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FEMIP TRUST FUND ANNUAL REPORT
SERVING THE SOUTHERN NEIGHBOURHOOD

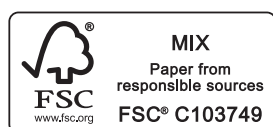


European
Investment
Bank

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EUROPEAN INVESTMENT BANK
FEMIP TRUST FUND
SERVING THE SOUTHERN NEIGHBOURHOOD
ANNUAL REPORT
2017



European Investment Bank FEMIP Trust Fund: Serving the Southern Neighbourhood Annual Report 2017

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PDF: QH-AH-18-001-EN-N ISBN: 978-92-861-3790-7 ISSN: 2363-3999 doi: 10.2867/031001

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This FEMIP Trust Fund (FTF) Annual Report has been prepared in accordance with the “Rules relating to the establishment and administration of the FTF” and the “FTF Rules of Procedure”¹. It provides a comprehensive overview of the implementation of the FTF’s programme in 2017.

¹ In its meetings of 14 October 2004, the Board of Directors of the European Investment Bank approved the proposal for the establishment of a multi-purpose and multi-sectoral fund, the FEMIP Trust Fund, and its rules of management and administration.



FEMIP Trust Fund

a financial partner to support the EU's Southern Neighbourhood in addressing:

Migration

High youth unemployment

Climate change



Foreword by the **President**



In view of the challenges the EU's Southern Neighbourhood region is facing, including those posed by the forced displacement of people, persistent fiscal deficits and the threat of climate change, the European Investment Bank (EIB), the EU bank, and the FEMIP Trust Fund ("FTF") have proven their worth and stepped up significantly their support to the region.

Mobilising EUR 53m of donor resources since 2004, the FTF has financed 77 grant operations in the Middle Eastern and North African ("MENA") countries, leading to EUR 630m of EIB blended operations that support total investment of EUR 1.35bn. Thanks to the continuous support of 16 EU Member States and the European Commission, in 2017 the FTF approved EUR 9.9m of grant operations, the largest in any given year to date.

The FTF has been very successful in deploying capital. Currently, more than three quarters of the paid-in contributions have been approved and allocated to operations. As a result, the FTF is seeking to strengthen its partnership with the Economic Resilience Initiative (ERI), which forms part of the collective EU response to the forced displacement and migration challenges in the region and is being implemented in close cooperation with EU Member States, the European Commission, Donors and other partners. Through the ERI, the Bank is helping the Mediterranean partner countries build up their

long-term economic resilience to future shocks and crises. In Lebanon, for instance, our long-term finance to support lending to smaller businesses will sustain 20 500 jobs and enable growth and employment-enhancing investments, helping this country as it hosts significant numbers of refugees.

Both ERI and FTF-supported operations form an important part of overall EIB support for improving people's lives in the Southern Neighbourhood region. In 2017, the EIB provided total finance of EUR 1.9bn, an increase of 17% compared to 2016. In addition to substantially increasing lending to small and medium-sized enterprises (66% of the overall lending volume), the Bank continued to support a number of infrastructure projects that are vital for economic growth, climate action and education.

These results have been possible due to the EIB's unique role as an EU institution – owned by and accountable to the EU Member States – and our dedication to mobilising finance and expertise to implement EU external policies.

The FTF has been a key player in the partnership between the EU and Mediterranean partner countries, as part of the process of encouraging political and economic renewal in the Southern Neighbourhood region. I look forward to continuing to strengthen these partnerships, so that – together – we can achieve even greater impact in our neighbourhood.

Werner Hoyer

About us

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together under one roof the whole range of instruments implemented by the European Investment Bank in support of economic development in the Southern Neighbourhood countries. The FEMIP Trust Fund (FTF) is an instrument that complements the EIB's activities in the Mediterranean region. Whilst substantial investment is required in the EU's Southern Neighbourhood countries, there is not always sufficient local capacity to prepare and implement operations, and investors are often unwilling or unable to finance preparation or provide seed capital to develop major investment projects. The FTF 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.



Countries eligible for the FEMIP TF are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. The EIB will start operating in Libya after it signs a Framework Agreement with the country. Following EU sanctions in November 2011, the EIB has suspended all loan disbursements and technical advisory contracts for projects in Syria.



Priority sectors

The FEMIP Trust Fund supports projects in four priority sectors:

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

Our offer

Tailored technical assistance throughout the project cycle:

- identification (including upstream sector studies and master plans);
- preparation (including pre-feasibility and feasibility studies, audits, procurement documents);
- implementation (including strengthening project management, skills and capacity building, coaching of public authority project implementation units);
- access to finance (including access to finance assessment studies for enterprises and individuals).

Risk capital operations:

- targeted private equity operations, including seed capital (for example, investments in fund structures, microfinance institutions).

Capacity building:

- internships, secondments, and more.

Governance

The FTF is governed by the Assembly of Donors, which meets at least once a year. Contributions come from EU Member States and the European Commission. The Assembly of Donors may coordinate with other international financial institutions and authorise third-party contributions to increase impact and reinforce complementarities in line with the guiding principles of the FTF.

Approval process

Operations are first approved by the Bank’s Management Committee, then submitted for approval to the FTF’s governing body, the Assembly of Donors.



2017 at a glance

Concessional Financing

FEMIP Trust Fund

EUR 10m
approved
for **9 operations**

Economic Resilience Initiative Technical Assistance

EUR 5m
pre-approved for
2 operations

European Commission Blending

EUR 50m
for **1 regional project**

Lending

EUR 2.3bn
approved for **21 operations**
in the EU's Southern
Neighbourhood, of which

EUR 1.03bn
ERI operations

Of **2.3bn** approved,
1.9bn
was signed in 2017

Expected results

123 000 jobs
sustained in SMEs, microenterprises
and mid-cap companies

12 600 additional vehicles
benefiting per day from road networks

Clean energy for
260 000 households

Improved sanitation for
1.2 million people

6 600 students benefiting
from new accommodation



Advising

EUR 5.92m
of approved technical
assistance operations (+51.7%)

EUR 3.59m
of signed technical assistance
operations (+111%)

EUR 2.3m
disbursed (+28%)
Economic Resilience Initiative

EUR 5m
of pre-approved technical
assistance operations

Blending

Four Neighbourhood Investment Facility Delegation Agreements in the EU's Neighbourhood region were signed for a total of EUR 63.4m. EUR 50m from this amount supports the EU Trade and Competitiveness Programme that spans Morocco, Tunisia, Egypt and Jordan.

Lending

- **EUR 2.3bn** approved for 21 operations
- **EUR 1.9bn** signed for 18 operations (+17%)
- **Two core areas of activity:** infrastructure and support for private sector development
- Some **72%** of total lending volume for private sector entities
- **EUR 1.03bn** of approved ERI operations

Donor statements



| Germany



Thomas Westphal

Director General – European Policy
Federal Ministry of Finance, Germany

“The FEMIP Trust Fund has seen another successful year supporting the preparation and implementation of projects and hence unlocking important catalytic investment for sustainable economic growth in the Southern Neighbourhood. For many years now, it has played a crucial role in achieving a strong development impact to ultimately improve the lives of local populations in the region. In contributing to the stability of the region, the Trust Fund has been an early mover on what has recently become a priority policy objective.

Germany, as one of its long-standing supporters, is proud to be associated with this success story adding real value to development projects and is looking forward to seeing more good results in the years to come, given the existing strong and interesting pipeline. The work of the FEMIP Trust Fund is in line with Germany’s development objectives for the Southern Neighbourhood, which is facing a number of challenges such as migration and climate change.”

| Italy



Gelsomina Vigliotti

Director General
International Financial Relations
Ministry of Economy and Finance, Italy

“The FEMIP Trust Fund mirrors the EIB and European Union’s commitment to address the needs of the Mediterranean partner countries and foster development for the benefit of all.

The Trust Fund’s multi-sector vocation and versatile approach has brought about tangible results that can also be capitalised on a larger scale, while pursuing EU policy objectives in the Southern Neighbourhood region.

As a FEMIP Trust Fund donor, Italy has provided financial support and participates in the Assembly of Donors to help address the socio-economic development of the Mediterranean partner countries, which requires investments in youth employment, skills development, infrastructure, the environment, and entrepreneurial expansion and growth, all domains where the FEMIP Trust Fund has a direct impact.”



Cyprus



Kyriacos Kakouris

Head of the Directorate of Administration
and Finance
Ministry of Finance, Cyprus

“The financing of long-term projects of common interest has been one of the EIB’s main success stories over its 60-year history. A major contributor to this success is the Facility for Euro-Mediterranean Investment and Partnership (FEMIP) together with the FEMIP Trust Fund, which support the preparation and financing of significant projects in the Mediterranean region, thus fostering and enhancing development and employment.

Cyprus strongly believes that faster growth in Europe can be achieved when we see our closest neighbours also prospering and enjoying peace, and economic and social stability. It is certainly true that more and better jobs in Europe can be sustained when we build with our neighbours sustainable infrastructure to trade and secure flows of energy and goods, as well as human knowledge.

Cyprus stands firm in further enhancing the role of the EIB and other international financial institutions in support of the Euro-Mediterranean partnership in order to assist our Southern Neighbours in facing the major challenges of the region and further expanding its great potential.

We are sure that the Euro-Mediterranean partnership will continue with confidence to play an important, strong and efficient role in supporting worthwhile investments that enhance competitiveness, development and sustainable growth in the Mediterranean region.”

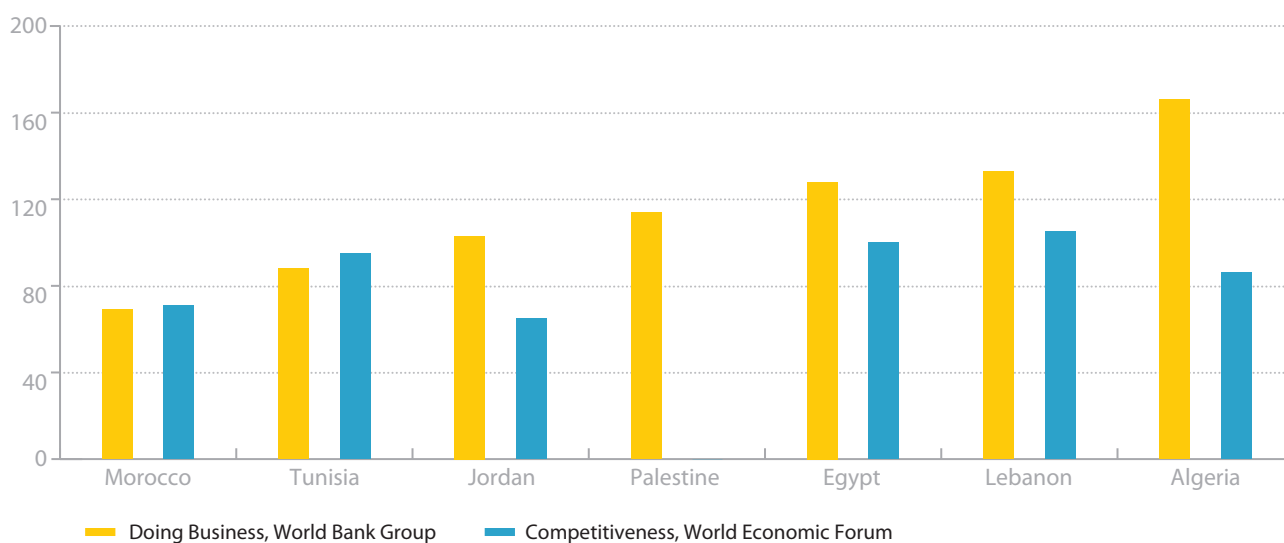
Macroeconomic and financial developments



A weak business environment, political instability and poor infrastructure quality are holding back economic activity in the Southern Neighbourhood. Competitiveness in the region is low (Figure 1), with many countries performing poorly according to the World Bank's Doing Business 2018 report and the World Economic Forum's (WEF) Global Competitiveness Index. The 2016 Enterprise Survey by the EBRD/EIB/World Bank Group identifies political instability, corruption, electricity shortfalls and access

to finance as the top obstacles for private sector businesses in the region. The fragile political and security situation and the difficult business environment hamper private sector activity. They also hinder the implementation of complex projects, needed to address existing infrastructure gaps and within-country disparities. Many countries in the region suffer from poor infrastructure quality, as noted by the WEF Competitiveness Index 2017.

