, urban development/industrial zones and urban transport. Contributing to climate action remained high on the agenda, with 65% of public sector lending volumes having a significant positive climate impact.

Water and sanitation projects were particularly important. Four projects were signed by the Bank in this sector in Egypt, Jordan and Lebanon. Specifically, in Egypt, the Bank is supporting the **Kitchener Drain** and **Fayoum Wastewater Expansion** projects in the predominantly rural governorates of Dakahlia, Fayoum Gharbia and Kafr El-Sheikh. Overall, more than 1.6 million people will benefit from improved sanitation services owing to these investments. In addition, as part of the ERI, the Bank pledged contributions to the **Red Sea Dead Sea**

The Economic Resilience Initiative

As part of the EU response to the challenges posed by forced displacement and irregular migration, the EIB has rolled out the ERI in cooperation with the European Commission and EU Member States, following a request by the European Council. The initiative's aim is to rapidly mobilise additional financing in support of growth, vital infrastructure, and social cohesion in the Southern Neighbourhood and Western Balkans regions. By the end of 2018, the EIB had approved lending of €3.7 billion under the ERI, thereby achieving 62% of the €6 billion target by end-2020. Of these projects, over € 2.8 billion have been signed, across a wide range of sectors and countries.

project in Jordan and the **Al Ghadir Wastewater** project in Lebanon – countries whose water and wastewater sectors have been significantly affected by the Syrian refugee crisis.

The Bank also expanded its activities to other high impact sectors, such as the **Lebanon Industrial Zones project**, which covers the construction of three industrial parks throughout the country in areas affected by the Syrian refugee crisis. The project will contribute to job creation and private sector development by providing SMEs with appropriate enabling infrastructure as well as urban development by separating industrial activities from residential or commercial areas. Moreover, the EIB's co-financing of the **Rehabilitation Urbaine Tunisie II** urban development programme in Tunisia will improve basic infrastructure in 146 poor urban neighbourhoods across all of the country's 24 governorates.

OPERATIONAL RESULTS

Since its inception, the FEMIP Trust Fund has continued to address economic challenges in the Southern Neighbourhood countries by funding tailored technical assistance, risk capital, and capacity-building operations. Its work is instrumental in creating opportunities and an attractive investment environment to foster economic growth in the region.

CONTRIBUTIONS TO THE FUND

Donor	Total pledges (€ 000)	Total paid-in (€ 000)
 Austria	2 000	2 000
 Belgium	2 500	2 500
 Cyprus	1 100	1 025
 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 ¹	5 000
 Malta	1 520	1 500
 Netherlands	2 000	2 000
 Portugal	1 000	1 000
 Romania	25	0
 Slovenia	500	500
 Spain	10 000	10 000
 Sweden	1 923	1 923
 United Kingdom	21 615	16 931
TOTAL	67 081²	61 879

¹ €400 000 has been transferred to the Economic Resilience Initiative Fund.

² Including €18.48 million dedicated to the CAMENA window (£15 million).

During its 14 years of service to the Southern Neighbourhood countries, the FEMIP Trust Fund has consistently demonstrated its value, with 80 approved grant operations totalling €55.5 million (90% of total paid-in contributions).

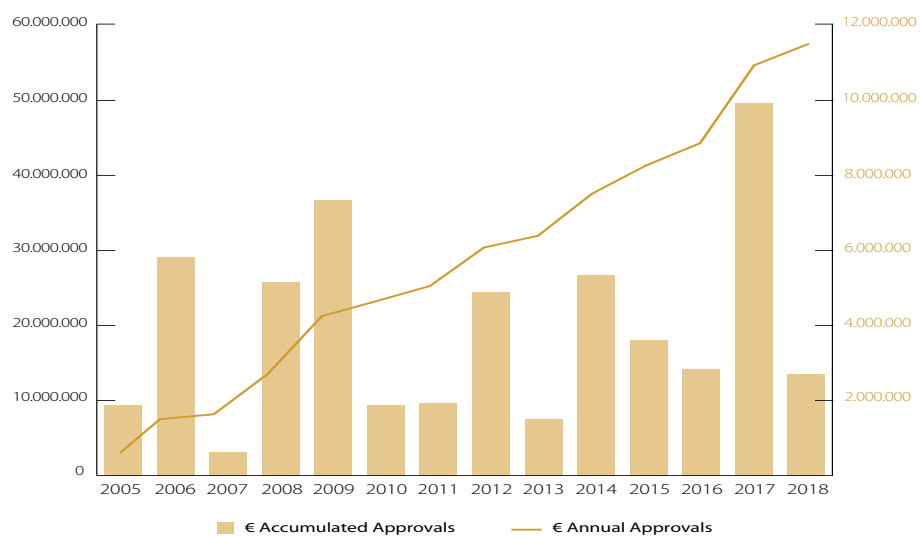
The FEMIP Trust Fund has been successful in deploying capital: 90% of the paid-in contributions (€55.5 million) have already been approved and allocated to 80 operations. Meanwhile, 89% of the approved operations have been signed and 65% of the signed amount (€32.5 million, or 58% of total approvals) has already been disbursed.

CONTRIBUTIONS AT END OF 2018

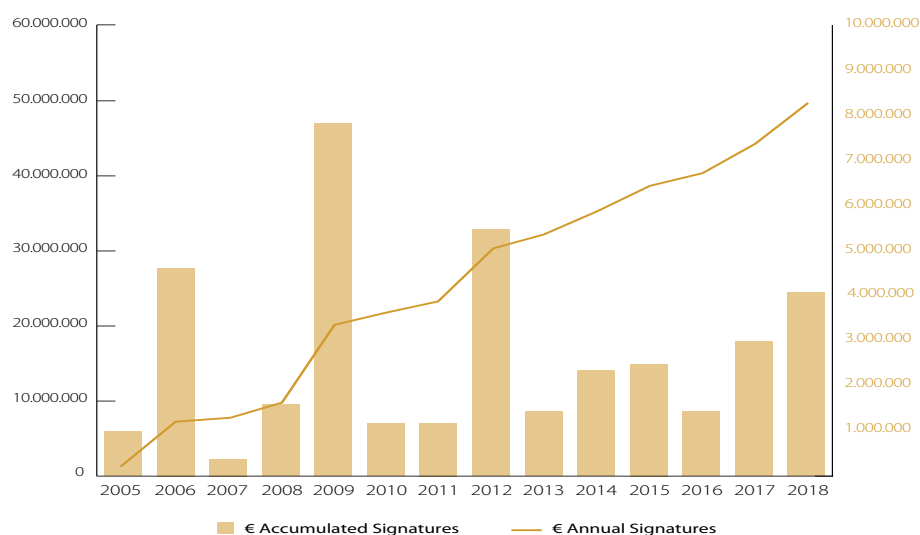
As at 31 December 2018	Amount (€ million)	% of approved amount
Pledged contributions	67.08	
Paid-in contributions	61.90 ¹	
Approved	55.50	
<i>Signed</i>	49.78	89%
<i>Disbursed</i>	32.55	58%

¹ FEMIP Trust Fund total contributions of €61.375 million (including CAMENA) plus €0.525 million for the newly created Gaza Central Desalination Plant.