Figure 1: Business environment (country rankings)



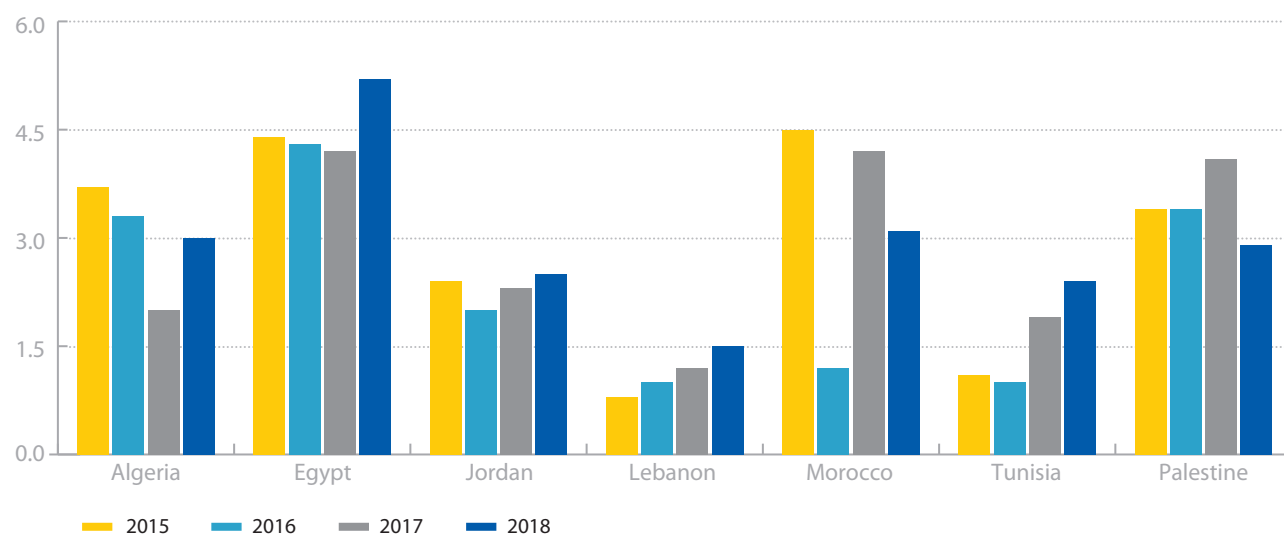
Note: World Bank's Doing Business Report ranking includes 190 countries. World Economic Forum Global Competitiveness indicator ranking includes 137 countries. A high number corresponds to a poor ranking.
Source: World Bank Group, Doing Business Report, 2018; World Economic Forum, Global Competitiveness indicator, 2017.



The economic performance of the Southern Neighbourhood countries is slowly improving (Figure 2). The economies of the region expanded by 3.1% on average in 2017. GDP growth is expected to accelerate to 3.6% in 2018. The improving economic performance is supported by an improving security situation and the implementation of structural reforms in many countries, including Morocco, Tunisia and Egypt, according to the latest IMF Article IV Consultations for the countries in the region. Nonetheless, current growth may not be enough

to substantially reduce high unemployment and address regional disparities within countries. The unemployment rate remained high, at 11.5% in 2017. Ongoing regional political tensions create substantial uncertainty for the private sector and continue to pose a substantial downside risk to the economic outlook of the region. The conflict in Syria has had a severe effect on Jordan and Lebanon. GDP growth is picking up slowly in both countries, reaching 2.5% in Jordan and 1.5% in Lebanon in 2018.

Figure 2: Real GDP growth (in %)

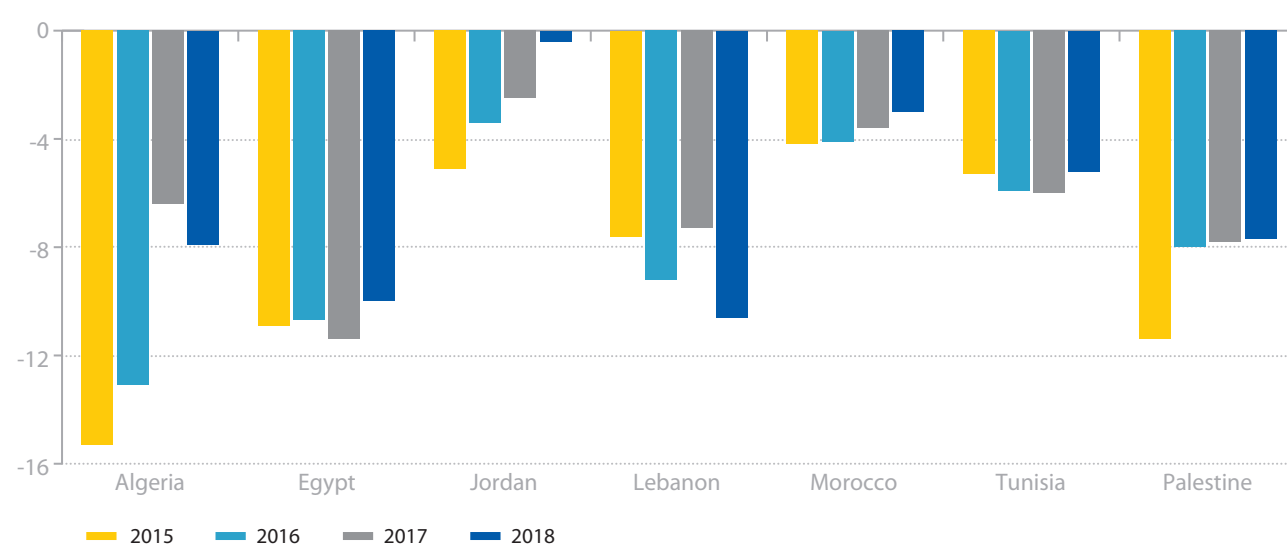


Source: IMF World Economic Outlook (WEO) database.

The fiscal position of many countries in the Southern Neighbourhood is vulnerable, despite notable fiscal consolidation efforts in Egypt, Jordan, Morocco and Tunisia. Fiscal deficits will remain above 5% of GDP in 2018 in five out of seven countries, according to the IMF (Figure 3). Moreover, debt to-

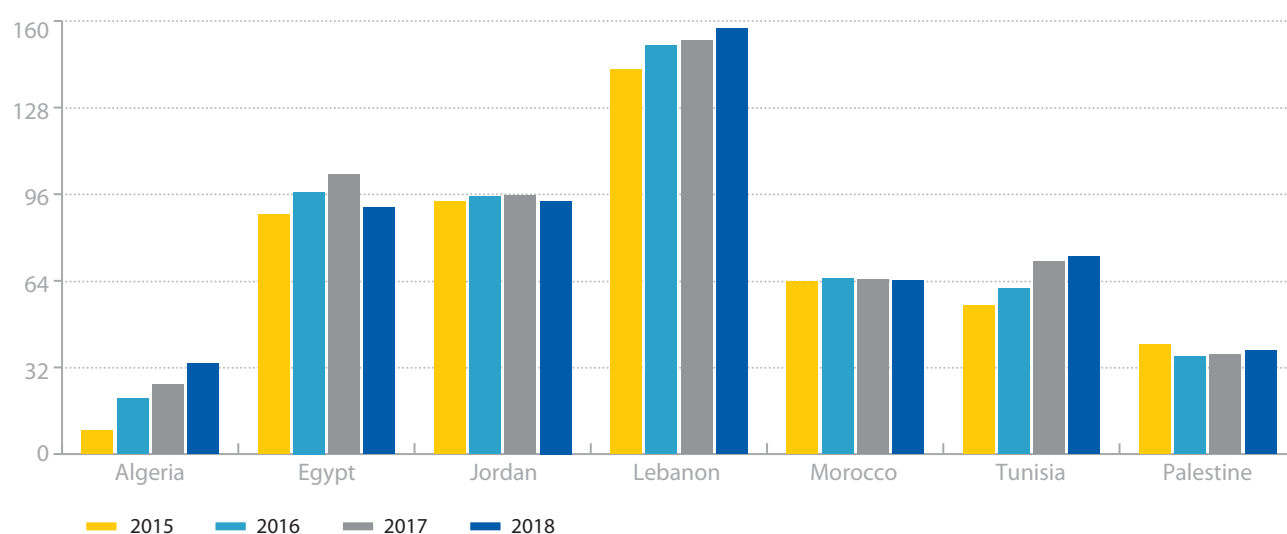
GDP ratios will exceed 90% in Egypt, Jordan and Lebanon (Figure 4). The fiscal position in many countries suffers from the legacy of weak domestic revenue mobilisation and high current expenditures to support large public sectors.

Figure 3: Fiscal balance (in % of GDP)



Source: IMF WEO database.

Figure 4: General government debt (in % of GDP)



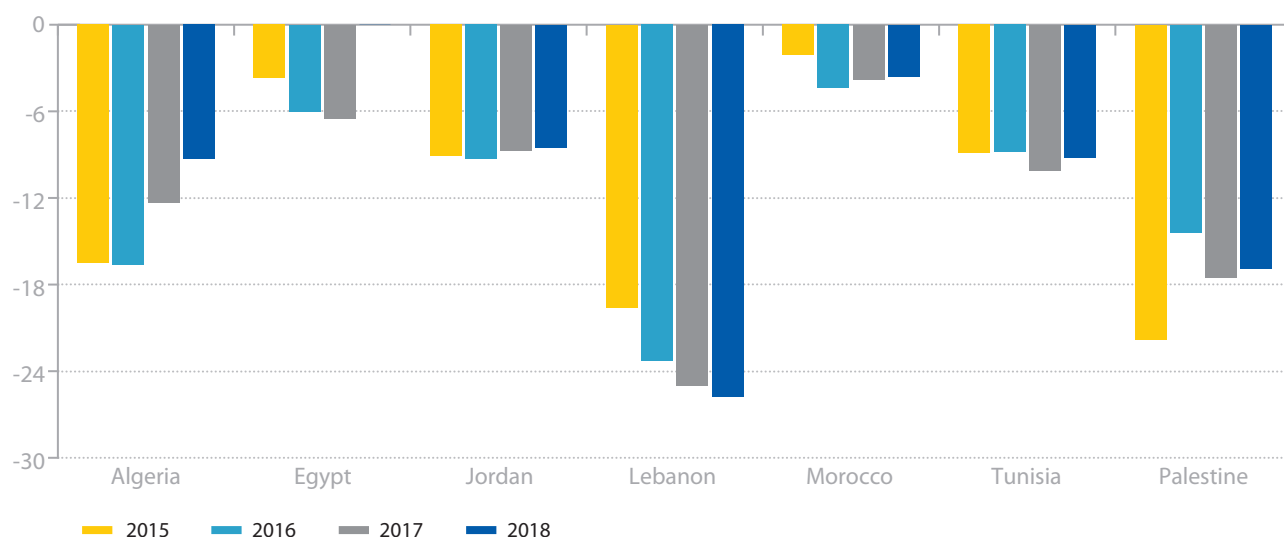
Source: IMF WEO database.



Low oil prices have contributed positively to the external balance of oil importers in the region. Nonetheless, all countries in the FEMIP region record current account deficits (Figure 5). Current account deficits are particularly pronounced in Lebanon, Palestine², Jordan and Tunisia. The large current account deficit in Algeria, a net exporter of

oil, reflects low oil prices. Export competitiveness is challenged by appreciating real effective exchange rates that arise from the dollar pegs that are in place in some countries. Egypt, Lebanon and Jordan receive large remittance inflows, which help to finance their deficits.

Figure 5: Current account balance (in % of GDP)



Source: IMF WEO database.

² This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the EU Member States on this issue.

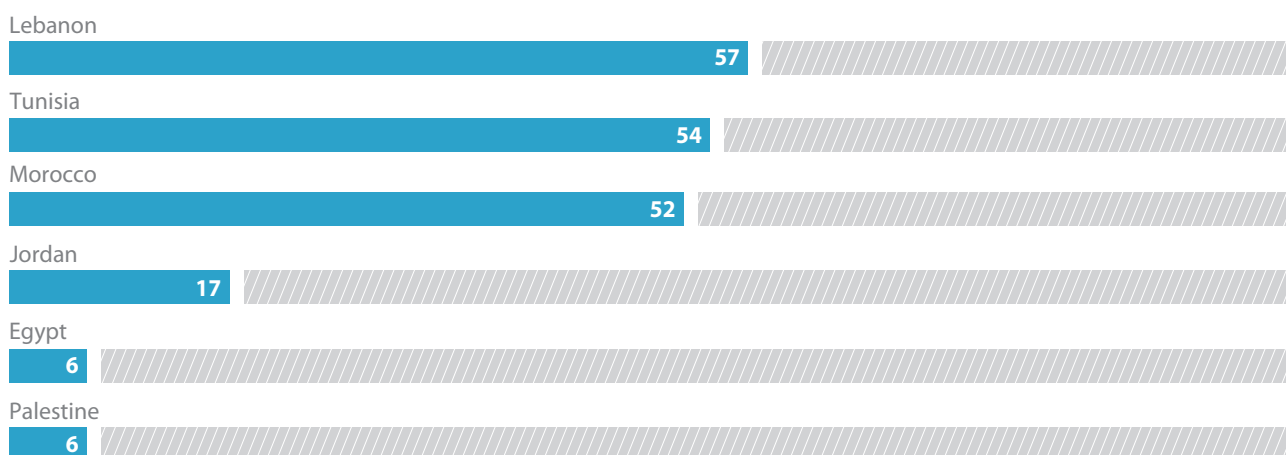


Access to finance

The financial sector in the region is dominated by banks pursuing traditional business models. The percentage of firms with a bank loan is comparatively high in Lebanon, Morocco, and Tunisia, whereas Egypt, Jordan and Palestine are lagging behind as shown by data from the EBRD/EIB/World Bank MENA Enterprise Surveys (Figure 6). Banks dominate the financial system and are relatively large, supported by a solid deposit base. At the same time, a large share of deposits is invested in government debt. 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. Bank credit to the private sector is above 60% of GDP in Morocco, Tunisia and Lebanon, according to Fitch. However, lending to the private sector is often concentrated on a small number of large firms. This can exclude the vast majority of firms from access to bank lending, even if credit to the private sector is high. Non-bank financial institutions and capital markets are still at an early stage of development.

Figure 6: Percentage of firms with a bank loan/credit line (% of firms)

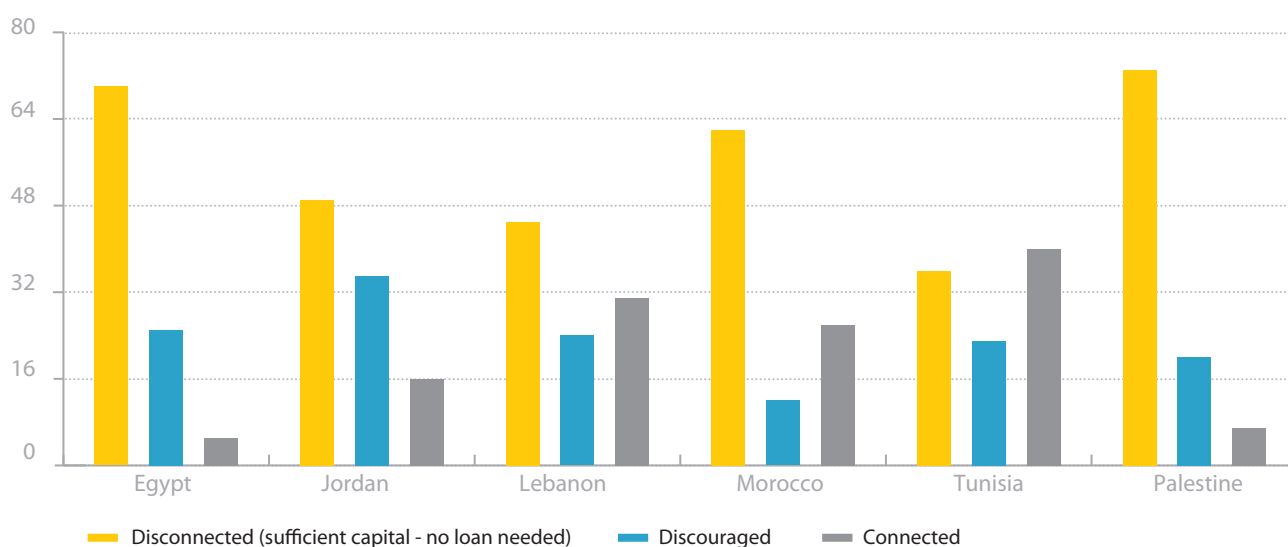


Source: EBRD/EIB/World Bank MENA Enterprise Survey.

Access to finance is a major obstacle to operations for 30% of SMEs, compared to 20% of larger firms, according to the EBRD/EIB/World Bank MENA Enterprise Survey. Moreover, while 73% of firms claim that they are not credit-constrained, 58% of these firms do not even apply for a loan with a bank (Figure 7). In practice, these firms are shutting themselves off

from the formal financial sector and becoming disconnected. The MENA Enterprise Survey shows in fact that disconnected firms behave like firms that are credit-constrained when it comes to investment decisions. In other words, disconnected firms may have enough capital to operate but not enough to invest, expand and create new jobs.

Figure 7: Firms' credit relationship with the financial sector (% of firms, 2013)



Source: EIB/EBRD/World Bank (2016), "What's Holding Back the Private Sector in MENA? Lessons from the Enterprise Survey".

Inadequate access to finance and disconnectedness are especially pronounced for SMEs and microenterprises. In addition to the high concentration of lending to large firms in the region, the high cost of credit, reflecting stringent collateral requirements, and the inability of financial institutions to assess the risks of investing in SMEs are to blame. SMEs in their early stages find it very difficult to access bank finance due to their lack of credit history. The MENA Enterprise Survey shows that firms are less likely to disconnect from the banking sector and more likely to create new jobs if banks accept

movable assets as collateral. Since a large share of firms' assets consists of machinery and equipment, the willingness of banks to accept movable assets as collateral could go a long way towards enhancing access to finance for microenterprises and SMEs (MSMEs). 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 by firms.

FEMIP Trust Fund


























FEMIP Trust Fund operational results

Since its inception, the FEMIP Trust Fund has continued to address the 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, which fosters economic growth in the region.

During its 13 years of service to the Southern Neighbourhood countries, the FEMIP Trust Fund has consistently demonstrated its value, with 77 approved grant operations totalling EUR 52.8m (86% of the total paid-in contributions).

Figure 8: Contributions to the FTF

Donor	Total pledges (EUR '000)	Total paid-in (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 ¹	5 000
 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	16 931
TOTAL	66 438²	61 354

¹ EUR 400 000 has been transferred to the Economic Resilience Initiative Fund (ERIF)

² Including EUR 18.48m dedicated to the CAMENA window

FEMIP Trust Fund: financial situation as at end-2017

The FEMIP Trust Fund has successfully deployed capital: 86% of the paid-in contributions (EUR 52.8m) has already been approved and allocated to 77 operations. 77% of the approved operations have been signed and 71% of the signed amount (EUR 29m, or 55% of total approvals) has been disbursed.