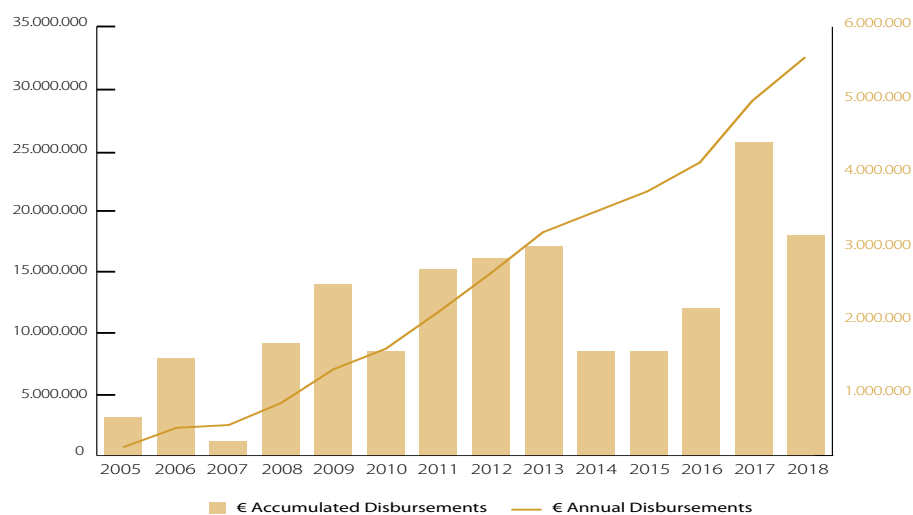
FEMIP TRUST FUND APPROVALS 2005-2018



FEMIP TRUST FUND SIGNATURES 2005-2018



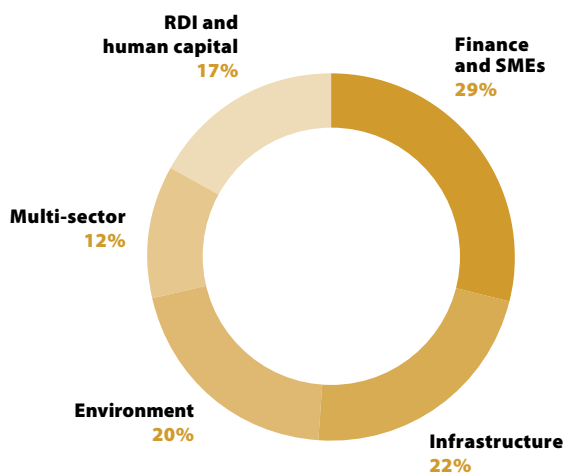
FEMIP TRUST FUND DISBURSEMENTS 2005-2018



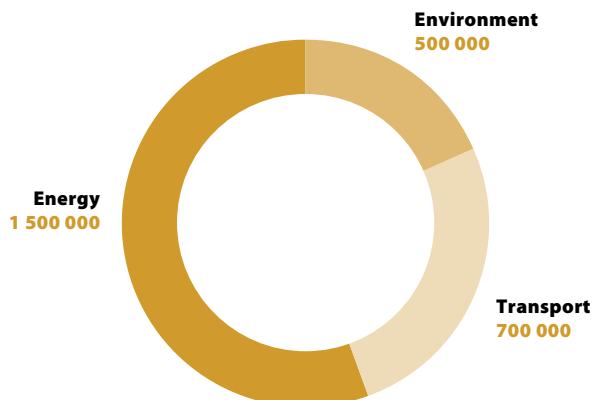
OPERATIONS BY SECTOR

At the end of 2018, the largest share of funds was channelled into improving access to finance for SMEs and mid-caps (€16 million in 28 operations across both technical assistance and risk capital instruments). To ensure the best use of resources and portfolio differentiation in terms of scope of intervention, even distribution has been applied across the infrastructure, environment, and R&D, innovation, and human capital sectors.

FEMIP TRUST FUND APPROVALS BY SECTOR 2005-2018



SECTOR DISTRIBUTION OF GRANTS IN 2018

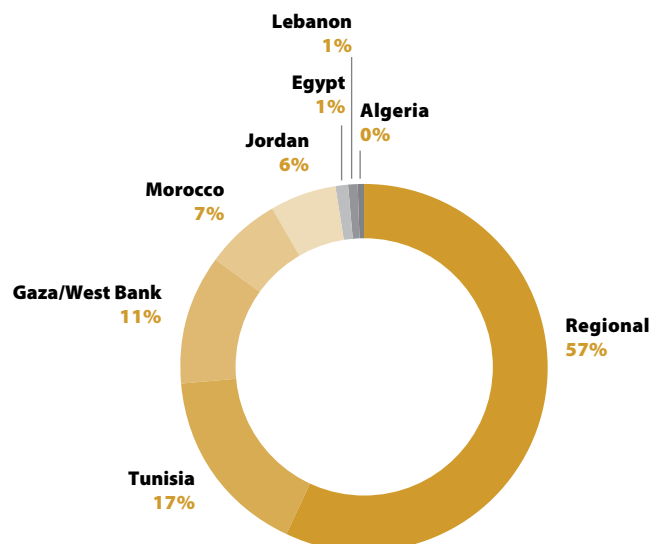


In 2018, thanks to FEMIP Trust Fund donors, three new grant operations totalling €2.7 million were approved. These three grants support the environment, energy and infrastructure sectors.

GEOGRAPHICAL DISTRIBUTION

Regional programmes, comprising 57% of total approved FEMIP Trust Fund financing, have enabled the fund to achieve broad geographical coverage throughout the Southern Neighbourhood region. Excluding these regional programmes, Tunisia was the country that benefited most at the end of 2018 with 11 approved grant operations worth more than €11 million. Palestine, with €6.5 million for five operations, is the second-largest beneficiary country in terms of volume and has the largest risk capital operation supported by the FEMIP Trust Fund to date, the Middle East Venture Capital Fund. This provides €5 million for early-stage private, export-oriented businesses.

FEMIP TRUST FUND APPROVALS BY COUNTRY 2005-2018



STATUS OF GRANTS

The technical assistance contracts relating to FEMIP Trust Fund operations have been signed with consortium leaders and consortium partners from Denmark, the Netherlands, France, Germany, Greece, Belgium, Spain, Italy, the United Kingdom, Portugal, the United States,

Luxembourg, Tunisia, Lebanon, Morocco, Jordan and Palestine¹. Other partners with which contracts were signed include international organisations (UN agencies, World Bank (International Finance Corporation), EU institutions and non-government organisations).