Table 1: FTF financial situation as at end-2017

As at 31/12/2017	Amount (EUR m)	% of approved amount
Pledged contributions	66.44	
Paid-in contributions	61.35	
Approved	52.75	
Signed	40.74	77%
Disbursed	29.01	55%

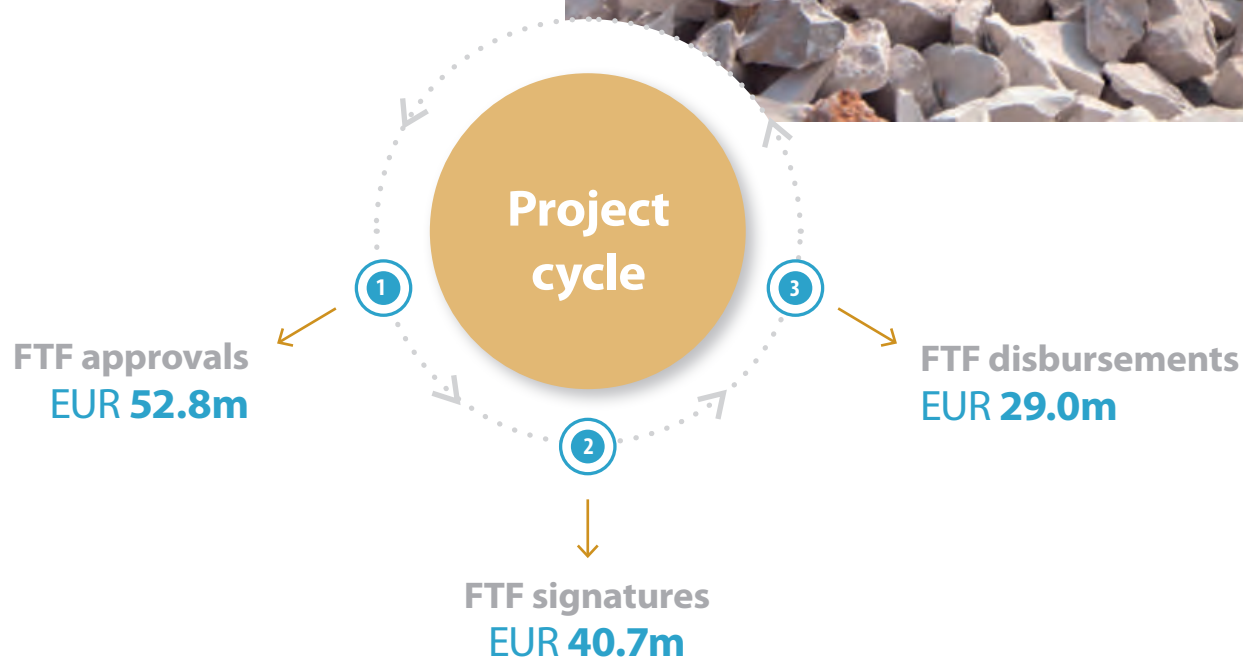




Figure 9: FTF approvals 2005-2017

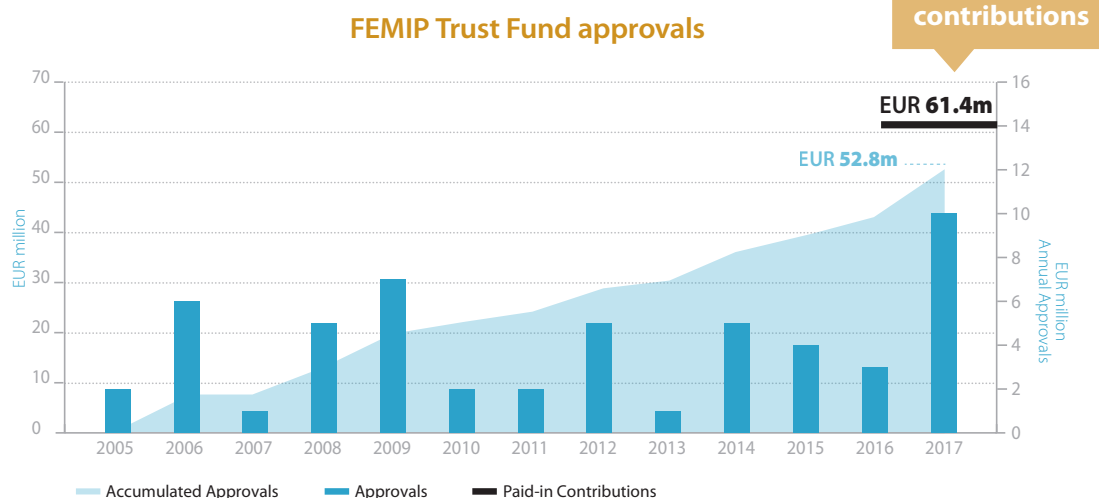


Figure 10: FTF signatures 2005-2017

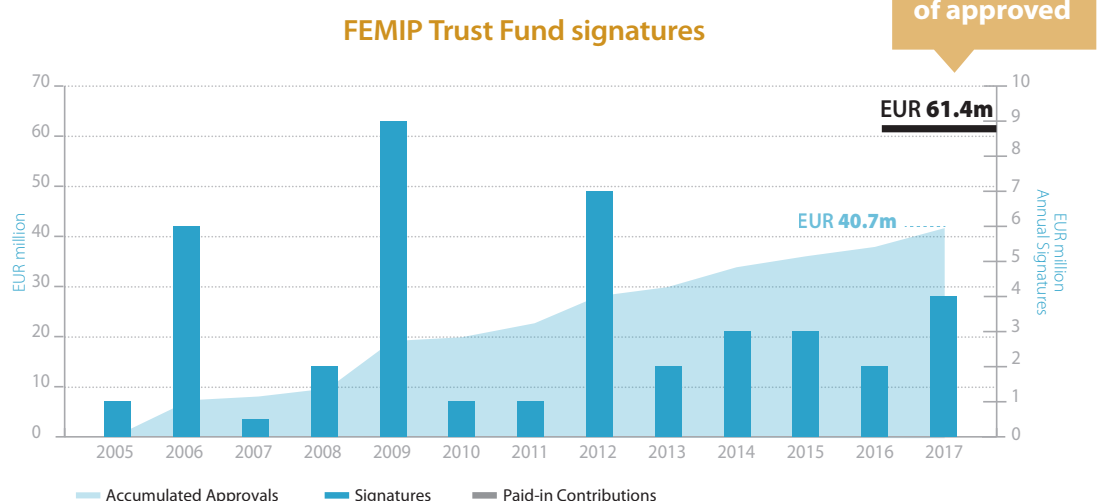
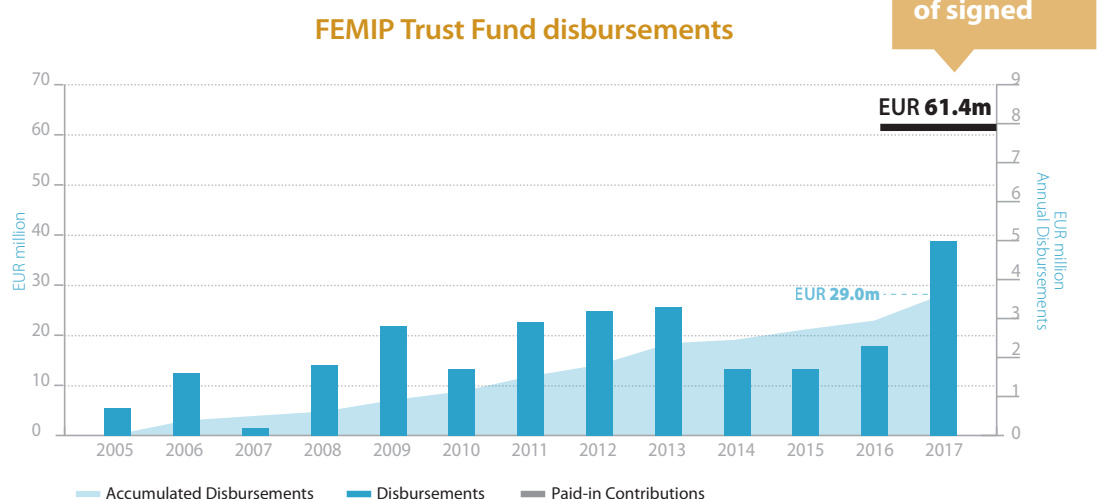


Figure 11: FTF disbursements 2005-2017

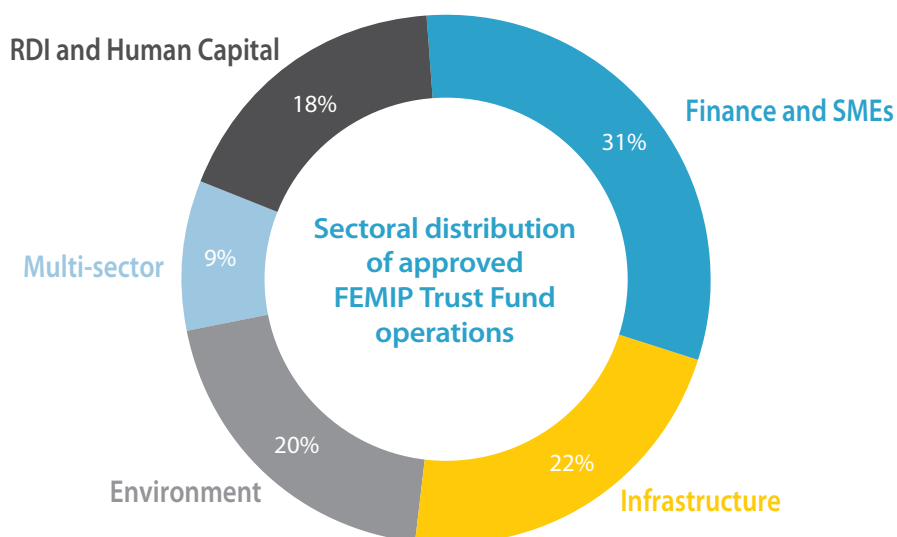


Operations by sector

At end-2017, the largest part of the funds had been channelled into improving access to finance for SMEs and mid-caps (EUR 16m 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 was applied across the infrastructure, environment, research, development and innovation (RDI), and human capital sectors.

Figure 12: Sectoral distribution of approved FEMIP Trust Fund operations



In 2017, thanks to the Trust Fund donors, nine new grant operations totalling EUR 9.92m were approved. Of these nine grants, six are supporting the environment sector, two are

contributing to private sector development in the Southern Neighbourhood, and one is linked to an infrastructure project.

Figure 13: Sectoral distribution of approved grants in 2017



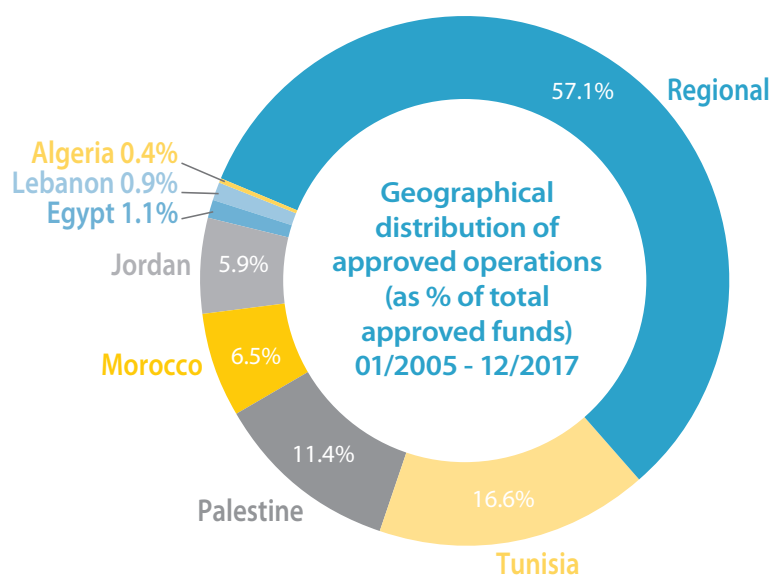


Geographical distribution of funding

Regional programmes, broadly covering the Southern Neighbourhood region, comprised 57% of the total approved FEMIP Trust Fund funds. Excluding the regional programmes, Tunisia was the country benefiting most at the end of 2017, with ten approved grant operations worth EUR 8.7m. Pales-

tine, with EUR 6.0m in four operations, is the second-largest beneficiary country in terms of volume and is hosting the Middle East Venture Capital Fund, the largest risk capital operation supported to date by the Trust Fund, worth EUR 5m for early-stage private, export-oriented businesses.

Figure 14: Geographical distribution of approved FEMIP Trust Fund operations

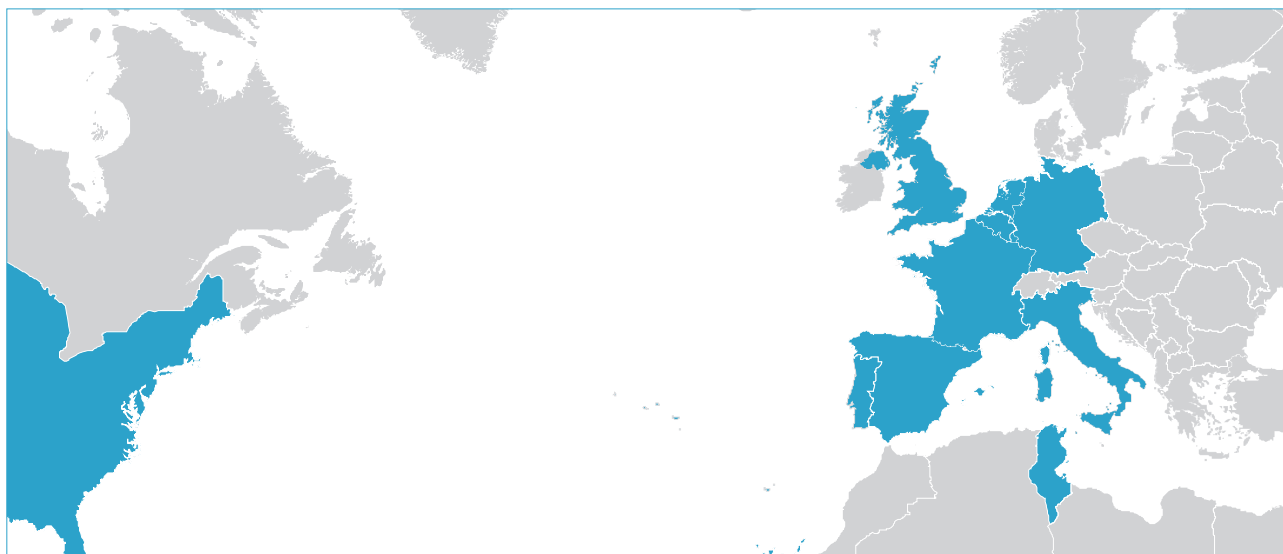


Detailed status of grants

Technical assistance contracts relating to FEMIP Trust Fund operations have been signed with consortium leaders coming from:

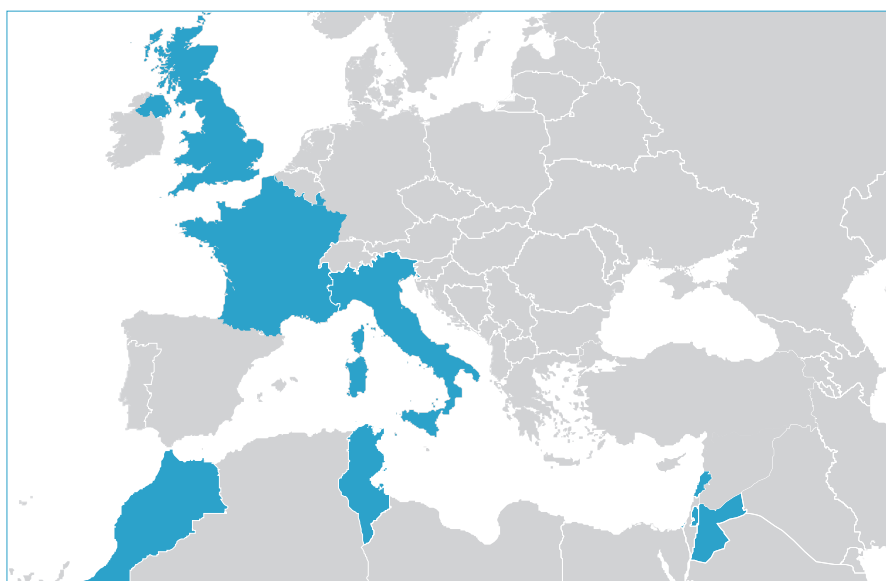
- Netherlands, France, Germany, Belgium, Spain, Italy, United Kingdom, Portugal, USA, Luxembourg and Tunisia;
- *International organisations (UN family), EU institutions, and NGOs.*

Figure 15: Geographical distribution of technical assistance consortium leaders



Consortium partners are from Lebanon, Tunisia, Morocco, Jordan, Palestine, Italy, Luxembourg, United Kingdom and France.

Figure 16: Geographical distribution of technical assistance consortium partners



Approved grants in 2017

In 2017, the Assembly of Donors approved nine new operations for a total amount of EUR 9.9m as follows:

- six operations worth some EUR 7m under the CAMENA climate action window, of which three are supporting investment activities in Jordan, Morocco and Tunisia and two were regional sub-operations under the Green for Growth Fund SICAV-SIF;
- three approvals providing EUR 2.9m under technical assistance to support investments across the region.

Table 2: List of approved operations in 2017

Grant operation name	Grant type	Country	Sector	Net amount approved in EUR ³	Date of AoD approval
Deir Alla and Al-Karameh Water Supply and Sanitation Project	Study	Jordan	Environment	500 000	27/01/2017
Preparation of an investment programme for sustainable management of the GAFSA mining basin	TA	Tunisia	Environment	498 000	27/01/2017
Actions supporting the financial inclusion of more vulnerable people in the Southern Neighbourhood of the EU	TA	Regional	SMEs and private sector development	2 000 000	10/03/2017
Green for Growth Fund SICAV-SIF (1)	Risk Capital	Regional	Environment	4 000 000	10/03/2017
Green for Growth Fund SICAV-SIF (2)	TA	Regional	Environment	500 000	10/03/2017
EIB-EBRD-WB Enterprise Surveys in the EU Eastern and Southern Neighbourhood and the Western Balkans - Southern Neighbourhood Section	Study	Regional	SMEs and private sector development	700 000	10/03/2017
BMCE Ligne Bleue	TA	Morocco	Environment	1 000 000	19/05/2017
Bani Kenaneh Water Supply and Sanitation Project	Study	Jordan	Environment	500 000	11/07/2017
Technical assistance for the implementation of the Electricity Network Upgrade Project: Project Management Support to PENRA Phase 2	TA	Palestine	Infrastructure	220 000	11/07/2017
Total				9 918 000	

Completed grants in 2017

In 2017, two operations for a total amount of EUR 1.3m were completed. Further details on these operations are included in the completed operations section on page 32.

Table 3: List of completed operations in 2017

Grant operation name	Country	Contracted amount EUR ⁴	Date of AoD approval	Completion date	Envelope
Technical Advisory to support seed accelerators in the FEMIP region	Regional	1 188 000	02/04/2014	01/12/2017	Impact Finance
Technical assistance in support of the South Lebanon Water and Wastewater Project	Lebanon	150 000	14/12/2015	08/08/2017	CAMENA
Total		1 338 000			

³ Includes part cancellation and increase of amount approved.

⁴ Includes part cancellation and increase of amount approved.

Impact in the Southern Neighbourhood

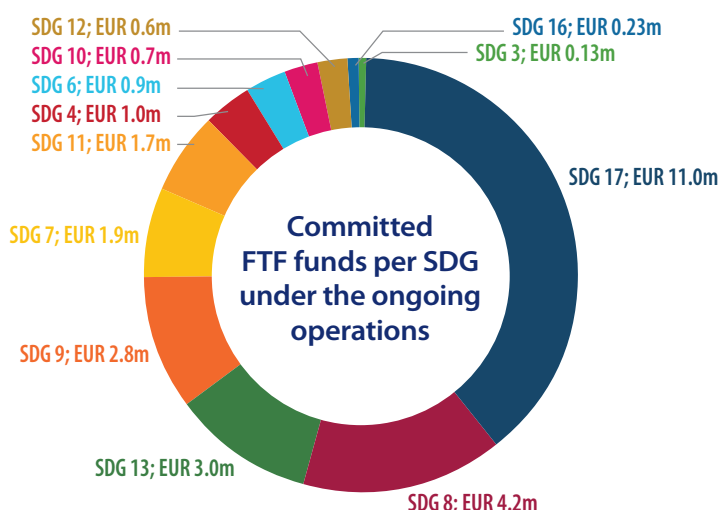
Since the FEMIP Trust Fund's scope of operations has been aligned with Official Development Aid (ODA) requirements, contributions to the Fund can be reported as ODA – based on the OECD Development Assistance Committee (DAC) List.

In 2015, 193 countries 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 Sustainable Development Agenda by 2030. Universal, inclusive and indivisible, the Agenda calls for action by all countries to improve the lives of people everywhere.

The table below shows the contribution of the ongoing FEMIP Trust Fund operations towards attaining the SDGs. The full amount invested under each operation or a share of it has been allocated to the respective SDG based on the operation's expected results.



Figure 17: Committed FTF funds per SDG under the ongoing operations



As of end-2017, the ongoing FEMIP Trust Fund operations supported 12 out of 17 SDGs with investments totalling some EUR 28m.

The largest share of the currently ongoing operations is committed to the partnership and cooperation that are required to attain SDG 17 (Partnerships for the Goals) through investments in financial instruments (including equity and local currency microfinance) and capacity-building programmes. This represents 39% of the approved amount under 12 FTF operations. The Trust Fund also supports infrastructure, industrialisation and innovation (SDG 9) and measures to combat climate change and its impacts (SDG 13). SDGs 9 and 13 are supported by 18 ongoing operations constituting 21% of the approved amount. Overall, as much as 29% of the approved funds is contributing to climate action and other environment-related SDGs, namely SDGs 6, 7, 11, 12 and 13.