APPROVED GRANTS IN 2018

In 2018, three new grant operations totalling €2.7 million were approved – two within the FEMIP Trust Fund and one under its dedicated CAMENA envelope. Two of the grants approved in 2018 will finance technical assistance operations. The third operation will fund a study.

Furthermore, the Assembly of Donors (AoD) approved the establishment of the Gaza window, a new envelope under the FEMIP Trust Fund. The envelope will support development of the Gaza Central Desalination Plant.

Grant operation name	Grant type	Country	Sector	Net amount approved in € ¹	Date of AoD approval
Northeast Ramallah Villages Wastewater Collection and Treatment (CAMENA)	Study	Palestine ²	Environment/water	500 000	23 March 2018
FTFO – Rafic Hariri International Airport	Technical assistance	Lebanon	Transport	700 000	6 June 2018
Etude d'Impact Environnemental et Social du Projet de Station de Transfert des Eaux par Pompage – Oued Mellah	Technical assistance	Tunisia	Energy	1 500 000	9 December 2018
Total				2 700 000	

COMPLETED GRANTS IN 2018

Five operations with an overall amount of €1.5 million were completed (see the section on Completed operations).

Grant operation name	Country	Contracted amount € ³	Date of AoD approval	Completion date
LOGISMED Euromed Logistics Platform	Jordan	230 000	12 April 2010	19 June 2018
Increasing the Impact of the Southern Neighbourhood Advisory Programme for the Transport Sector (SNAP-T): Social Study of the Motorway Service of Kairouan, Sidi Bouzid, Kasserine, and Gafsa-Section Tunis-Jelma	Tunisia	200 000	02 April 2017	18 May 2018
National Appropriate Mitigation Actions Potentials in the Mediterranean Partner Countries – NAMA Study (CAMENA)	Regional	288 562	18 May 2015	11 April 2018
Feasibility Study for Alexandria West Wastewater Treatment Plant Extension (1/2) (CAMENA)	Egypt	300 000	14 June 2016	15 June 2018
Feasibility Study for Deir Alla and Al-Karameh Water Supply and Sanitation project (CAMENA)	Jordan	500 000	27 January 2017	15 September 2018
Total		1 518 562		

¹ Includes part cancellation and increase of amount approved.

² This shall not be construed as recognition of a state of Palestine and is without prejudice to the positions of each EU country.

³ Final amount signed in contract.

COMPLETED OPERATIONS IN 2018

IMPROVING WATER SERVICES IN ALEXANDRIA

ALEXANDRIA WASTEWATER PROJECT

Feasibility Study for Alexandria West Wastewater Treatment Plant Extension (1/2) (CAMENA)			
Approved	€400 000	Date of approval	14 June 2016
Signed	€313 000	Date of signature	15 December 2016
Disbursed	€313 000	Date of completion	15 June 2018
Sector	Environment	Geographical area	Egypt

The Alexandria West Wastewater Treatment Plant Extension and Upgrade Technical Assistance is a continuation of a feasibility study that will extend both the capacity and type of treatment carried out by the Alexandria West Water Treatment Plant. The project is essential to improving the environmental situation in the Greater Alexandria region, including Lake Maryut, El Mex Bay, and the Mediterranean Sea. It is also expected to improve the economic conditions and health situation of vulnerable fishing communities in the area. The upgrade in treatment level will significantly reduce emissions of methane, one of the more potent greenhouse gases, while also providing an additional source of water to a water-scarce country, not least for agriculture and forestry (commercially or as protection against the Saharan dust). The project is expected to mitigate the impact of climate change in the area in several ways.

Good cooperation with all relevant stakeholders from Egypt led to the successful completion of the feasibility study for the project in June 2018. This in turn enabled the EIB to proceed with the approval of an €80 million loan in October 2018 followed by the approval of a

€20 million investment grant contribution from the European Commission through the EU Neighbourhood Investment Platform in December 2018.

The feasibility study was an important basis for cooperation with the implementing entities on the Egyptian side, in particular with the Construction Authority for Potable Water and Wastewater (CAPW), which is a new client of the Bank in the wastewater sector. The CAPW is actively engaged in the project and regular exchanges take place with the Bank. For example, CAPW staff participated in a procurement training workshop organised by the EIB's Cairo office in November 2018. The Bank is now seeking to complete negotiations for the loan finance contract and to sign the delegation agreement with the EU for the investment grant contribution in due course. To pave the way for smooth and timely project implementation, a follow-up technical assistance operation (Assistance in tendering a Project Implementation Consultant-PIC/design build contract for project) using the remaining budget under a CAMENA grant will be launched shortly.

EXAMINING THE IMPACTS OF LOGISTICS IN JORDAN

JORDAN LOGISTICS PROJECT

LOGISMED Euromed Logistics Platform Technical Assistance			
Approved	€250 000	Date of approval	12 April 2010
Signed	€230 000	Date of signature	10 October 2016
Disbursed	€230 000	Date of completion	19 June 2018
Sector		Geographical area	Jordan

The objective of the LOGISMED Euromed Logistics Platform Technical Assistance operation is to produce a comprehensive set of technical documentation at feasibility study-level for the Amman DP/LC in Madounah, covering market, technical, environmental, social, economic, financial, and institutional aspects.

The consultant carried out an analysis of the market and demand for transport and logistics services and defined the logistics functions for the Amman DP/LC. An initial master plan was prepared to define and select the alternative distribution of areas and activities. A preliminary technical design and environmental and social impact study were completed. In addition, economic and finan-

cial profitability, the institutional framework, and applicable procedures were assessed as part of the technical assistance.

The consultant, after analysing the regional and national context, concluded that the project, despite being small in size, was feasible under a PPP structure. The study concluded that the project was financially viable with an estimated internal financial rate of return of 12.1% and was economically feasible with an integral economic rate of return of around 8.3%. Environmental impacts were assessed and found to be of small magnitude and easily mitigated.

MINIMISING DISPLACEMENT IMPACT IN SOUTHERN TUNISIA

TUNISIA MOTORWAY NETWORK PROJECT

Increasing the Impact of the Southern Neighbourhood Advisory Programme for Transport Sector (SNAP-T): Social Study of the Motorway Service of Kairouan, Sidi Bouzid, Kasserine, and Gafsa - Section Tunis-Jelma			
Approved	€200 000	Date of approval	2 April 2014
Signed	€200 000	Date of signature	27 April 2017
Disbursed	€200 000	Date of completion	18 May 2018
Sector	Transport	Geographical area	Tunisia

This technical assistance was a continuation of support provided by the EIB to develop Tunisia's motorway network, particularly in the governorates of Kairouan, Kasserine, Sidi Bouzid, and Gafsa, in order to open up the southern region, which is among the poorest areas of the country. This grant focuses on the priority 188-km Tunis-Jelma section and aims to develop a framework

Resettlement Policy and Resettlement Action Plan. The overall objective of the technical assistance operation is to support the government's policy and align it with EIB standards (norms) for environmental and social policy. This will contribute to the mitigation and minimisation of the effects of resettlement according to EU criteria.