Table 4: Contribution of ongoing FEMIP Trust Fund operations to the attainment of the SDGs

Sustainable Development Goal	Number of operations ⁵	Committed amount ⁶ (EUR m)	Regional (EUR m)	Egypt (EUR m)	Jordan (EUR m)	Lebanon (EUR m)	Morocco (EUR m)	Palestine (EUR m)	Tunisia (EUR m)
3 GOOD HEALTH AND WELL-BEING	1	0.13	-	-	0.13	-	-	-	-
4 QUALITY EDUCATION	1	1	1	-	-	-	-	-	-
6 CLEAN WATER AND SANITATION	6	0.89	-	0.08	0.29	0.11	0.25	-	0.17
7 AFFORDABLE AND CLEAN ENERGY	3	1.88	1.50	0.08	-	-	-	0.30	-
8 DECENT WORK AND ECONOMIC GROWTH	3	4.17	1.67	-	-	-	-	2.50	-
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	8	2.77	0.83	-	0.25	-	0.18	0.22	1.29
10 REDUCED INEQUALITIES	1	0.67	0.67	-	-	-	-	-	-
11 SUSTAINABLE CITIES AND COMMUNITIES	5	1.72	-	-	-	-	0.43	-	1.29
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	5	0.64	-	-	0.29	0.11	-	-	0.17
13 CLIMATE ACTION	10	3.03	1.65	-	0.29	0.11	0.43	0.30	0.17
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	1	0.23	0.23	-	-	-	-	-	-
17 PARTNERSHIPS FOR THE GOALS	12	11.05	6.30	-	-	-	0.25	2.50	2.00
Total		28.16	13.84	0.30	1.25	0.33	1.55	5.82	5.07

⁵ An operation can contribute to the achievement of a single or multiple SDGs.

⁶ Committed amount refers to the whole amount or a share of the approved amount for the operation depending on the number of SDGs each operation supports. The approved funds are equally distributed among the SDGs for each operation if it contributes to the attainment of more than one SDG.

Completed operations in 2017



Supporting seed accelerators in the Southern Neighbourhood region

Over the last 14 years, the Bank has steadily increased its support for the creation of innovative start-ups and SMEs in the Southern Neighbourhood region, not only by investing in first-time seed and venture capital (VC) funds but also by providing technical advisory. Tailor-made technical assistance for seed accelerators helps them provide better support to start-ups with a view to improving the deal flow of investable information and communications technology (ICT) companies.

The term seed accelerator refers to a relatively new class of early-stage programmes that combines the elements of tra-

ditional incubators with small amounts of equity-based pre-seed funding and in-depth coaching in order to turn business ideas into products in a matter of months. The accelerator programme culminates in an event in which start-ups are introduced to potential investors to get them to the next stage.

Initially, FEMIP Trust Fund resources supported the establishment of the first FEMIP “business angels” network, invested in Sadara Ventures, a Palestinian early-stage ICT fund, and provided technical assistance to the Palestinian ICT Incubator (PICI).

Table 5: Key facts of TA to support seed accelerators in the FEMIP region

Technical advisory to support seed accelerators in the FEMIP region			
Approved amount	EUR 2m	Date of approval	02/04/2014
Signed	EUR 1.18m	Date of signature	19/11/2014
Disbursed	EUR 1.03m	Date of completion	01/12/2017
Sector	SMEs and Private Sector	Geographical area	Regional



Subsequently, The FEMIP Trust Fund set up the first platform to support seed accelerators with a combination of capacity building and funding. Seed accelerators act like powerful filters, as they generate a quality pipeline of investable companies for business angels and VC funds. They provide entrepreneurs with investment to help them create companies, innovate and expand. This typically includes pre-seed and seed funding that comes at an early stage, training and, in some cases, open-lab office space. For all these reasons, seed accelerators appear to be playing a key role in the creation of first-time jobs for young people.

This is how the FEMIP Trust Fund helped:

Technical assistance

- Selection of a pool of seed accelerators in target countries.
- Organisation of the following capacity-building programmes for seed accelerators' staff members:
 - six regional workshops facilitated by top-class experts and practitioners focused on improving the accelerators' efficiency and their services to start-ups in the areas of business development, management, marketing and advanced technology. Some of the capacity-building programmes aimed to promote regional integration by increasing the interaction between the accelerators' staff across the region;
 - two study tours in the United States and in the European Union to visit state-of-the-art accelerators, learn about best practices and create networking opportunities.
 - Supporting the EIB in disbursing grants to the selected accelerators.
 - Monitoring the use of the grant by the accelerators based on deliverables.
 - Measuring the success of the pilot according to pre-defined benchmarks.
- With this project, the Bank catalysed and channelled support for the development of local entrepreneurship in an innovative way. In a region where the business environment is becoming more difficult and cultural impediments more entrenched, Tunisia was a bright spot. Although the home of the Arab Spring is suffering significantly economically and has been plagued by terrorist incidents, start-ups are nonetheless showing openness and a desire for a democratic, collaborative society. Young, well-educated and dynamic, the entrepreneurs share resources and support each other.

Four accelerator programmes are all working together, acting as mentors for each other's clients and sharing networks, investors and international connections.

This group of four accelerators is also actively engaged in our Acceleration for Value Creation (AfVC) programme. This programme selected 12 companies, all of which had excellent technologies, and helped them develop international business models, gain international customers and connections

and start the scaling process. The number of active projects, however, quickly fell to ten, a further two of which did not participate fully in the programme due to lack of time, issues with visas and external commercial pressures. The technical assistance team introduced the remaining firms to sales and distribution channels, connected them with experts in the respective fields, and introduced them to individual investors and funds through the technical assistance team's network.



INTERVIEW



Monder Khanfir, engineer and venture capital investor, runs a seed accelerator firm in Tunisia that benefited from this technical advisory programme. It is common for many entrepreneurs in the Middle East and North Africa (MENA) to leave their countries to look for better opportunities or easier financing. This contributes to the brain drain, a phenomenon where professionals move to other countries to find success.

Too many hurdles

"I set up my first company in Tunisia in 1997 because I wanted to give something back to society – 'la dette sociale' as we call it," Khanfir says. "But very soon, I was shocked at the level of bureaucracy, administrative hurdles and clearance procedures. Everything was a nightmare. Only six months later, I left the country."

Khanfir eventually returned to Tunis and today his seed accelerator company, WikiStartup, is showing young entrepreneurs that they can succeed at home.

"Just after the revolution in 2011, we were inspired by the US model of seed accelerators and started our own firm in Tunisia: WikiStartup," Khanfir says. "At the time there were very few organisations of this type focusing on getting businesses started, and common to all of us was the desire to impact the ecosystem for the new generation of entrepreneurs. We knew that we would not succeed without funding, so we launched the seed capital fund for start-ups in Tunisia."

Thanks to the FEMIP Trust Fund, WikiStartup became the first accelerator in Tunisia.

"There is an incredible dearth of information about economic activities in Tunisia, but also in the whole MENA region and all across Africa," Khanfir explains. "Founders need to be smart, flexible, passionate and able to bear pain, I guess."

"This programme helped us to see different seed accelerator models in different countries, which spanned eight countries. We were happy to see that all start-up entrepreneurs share the same spirit, mind-set and behaviour: taking risk, looking for knowledge capital, thinking outside the box, being very open and creative," Khanfir comments.

"I see great potential for seed accelerators in Tunisia to support up to 500 start-ups a year. Today we only support 10-20 start-ups a year, but there are many people who want to create businesses and jobs. This means we have very fertile ground."

Results

Of the eight actively engaged companies, seven are now generating revenue in international markets:

- **BARAC**, a young cybersecurity firm that detects attacks, identifies threats to information-technology infrastructure and uses artificial intelligence to detect fraud – in its first year, with almost GBP 5m of orders generated in the UK;
- **Tagaddod**, which is the only production enterprise, has won orders in Switzerland, the Netherlands and potentially the UK, and will increase its revenues by 400% to EGP 20m this year;
- **WebRadar**, which is now operating in France and negotiating a contract with L'Oréal worth EUR 400 000, which is double its current annual turnover;

- **JOBI**, which is in its first six months of revenue generation, is establishing an Irish company and is at an advanced stage of obtaining funding from Enterprise Ireland;
- **Chifco**, which will quadruple its sales this year, all in export markets;
- **NextGen**, which will also double sales with new orders from Qatar, Algeria and Oman; and
- **Valomnia**, which is advancing in the UK and will increase sales by 50% this year.

The eighth company, **Methania**, which helps farmers produce their own renewable energy, is in its first year of revenue generation and has received almost EUR 1m worth of orders in Tunisia.





South Lebanon water and wastewater project

This technical assistance operation supported the promoter and the other Lebanese institutions involved in the management, implementation and initial operation of the investment project funded by the EIB for the Sour wastewater treatment plant.

In particular, the technical assistance operation:

- advised the CDR and the South Lebanon Water Establishment (SLWE) on managing the procurement, construction and operational stages of the South Lebanon (Sour) wastewater project;
- supported the CDR in meeting the conditions for disbursement of the EIB loan and the reporting requirements;
- helped the municipalities involved with the design, procurement and construction of the necessary connections between the new primary/secondary collector systems and the local tertiary sewer systems serving households;
- supported the institutional development of the South Lebanon Water Establishment with advice and assistance in setting up a dedicated wastewater division, and recruiting and training professional staff to manage the wastewater collection and treatment facilities;
- provided training to South Lebanon Water Establishment staff in supervising and managing the completed wastewater facilities in their areas of responsibility.



Table 6: Technical assistance in support of the South Lebanon Water and Wastewater Project

Technical assistance in support of the South Lebanon water and wastewater project			
Approved amount	EUR 0.15m	Date of approval	14/12/2015
Signed	EUR 0.15m	Date of signature	12/04/2016
Disbursed	EUR 0.15m	Date of completion	28/02/2017
Sector	Environment/Water (climate action)	Geographical area	Lebanon
Beneficiary	Council for Development and Reconstruction (CDR), South Lebanon		

Specialised programmes

FEMIP Trust Fund:
targeted support for climate action



**CAMENA – Supporting climate action
in the Middle East and North Africa**

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



Figure 18: Share of environment-related FEMIP Trust Fund operations supported by CAMENA

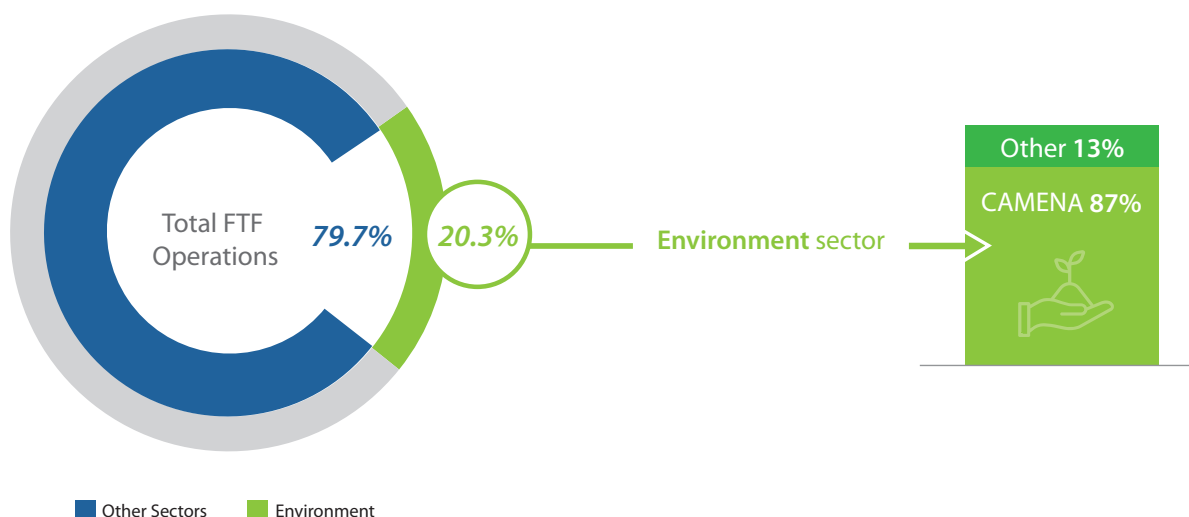
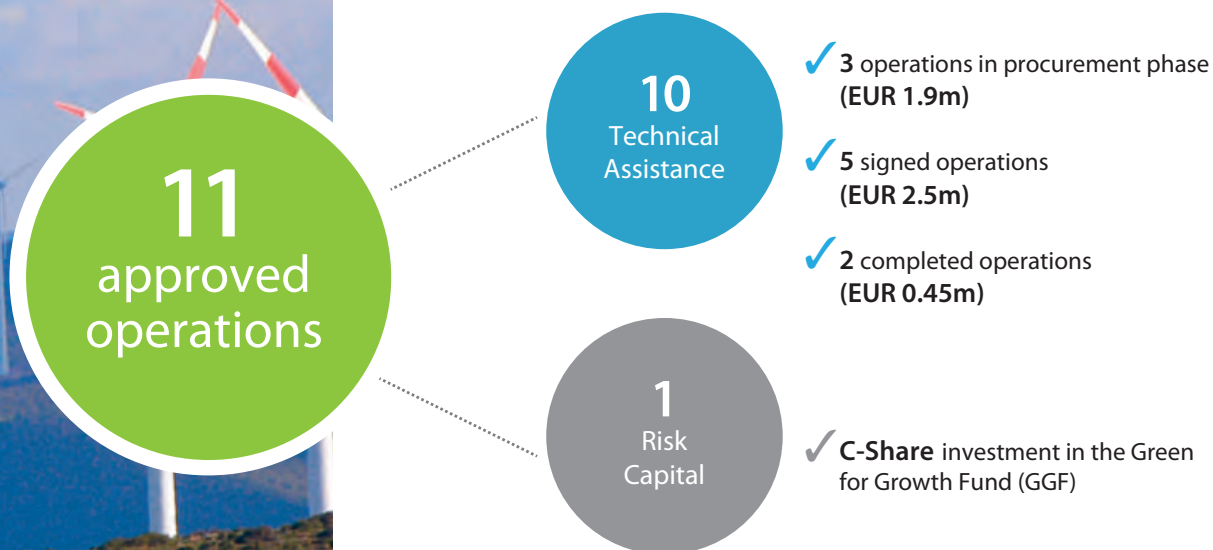




Figure 19: CAMENA portfolio as of end-2017



CAMENA outputs

As at end-2017, the CAMENA envelope had approved 11 operations for a total amount of **EUR 9.3m**.

BMCE Ligne Bleue (Morocco)

Scope: establishment of a line of credit ("Ligne Bleue") intermediated by the Banque Marocaine du Commerce Extérieur (BMCE), which will be dedicated to funding water efficiency and water resource protection projects in the private sector in Morocco. The grant will be used for technical assistance to support project implementation and ensure that funds are absorbed rapidly and channelled towards the most climate-relevant investments.

During 2017, four new CAMENA operations were approved:

- three feasibility studies: wastewater collection and treatment for the Bani Kenaneh area (Jordan); sustainable management of the GAFSA phosphate mining basin PART A (Tunisia); Deir Alla and Al-Karameh water supply and sanitation project (Jordan)
- one equity operation: Green for Growth Fund ("GGF")
- one financial technical assistance operation in support of the BMCE Ligne Bleue project



Wastewater collection and treatment for Bani Kenaneh Area (Jordan)

Scope: preparation of a technical and economic feasibility study for the upgrading of the water supply system and for the provision of a wastewater collection and treatment system to serve needs up to the year 2045 and to assess the environmental and social impacts of the project.



Sustainable management of the GAFSA mining basin PART A (Tunisia)

Scope: provision of technical assistance for the management of water resources under severe stress from the cumulative impact of industrial pollution and climate change in the arid Gafsa basin in central Tunisia. The proposed technical assistance project is divided into two separate phases:

1. Phase I: Determine the best value for money investments to improve water resource management and develop a coherent investment programme;
2. Phase II: Investigate the technical, economic, financial, social and environmental feasibility of the selected investments for the purpose of maximising efficiency in the use of water resources and preserving their quality.





Deir Alla and Al-Karameh water supply and sanitation project (Jordan)

Scope: preparation of baseline and feasibility studies for the upgrading of the water supply system and for provision of a new wastewater collection and treatment system. The technical assistance will investigate the necessity and the technical, economic, financial, social and environmental feasibility. It will prepare an investment project for the rehabilitation and upgrading of the existing water supply system and the improvement of the wastewater collection and wastewater treatment system.

Green for Growth Fund ("GGF") - C-share investment in the Green for Growth Fund to advance energy efficiency and renewable energy, combined with technical assistance (regional)

Scope: C-share investment (first loss tranche) in the Green for Growth Fund, SICAV-SIF ("GGF"). The Fund is expanding

to include six countries in the MENA region, following up its success in the South-Eastern Europe and EU Eastern Neighbourhood countries. Financing under CAMENA will be exclusively dedicated to the MENA region. GGF provides refinancing and technical assistance to financial institutions to enhance their participation in the energy efficiency and renewable energy sectors; it also makes direct investments. EUR 4m is for C-share investment and EUR 500 000 is for technical assistance.

Internship programme at the European Investment Bank

This programme contributes to building capacity in the region and provides a unique opportunity for graduates from all FEMIP countries.



Type of grant	Capacity building
Countries	Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia
Implementing entity	EIB
Beneficiary	All 10 Southern Neighbourhood countries
Sector	  Human capital
Amount of the grant	EUR 1.99m
Date of grant approval	07/03/2006
Time frame of the grant	Start of activities: 01/01/2007
	End of activities: 31/12/2018

Countries eligible for the FEMIP TF are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. The EIB will start operating in Libya after it signs a Framework Agreement with the country. Following EU sanctions in November 2011, the EIB has suspended all loan disbursements and technical advisory contracts for projects in Syria.

What FEMIP trainees say

Safaa Aarab, Mandate Management Department

"The FEMIP traineeship is a unique opportunity for non-EU young graduates to have access to a life-changing experience working for one of the most important international financial institutions. I was very fortunate to join the programme and be part of an international, fast-paced and stimulating team like the Trust Fund and Blending Division, which contributes to the EIB's mission by impacting people's lives and making them better. Having a first working experience in such an environment was very enriching, both professionally and personally, and enabled me to enter the international and highly competitive Luxembourgish consulting sector."



It provides the selected candidates with on-the-job experience and training in a global development environment, while giving the European Investment Bank an opportunity to benefit from the knowledge, talent and diversity that the trainees bring to the institution.

No country splits or gender quotas are imposed and the selection of candidates is solely based on qualifications. This notwithstanding, the programme will continue to aim at

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

Country of Origin Breakdown	
FEMIP Countries	
Algeria	4
Palestine	5
Egypt	13
Israel	1
Jordan	3
Lebanon	5
Morocco	32
Syria	5
Tunisia	12
Turkey	25
Total	105

reaching a balance in terms of the geographic and gender representation of the interns.

The programme was approved in 2006 and launched in 2006 with funding of EUR 0.47m. This funding was increased four times and reached EUR 1.99m. It enabled the recruitment of 105 trainees between 2007 and 2017. As at end-2017, an amount of EUR 1.3m had been disbursed, leaving a balance of EUR 0.6m not used. It is expected that 11 trainees will be recruited in the period 2018-2019.

Reham Abdelrahman, Neighbouring Countries Department

"Participating in the prestigious FEMIP internship programme at the European Investment Bank is a valuable international experience. The EIB is very positive and dynamic, and provides a great multicultural environment and a stimulating and inspiring workplace. The international working environment at the EIB offered me a great platform to work together with professionals from different backgrounds and to learn more about finance for development. Such an international experience afforded me professionalism, global exposure, relevance to my academic studies, complex challenges and the opportunity to broaden my horizons. What's more, this formative internship is perfect for me in pursuing my future career and for my personal development."



Secondment programme

By hosting secondees from public sector organisations in the region, the Bank and the FEMIP Trust Fund donors contribute to developing institutional skills for officials from the different ministries (Finance, Economy, Transport, Environment, etc.), central banks or other public organisations across the Southern Neighbourhood countries.

Since the launch of the programme in 2013, the EIB has hosted six secondees – from Egypt, Palestine and Tunisia – in the

Operations Directorate and the Secretariat General. Two additional secondees are expected to join the Bank in 2018. Each eligible candidate will commit to the EIB-FEMIP Secondment Programme for up to two years at the EIB.

Objectives:

- to offer secondees relevant work experience in an international organisation;
- to strengthen relationships between the EIB and the Southern Neighbourhood countries;
- to foster sustainable socio-economic development and inclusive growth in the Southern Neighbourhood countries;
- to build capacity and foster an enabling investment environment in favour of the EU priority areas for its Southern Neighbours.



Amount of the grant	EUR 1.1m
Date of grant approval	21/12/2012
Sector	<div> <div>17</div> <div>PARTNERSHIPS FOR THE GOALS</div> </div> Human capital
Indicative time frame at approval stage	Start of activities: 01/2013
	End of activities: 12/2018

Countries eligible for the FEMIP TF are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. The EIB will start operating in Libya after it signs a Framework Agreement with the country. Following EU sanctions in November 2011, the EIB has suspended all loan disbursements and technical advisory contracts for projects in Syria.

What FEMIP secondees say

Nour Mestiri, Neighbouring Countries Department

"Before joining the EIB, I worked for three years in a Tunisian civil engineering design office. I heard about the EIB and it was a dream for me to be part of the EIB team. This dream came true thanks to the FEMIP secondment programme. This programme did not just make a dream come true, but it also boosted my career. Since joining the EIB, in the public sector operational department for the MENA region, I have learned a lot.

First, I learned to love my job. Working with such a dynamic team enabled me to love what I do. Second, I work with international colleagues with experience, knowledge and expertise: what I learned here in 17 months would take me five years to learn where I come from. Third, this opportunity even helped me with my personal development. Finally, this opportunity



has brought me many more advantages than I expected, especially in terms of expertise in the field of finance."

Mohamed Ali Hmani, Advisory Services Department

"After working as an economist for the Central Bank of Tunisia for many years, I felt that it was necessary to give an international flavour to my professional career, preferably by starting a new, different line of work in the development financing field. So when the secondment opportunity arose it was a welcome development, and I was happy to be able to play a role, no matter how small, as a Technical Assistance (TA) Officer within the Advisory Services (AS) Department of the EIB. In that role, I have contributed to the preparation and implementation of the EIB's advisory activity through the management of externally procured TA operations, in close cooperation with other EIB services (Operations, Projects, Legal). I have been involved in the day-to-day activities of the TA business, with significant interaction on specific projects, which has given me real insight into the EIB's operations and objectives.