The consultants produced a Resettlement Policy Framework for the whole Desserte Autoroutière de Kairouan, Sidi Bouzid, Kasserine, et Gafsa-tronçon Tunis-Jelma (Social Study of the Motorway Service of Kairouan, Sidi Bouzid, Kasserine, and Gafsa – Section Tunis-Jelma) road corridor and a Resettlement Action Plan for the EIB-financed Tunis-Jelma section. Both documents are in line with standard no. 6 – Involuntary Resettlement – of the EIB Environmental and Social Handbook.

The consultants carried out public consultations and social surveys required to develop the abovementioned studies on behalf of the promoter. The technical assistance assignment was instrumental in delivering the studies required to ensure compliance with the EIB's social standards for involuntary resettlement. The underlying EIB Autoroute du Centre operation was approved by the Board of Directors on 1 December 2017 and the subsequent finance contract for an EIB loan of €166 million was signed on 14 December of the same

year. The assignment was deemed highly beneficial to the project, as it would ensure proper consultation with respect to one of the most significant impacts of the new motorway corridor (physical and economic displacement).

This technical assistance enabled the project promoter to further develop their capacity to manage the social aspects of the project preparation. The technical assistance complemented the Bank's prior efforts to support project preparation through the Southern Neighbourhood Advisory Programme in the Transport Sector (SNAP-T) (feasibility, environmental studies, detailed design, and tender documents through the technical assistance assignment TA2014007 TN STR Feasibility Study ECOSO).

The EIB-financed project is currently at the land acquisition stage. Procurement activities are planned to start in the second half of 2019.

LOW-CARBON INVESTMENT

LOW-CARBON PROJECTS

National Appropriate Mitigation Actions Potential in the Mediterranean Partner Countries – NAMA Study (CAMENA)			
Approved	€300 000	Date of approval	18 May 2015
Signed	€280 000	Date of signature	12 December 2016
Disbursed	€280 000	Date of completion	15 June 2018
Sector	Environment	Geographical area	Regional

Nationally Appropriate Mitigation Actions (NAMAs) refer to sets of actions that countries can take to reduce greenhouse gas emissions. First formalised in 2007 by the United Nations Framework Convention on Climate Change, NAMAs can take different forms, from policies to goals to projects. In general, NAMAs aim to attract investment in projects that are in the national interest and in support of low-carbon development.

The idea behind the CAMENA-funded study on NAMAs in the Mediterranean Partner Countries of Egypt, Jordan, Lebanon, Morocco, Palestine, and Tunisia was to analyse what efforts had been made to identify actions

in each country, and to draw conclusions on how to create a formalised set of bankable projects that could support low-carbon development policies in the national interest, and that could be attractive to potential investors.

This involved a comprehensive mapping exercise to identify the existing NAMAs in the participating countries, of which 34 were found. The key issue was to identify the barriers restricting the projects, and to determine ways to overcome these barriers, whether institutional, financial, or technological.

In 2018, all of the tasks were completed under the study. The projects were mapped, and three in particular were identified as potential investment opportunities: social housing in Morocco, a water pumping station in Jordan,

and small-scale solar power in Tunisia. Although the projects are in the pre-feasibility study stage, suggestions have been made to make all three more bankable.

WATER SUPPLY AND SANITATION

WATER SUPPLY AND SANITATION PROJECT

Feasibility Study for Deir Alla and Al-Karameh Water Supply and Sanitation project - (CAMENA)			
Approved	€500 000	Date of approval	27 January 2017
Signed	€450 000	Date of signature	14 September 2017
Disbursed	€450 000	Date of completion	15 September 2018
Sector	Water/Wastewater	Geographical area	Jordan

This technical assistance operation prepared a technical, economic, and financial feasibility study to upgrade an existing water supply system and to improve wastewater collection and treatment.

A complete feasibility study was conducted and a preliminary design and cost estimate for the upgrade was prepared. The technical assistance also included a climate risk vulnerability assessment report and a cost-benefit and affordability analysis of the project, as well as an analysis of the financial situation of the borrower. An environmental and social impact study and a gender assessment were also conducted.

The technical assistance produced final design and cost estimates for the project, an appropriate contract procurement strategy, and the utilisation of treated efflu-

ent and sludge. Moreover, institutional and social support, as well as environmental impact mitigation measures, were among the outcomes generated by the technical assistance.

The technical assistance operation was completed in October 2018 with the submission of a draft completion report. The final feasibility report incorporating comments from stakeholders was received and accepted in December 2018 and the loan was submitted to the EIB Board for approval.

Following the submission of the draft feasibility report, the investment project was appraised by the EIB and was presented to the Management Committee in December 2018. The project was presented for approval to the EIB Board in January 2019.

SPECIAL PROGRAMMES

CLIMATE ACTION IN THE MIDDLE EAST AND NORTH AFRICA (CAMENA)

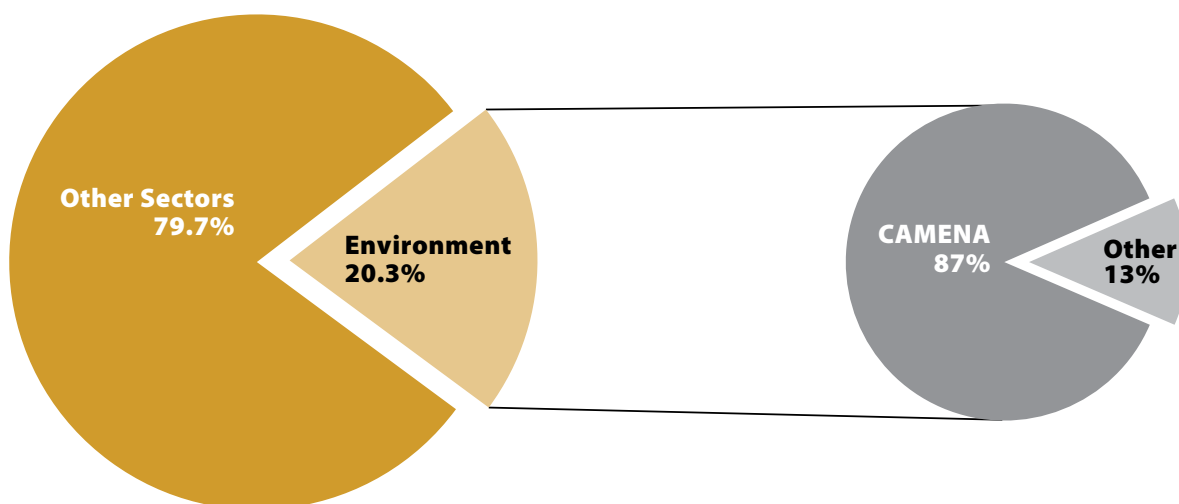
CAMENA is a climate action envelope within the FEMIP Trust Fund. It is financed by the United Kingdom's Department for International Development (DFID).

CAMENA outputs

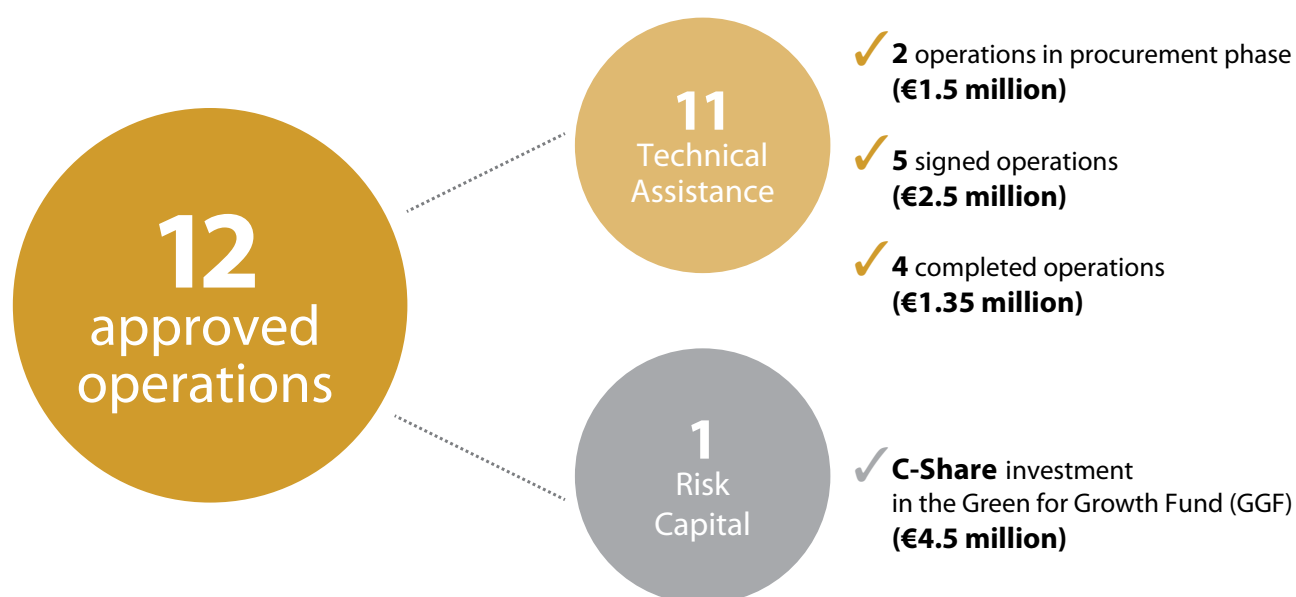
1. Identification of projects
2. Assistance with project preparation and implementation
3. Capacity building for a range of financial intermediaries, public sector borrowers, and other stakeholders to ensure better development of climate action projects
4. Upstream activities related to advisory services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

As at the end of 2018, the CAMENA envelope had approved 12 operations for a total amount of €9.8 million.

SHARE OF FEMIP TRUST FUND ENVIRONMENT-RELATED OPERATIONS SUPPORTED BY CAMENA



CAMENA PORTFOLIO AT END OF 2018



During 2018, one new operation was approved as follows:

Northeast Ramallah Villages Wastewater Collection and Treatment (Palestine) The overall goal of this project is to improve the efficiency and sustainability of water resource management in Palestine. On a regional scale, the project will improve the quality of groundwater and provide another source of water through effluent reuse.

The project will also improve the health and environmental outlook of people residing in the area. The CAMENA funds will be used to help the government prepare for this project by undertaking a technical, environmental, institutional and economic feasibility study for the provision of a wastewater collection and treatment system that will serve the needs of residents up to the year 2050 and assess the environmental and social impacts of the project.

PARTNERSHIPS

The FEMIP Trust Fund channels grants from third parties for specific purposes. Such grants include the Deauville Partnership MENA Transition Fund (MENA TF), which supports EIB-led regional projects.

Third-party contributions to the FEMIP Trust Fund have also been received through cooperation agreements with the International Renewable Energy Agency, United Arab Emirates (IRENA) to co-finance a study to evaluate renewable energy manufacturing potential in the Southern Neighbourhood countries; the International Institute for Democracy and Electoral Assistance, Sweden (IDEA) in support of a joint regional study to enhance the impact of private sector develop-

ment on democratic transition in the Southern Neighbourhood countries; and the German Agency for International Cooperation GIZ in support of a climate-related study on NAMAs' potential in the Southern Neighbourhood countries.

Table 11 shows contributions to the FEMIP Trust Fund received from third parties as at 31 December 2018.

THIRD-PARTY CONTRIBUTIONS TO THE FEMIP TRUST FUND

Third Parties	Pledges in €	Paid-in in €	Status
Deauville Partnership MENA Transition Fund (MENA TF)	20 965 000	16 250 000	Ongoing
International Renewable Energy Agency, United Arab Emirates (IRENA)	18 000	18 000	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	Completed
Total	21 158 000	16 443 000	

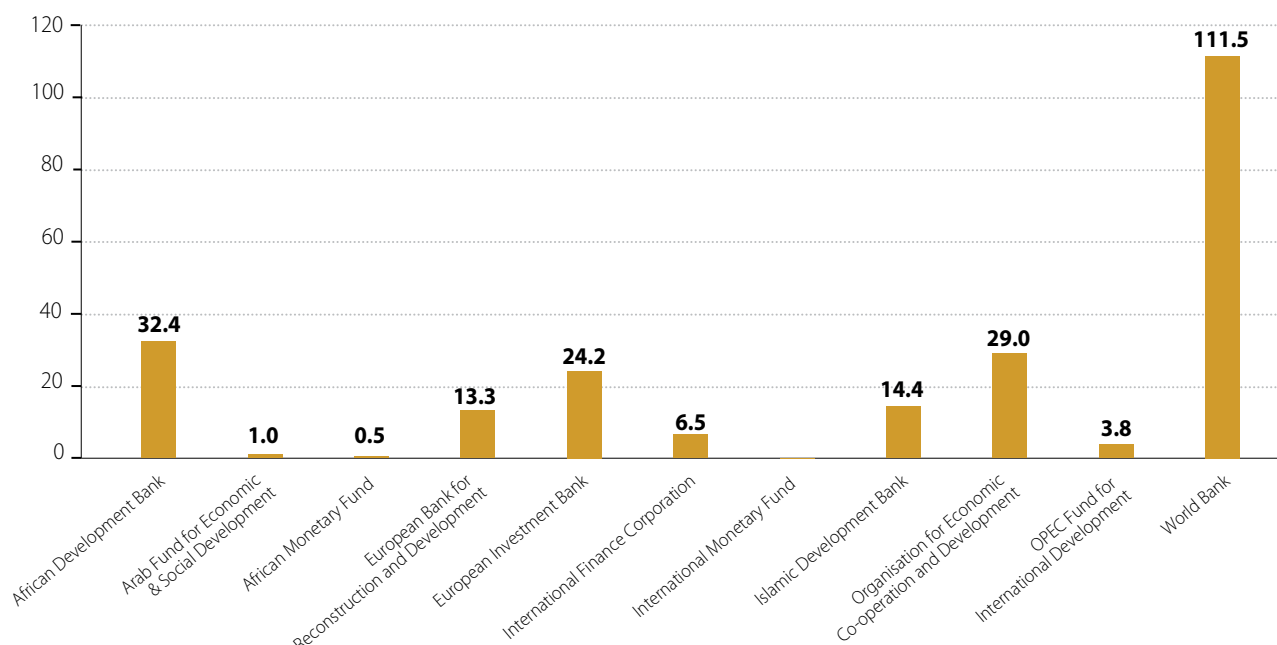
THE DEAUVILLE MENA TRANSITION FUND (MTF)

The Deauville Partnership provides support for 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 and the EIB acts as an implementation support agency.

As at the end of 2018, the total amount of contributions received in the fund was \$240.3 million. Through the FEMIP Trust Fund, \$24.3 million has been granted by the MENA Transition Fund for five EIB-led technical advisory programmes in the Southern Neighbourhood countries.

MTF ALLOCATED FUNDS BY IMPLEMENTING SUPPORTING AGENCY (IN \$ MILLION)



PROJECT STATUS EIB-LED PROJECTS APPROVED BY THE DEAUVILLE MENA TRANSITION FUND

STATUS OF MTF PROJECTS

Project	Objective
LOGISMED Soft Project	✓ To support the enhancement of logistics platform capacities in Egypt, Morocco and Tunisia, and create a collaborative network between these logistics platforms. The initiative is completed.
Regional Integration through Trade and Transport Corridors	✓ To reduce barriers to trade and transport along the priority trade corridors of Egypt, Jordan, Morocco and Tunisia, and on related border crossings. The initiative still supports different studies in the fields of logistics, road, rail and maritime transport and could lead to the mobilisation of up to \$600 million in several investments within different technical fields across the region.
SME Growth Programme	✓ To support and sustain SMEs in the industrial and service sectors that enjoy high growth opportunities, so as to increase production, competitiveness, and exports through training courses and technical guidance. The project closing event was held on 21 March 2019 at the end of a four-year period of technical assistance. The programme created 810 job opportunities in 184 companies, registering total sales growth of JOD 34 million (10%) and increasing exports by JOD 16 million (16%).
Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries	✓ To provide targeted support to the region's central banks to promote the development of innovative retail payment solutions, such as mobile financial services, which would support expanded access to financial services across the region.
Optimising and Monitoring Employment in Infrastructure Investments	✓ Cancelled

FINANCIAL BREAKDOWN OF EIB-APPROVED PROJECTS (IN \$)

UNDER MTF

Project per country	Egypt	Jordan	Morocco	Tunisia	Grand Total
LOGISMED Soft Project (Completed)	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 (Ongoing)					3 850 000
Promoting Financial Inclusion via Mobile Financial Services in the Southern and Eastern Mediterranean Countries (Completed)		3 850 000	392 000		874 000¹
Optimising and Monitoring Employment in Infrastructure Investments (Cancelled)		426 000		609 500	609 500
Total	5 795 403	6 906 000	5 507 403	5 974 500	24 239 306

¹ \$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.

EU BLENDING FACILITIES

The EIB continued to combine grants with loans to help projects. For example, it actively blended its loans with grants from the Neighbourhood Investment Facility (NIF).

In 2018, the Bank signed two projects in the Southern Neighbourhood region: the Kitchener Drain Project in Egypt and the Université Euro-Méditerranéenne de Fès, Morocco for a total amount of €38 million.

The Kitchener project is the first project of its kind in Egypt to adopt an integrated approach to tackling several sources of pollution simultaneously to achieve maximum impact and synergies.

The project is expected to improve public health, employment, and general living conditions. An EU grant alongside the EIB loan will finance the Université de Fès Project. The investment will make it possible to build an ecologically friendly campus at Fes with high-level education programmes and will enable high-achieving students with low incomes to attend the university through a scholarship system. The project will also contribute to mitigating climate change, owing to its design, which puts great emphasis on energy efficiency and the use of renewable energy.

In addition, the NIF governing bodies have approved the Alexandria West Wastewater Treatment Plant project in Egypt. This €20 million project – including investment grants and €5 million for technical assistance – will contribute toward efficient and sustainable water resource management and is aimed at lowering pollution levels in the Mediterranean Sea. The project will also enable the provision of higher quality services to reach a larger number of people in the Alexandria West catchment area.

ANNEX 1.

APPROVED FEMIP TRUST FUND OPERATIONS (AT END-2018)

No	Country	Title	Sector	Approved Budget in €	Signed Amount in €	Assistance Type
Completed operations				22 361 000	20 143 539	
1	Regional	Improving efficiency of workers' remittances	Finance	200 000	197 850	Study
2	Regional	Financial Sector Support programmes – METAC I and II – 1st Phase	Finance	500 000	500 000	Technical assistance
		2nd Phase		500 000	500 000	
3	Regional	Logistic needs in the MPCs: Potential for the development of a logistics platform network	Transport	600 000	597 385	Study
4	Regional	Financial mechanism for the development of renewable energy and energy efficiency	Energy	200 000	189 054	Study
5	Algeria	Examining the access of small firms to sustainable forms of external finance	Finance	200 000	195 000	Study
6	Morocco	Examining the promotion of long-term private savings	Finance	180 000	179 741	Study
7	Regional	Clean Development Mechanism (CDM) – Project Identification in FEMIP Countries	Energy	200 000	195 000	Technical assistance
8	Tunisia	Seed Capital Fund	Finance	2 000 000	1 775 000	Risk Capital
9	Tunisia	Technical assistance related to the Tunisian Seed Capital Fund	Finance	125 000	125 000	Technical assistance
10	Regional	Review on existing trade finance services for Euromed trade	Finance	80 000	80 000	Study
11	Regional	Analysis of tourism strategies and policies in FEMIP countries	SME	200 000	200 000	Study
12	Regional	Potential for biofuel production in FEMIP countries	Energy	200 000	199 000	Study
13	Morocco	Private-type management and operation of the public irrigation systems in FEMIP countries: a test case in Morocco	Environment & Water	1 000 000	581 359	Technical assistance
14	Regional	Study Programme with Blue Plan	Environment/Climate Change	180 000	180 000	Study
15	Regional	Identification and removal of obstacles for the extended use of wastewater in agriculture	Environment & Water	200 000	199 999	Study
16	Regional	Strategies for the regeneration of Medinas in the Mediterranean area	Urban Development	185 000	160 950	Study
17	Regional	A Review of the Economic and Social Impact of Microfinance	Finance	70 000	70 000	Study
18	Tunisia	Adaptation of financial products to workers' remittances AT Tunisian Bank Union	Finance	500 000	489 500	Technical assistance
19	Regional	Study Programme with Blue Plan II	Energy/ Tourism	850 000	850 000	Technical assistance
20	Jordan	Jordan Highway Master Plan	Transport	2 093 300	2 093 300	Technical assistance
21	Regional	PPP Legal Frameworks in the FEMIP region	Multi-sector	675 000	675 000	Study
		FTFO – EPEC SERVICES (2011) FOR PPP IN MPCs		80 000	80 000	Technical assistance
22	Regional	Multipartner networking and learning centre (contribution to Marseille Centre for Mediterranean Integration, MCMI)	Multi-sector	500 000	474 500	Technical assistance
23	Regional	Cooperation Agreement between EIB and FEMISE	Multi-sector	400 000	400 000	Study
24	Regional	Mediterranean Business Development Initiative (MBDI)	SME	200 000	198 980	Study
25	Regional	Mediterranean Solar Plan	Energy	350 000	189 163	Study
26	Morocco	Urban operation in Medina/Meknes	Urban Development	400 000	395 000	Study
27	Tunisia	Technical Assistance Business Angels	SME	190 000	159 654	Technical assistance
28	Morocco	Incubators Network (RMIE)	SME	300 000	284 724	Technical assistance
29	Palestine	Technical Assistance to Palestine ICT Incubator	R&D and Innovation	195 000	194 600	Technical assistance
30	Regional	Broadband Access for FEMIP countries	R&D and Innovation	500 000	499 000	Study
31	Regional	LOGISMED Euromed Logistics Platforms: Lot 2 A (Tunisia)	Transport	1 000 000	237 500	Study
		Lot 2 B (Morocco)			237 500	
		LOGISMED Euromed Logistics Platforms – Jordan – Technical assistance in support of the development of the Euro-Mediterranean logistics area of Amman (Madounah)			230 000	
32	Regional	Maritime Highways	Transport	195 000	157 553	Study
33	Regional	Energy efficiency and renewable energy project preparation programme in urban areas of the MPCs	Energy	200 000	167 265	Study
34	Regional	Mobile financial services in Mediterranean Partner Countries	Finance	200 000	159 000	Study
35	Regional	Potential of Mesofinance for Job Creation in Mediterranean Partner Countries	Finance	200 000	189 000	Study
36	Regional	Mobilising the Potential of Gulf Countries' Sovereign Wealth Funds for the Mediterranean Partner Countries	Finance	195 000	190 000	Study
37	Tunisia	Competitiveness and employment challenges in Tunisia	Multi-sector	200 000	177 228	Technical assistance
38	Regional	Medinas 2030 Investment Programme	Urban Development	400 000	480 000	Study
39	Regional	Support for the pre start-up of the Euro-Med Development Centre (EMDC) for MSMEs	Finance and MSMEs	250 000	250 000	Technical assistance
40	Egypt	Project Preparation and Implementation Study in the Framework of the Integrated and Sustainable Community Development Programme (ISCDP)	Urban Development	200 000	138 000	Study

No	Country	Title	Sector	Approved Budget in €	Signed Amount in €	Assistance Type
41	Regional	Project Identification Study under the Mediterranean Urban Projects Finance Initiative	Urban Development	250 000	250 000	Study
42	Regional	Evaluating Renewable Energy Manufacturing Potential in the Mediterranean Partner Countries	Energy	94 000	52 925 18 075	Study
43	Regional	Enhancing the Impact of Private Sector Development on Democratic Transition in the Mediterranean Partner Countries	SME	150 000	148 872	Study
44	Regional	Study on the Employment Impact of European Investment Bank (EIB) Infrastructure Investments in Mediterranean Partner Countries (MPCs)	Multi-sector	245 000	245 000	Study
45	Regional	Space for MED with the European Space Agency	Multi-sector	500 000	500 000	Technical assistance
46	Regional	Support for the dissemination of the FEMIP Trust Fund-funded activities in the FEMIP region	Multi-sector	35 000	35 000	Study
47	Regional	Study on enabling SME access to growth capital markets via dedicated SME Exchange markets (SME initiative)	Finance and MSMEs	25 000	49 900	Study
48	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	Upstream Study
49	Regional	Technical advisory to support seed accelerators in the FEMIP region	Finance and MSMEs	1 200 000	1 188 000	Technical assistance (PP - Project Preparation)
50	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	Technical assistance (Project Implementation)
51	Jordan	Feasibility Study for Deir Alla and Al-Karameh Water Supply and Sanitation project	Water	500 000	450 000	Study
52	Tunisia	Taysir – Subordinated loan to a greenfield MFI in Tunisia (under Impact Investment Envelope)	Finance/ Private sector	1 000 000	1 000 000	Risk Capital (Investment loan/ local currency)
53	Regional	National Appropriate Mitigation Actions Potentials in the Mediterranean Partner Countries – NAMA Study Mediterranean Partner Countries – NAMA Study	Environment (Climate Action)	300 000	288 562	Study
Engaged operations (partially disbursed)				33 088 600	32 603 370	
54	Regional	Dissemination window for FEMIP Trust Fund studies	Multi-sector	450 000	450 000	Seminars
55	Palestine	Middle East Venture Capital Fund	R&D and Innovation	5 000 000	5 000 000	Risk Capital (investment loan)
56	Regional	FEMIP Internship Programme	Human Capital	1 990 000	1 990 000	Capacity Building
57	Regional	PPP action in the FEMIP Region: Action I (a)	Multi-sector	1 700 000	400 000	Technical assistance
		Action I (b)			425 000	
		Action II			760 000	
		Action III			35 000	
58	Tunisia	Capacity Building in the Tunisian Microfinance Sector (MicroMED)	Finance	2 000 000	2 800 000	Technical assistance
59	Regional	FEMIP Secondment Programme (phases I and II)	Human Capital	1 100 000	1 100 000	Capacity Building
60	Tunisia	Reinforcing Private Equity Regulation and Institutional Expertise in Tunisia	Finance	100 000	100 000	Technical assistance
61	Regional	Strengthening cooperation with EU bilateral agencies and public banks for joint initiatives in the Mediterranean Partner Countries:	Multi-sector	300 000	40 000	Study
		(1) Implementation of joint studies and technical assistance operations			40 000	
		(2) Supporting joint capacity-building activities in the region			180 000	
		(3) Targeted secondments			40 000	
62	Regional	(4) Design and implementation of joint dissemination events	Finance and MSMEs	2 000 000	2 000 000	Risk capital (Investment loan)
		COOPMED – Participation in a debt fund supporting microfinance and social economy in the Mediterranean region				
		Increasing the impact of the Southern Neighbourhood Advisory Programme for the Transport Sector (SNAP-T):				
		Étude de Faisabilité d'une Liaison Permanente entre l'Autoroute A4 et la Ville de Bizerte			320 000	
63	Regional	Étude de la Liaison Permanente entre l'Autoroute A4 et la Ville de Bizerte: Supervision indépendante de l'ouvrage principal	Transport	2 000 000	75 000	Technical assistance (PP - Project Preparation)
		Assistance Technique pour l'extension et l'amélioration fonctionnelle de l'Aéroport International de Tunis Carthage (AITC)			265 700	
		Increasing the Impact of the Southern Neighbourhood Advisory Programme for the Transport Sector (SNAP-T): Etude sociale de la desserte autoroutière de Kairouan, Sidi Bouzid, Kasserine et Gafsa-tronçon Tunis-Jelma (Social Study of the Motorway Service of Kairouan, Sidi Bouzid, Kasserine, and Gafsa – Section Tunis-Jelma)			200 000	
64	Palestine	Preparation of the Power Plant Facilities for the Gaza Central Desalination Plant (implementation of the Water Supply to Gaza, Seawater Desalination Project (Phase A) (extension of service contract TA2012033 PS F10))	Renewable Energy (Climate action)	600 000	595 760	Technical assistance (PP - Project Preparation)

No	Country	Title	Sector	Approved Budget in €	Signed Amount in €	Assistance Type
65	Egypt	Feasibility Study for Alexandria West Wastewater Treatment Plant Extension	Wastewater	400 000	313 500	Feasibility Study
	Egypt	Assistance in tendering a Project Implementation Consultant - PIC - for Alexandria West Wastewater Treatment Plant Extension and Upgrade			49 500	Technical assistance
66	Regional	Enhancing the Impact of the PPP Project Preparation Facility (the 'MED SP initiative')	Multi-sector	350 000	350 000	Technical assistance (Project Implementation -PI)
67	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	2 004 750	Technical assistance
68	Gaza/West Bank	Technical Assistance for the implementation of the electricity network upgrade project: project management support to PENRA Phase 2	Electricity	220 000	209 810	Technical assistance
69	Regional	The EIB-EBRD-WB Enterprise Surveys in the EU Eastern and Southern Neighbourhood and the Western Balkans – Southern Neighbourhood section	Private sector	700 000	700 000	Study
70	Tunisia	Etude de faisabilité pour la dépollution et la réhabilitation du bassin minier de Gafsa – Partie A	Water/Wastewater	498 000	481 200	Technical assistance
71	Regional	High Performance Railway Feasibility Study for a new rail link between Melloussa and Tetouan, including environmental and social impact scoping	Environment	550 000	499 000	Technical assistance
72	Lebanon	Feasibility Study for Upgrade and Expansion for Saida Wastewater Collection and Treatment Systems	Water/Wastewater	330 000	330 000	Technical assistance
73	Regional	Green for Growth Fund, SICAV – SIF	Renewable Energy & Energy Efficiency	4 000 000	4 000 000	Risk Capital
74	Regional	Green for Growth Fund, SICAV – SIF	Renewable Energy & Energy Efficiency	500 000		Risk Capital
75	Regional	Actions supporting the financial inclusion of more vulnerable people in the Southern Neighbourhood of the EU	Finance / Private Sector	2 000 000	1 841 000	TA
76	Morocco	BMCE Ligne Bleue	Water	1 000 000	897 650	TA
77	Jordan	Bani Kenaneh water supply and sanitation project	Water Supply & Sanitation	500 000	449 900	Study
78	Palestine	Northeast Ramallah Villages Wastewater Collection and Treatment	Environment/Water	500 000	420 000	Study
79	Lebanon	FTFO – Rafic Hariri International Airport	Transport	700 600	700 600	TA
80	Tunisia	Etude d'impact environnemental et social du projet de station de transfert des eaux par pompage – Oued Mellah	Energy	1 500 000	1 500 000	TA

ANNEX 2.

OPERATIONS APPROVED IN 2018

Grant operation name	Grant type	Country	Sector	Net amount approved in € ¹	Date of AoD approval
Northeast Ramallah Villages Wastewater Collection and Treatment (CAMENA)	Study	Palestine	Environment/ Water	500 000	23 March 2018
FTFO – Rafic Hariri International Airport	Technical Assistance	Lebanon	Transport	700 000	6 June 2018
Etude d'Impact Environnemental et Social du Projet de Station de Transfert des Eaux par Pompage – Oued Mellah	Technical Assistance	Tunisia	Energy	1 500 000	9 December 2018
Total				2 700 000	

¹ Includes part cancellation and increase of amount approved.

ANNEX 3.

ABRIDGED FINANCIAL STATEMENTS

BALANCE SHEET

As at 31 December 2018 (in € 000)

	31 December 2018	31 December 2017
ASSETS		
Cash and cash equivalents	36 465	43 377
Venture capital investments	3 166	3 266
Loans and receivables	2 731	1 868
Other assets	395	1 195
Total assets	42 757	49 706
LIABILITIES AND CONTRIBUTORS' RESOURCES		
LIABILITIES		
Amounts owed to third parties	1 815	629
Third party contributions	6 714	10 192
Other liabilities	8	8
Total liabilities	8 537	10 829
CONTRIBUTORS' RESOURCES		
Contributions	61 354	61 354
Retained earnings	-27 134	-22 477
Total contributors' resources	34 220	38 877
Total liabilities and contributors' resources	42 757	49 706

INCOME STATEMENT

For the year ended 31 December 2017 (in € 000)

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
Interest and similar income	109	67
Net foreign exchange gain	7	-
Total operating income	116	67
Projects financed	-3 880	-3 054
Unrealised loss on venture capital investments	-723	-754
General administrative expenses	-162	-155
Net foreign exchange loss	-	-568
Other expenses	-8	-8
Total operating expenses	-4 773	-4 539
Net loss for the financial year	-4 657	-4 472



FEMIP TRUST FUND

ANNUAL REPORT 2018



European Investment Bank
98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
☎ +352 4379-1
www.eib.org – ✉ info@eib.org

🐦 twitter.com/EIB
📘 facebook.com/EuropeanInvestmentBank
📺 youtube.com/EIBtheEUBank