Eighteen months on and I can honestly say that, my experience as a secondee, although challenging, has been enjoyable and very rewarding. One of the most enjoyable parts of my secondment has undoubtedly been the opportunity



to network with a new set of colleagues, and an added bonus is that I have a completely new group of friends. In sum, I feel I have benefited both personally and professionally from this experience and I would encourage other professionals to take secondment opportunities and push themselves that little bit further out of their comfort zone."

Dissemination Window

The Dissemination Window is an envelope of funds set aside for awareness-raising activities such as the organisation of side events at international conferences or support for similar efforts by beneficiary governments. Activities can include seminars, workshops, participation in conferences, the production of information material for a broad audience, and other activities that are not covered in the individual operation budget.

In 2017, funds were used for a visit of the Tunisian Ministry of Development and International Cooperation (MDICI) to the European Investment Bank from 2 to 4 October. This visit provided the Tunisian Delegation with a better understanding of the functioning of the EIB and contributed to building relations between the EIB and the key focal points in the MDICI.



Countries eligible for the FEMIP TF are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. The EIB will start operating in Libya after it signs a Framework Agreement with the country. Following EU sanctions in November 2011, the EIB has suspended all loan disbursements and technical advisory contracts for projects in Syria.

Type of grant	Seminars
Countries	Southern Neighbourhood countries
Implementing entity	EIB
Beneficiary	Public and private
Amount of the grant	EUR 0.45m
Date of grant approval	11/03/2008
Grant duration approved	Term of FTF
Time frame of the grant	Start of activities: 02/04/2008
	End of activities: Term of FTF

MDICI representatives also discussed bilateral cooperation with **Luxembourgish authorities** and met with the EIB's Brussels office staff.

The programme included **thematic sessions** to improve understanding of the EIB's procedures, including on **technical assistance, environmental and procurement standards, legal documentation, and blending activities.**

A similar visit of Lebanese authorities to the EIB took place in summer 2018.

The visit resulted in **intensified cooperation** on project implementation and new projects (including the signing of two public sector projects in 2017).

The EIB hosted three MDICI representatives in **October 2017** to raise awareness of EIB activities, guidelines and procedures in the region.

Partnerships with third parties

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

Third-party contributions have also been received through cooperation agreements with:

- the **International Renewable Energy Agency, United Arab Emirates (IRENA)** for the co-financing of a study entitled “Evaluating renewable energy manufacturing potential in the Southern Neighbourhood Countries”.
- the **International Institute for Democracy and Electoral Assistance, Sweden (IDEA)** to support a joint regional study entitled “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 study entitled “National Appropriate Mitigation Actions Potentials in the Southern Neighbourhood Countries”.

The following table shows contributions to the FEMIP Trust Fund received from third parties as at 31 December 2017.

Table 7: Third-party contributions to the FTF

Third Parties	Pledges in EUR	Paid-in in EUR	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	Ongoing
Total	21 158 000	16 443 000	

The Trust Fund has been 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 to achieve its ambitious and challenging objectives.



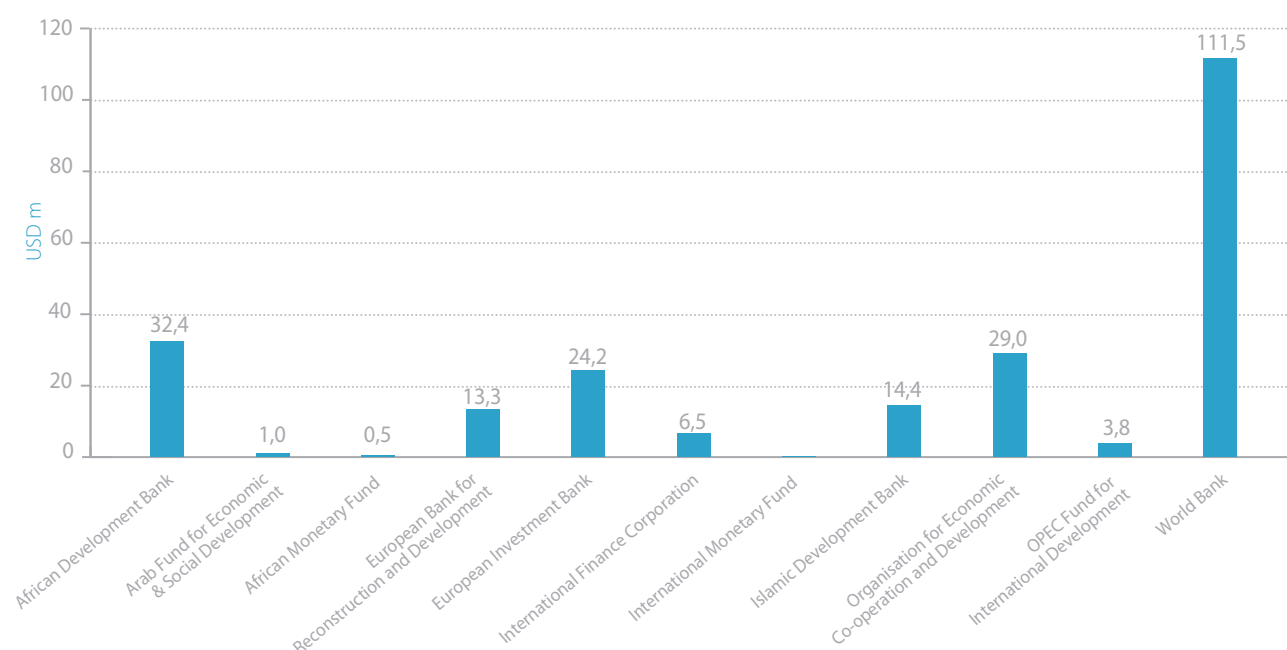


The Deauville MENA Transition Fund (MTF)

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 undertake the policy reforms needed to build more inclusive and transparent economies, boost trade and integration in the region, and create an enabling environment for private sector growth. It is administered by the World Bank; the EIB acts as an implementation support agency.

As at end-2017, the total amount of contributions received by the fund was USD 240.3m. USD 24.3m has been granted by the MENA Transition Fund for five EIB-led technical advisory programmes in the Southern Neighbourhood countries through the FEMIP Trust Fund.

Figure 20: MTF-allocated funds by implementing support agencies



Project Status

EIB-led projects approved by the Deauville MENA Transition Fund⁷

Table 8: MTF projects' status

Project	Objective
Logismed Soft Project	✓ Supports the enhancement of logistic platform capacities in Egypt, Morocco and Tunisia and creates a collaborative network between logistic platforms. The initiative is ongoing. It is delivering specialised training in all participating countries. It is laying the foundations for the establishment of national logistics associations that will eventually support the future network of logistics centres.
Regional Integration through Trade and Transport Corridors	✓ Reduces barriers to trade and transport along the priority trade corridors of Egypt, Jordan, Morocco and Tunisia. The initiative is supporting different studies in the fields of logistics, road, rail and maritime transport and could lead to the mobilisation of up to USD 600m in several investments within the different technical fields across the region.
SME Growth Programme	✓ Supported Jordan's SME Growth Programme, the primary objective of which is to support and sustain start ups and SMEs, with a particular focus on high-value growth enterprises. This initiative was targeted at JEDCO (Jordan Enterprise Development Cooperation), and enabled it to move from being a grant-awarding and administrative body to an organisation with proven capacity to access resources in support of SME growth and development in Jordan. To date the programme has prepared growth action plans for 50 enterprises. It is estimated that these enterprises will have a combined increase in sales of over EUR 55m and create over 900 jobs.
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 enable expanded access to financial services across the region.
Optimising and Monitoring Employment in Infrastructure Investments	✓ Estimates the impact of government investments in public infrastructure on job creation, in qualitative and quantitative terms, through a management information system, and applies lessons learnt to design better projects which can create more and better jobs.

Financial breakdown of EIB-approved projects (in USD)

Table 9: Financial breakdown of EIB-approved projects under MTF

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 000⁸
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

⁷ More details on the contracts regarding EIB projects are given in Annex 4.

⁸ 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.

EIB financing in the Southern Neighbourhood



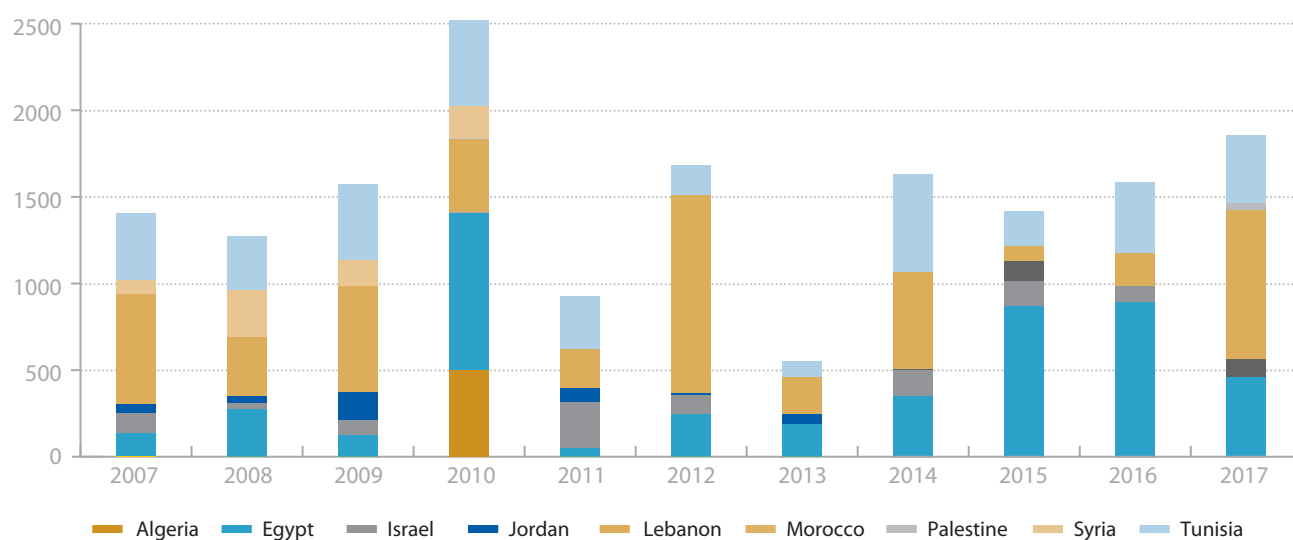


EIB lending in the MENA region

In 2017, the Bank lent a total of EUR 1.9bn⁹ to the Southern Neighbourhood countries, an increase of about 17% compared to 2016, underpinning the EIB's commitment to retain its role as a leading financier in the region.



Figure 21: Signed loans 2007-2017, EUR m



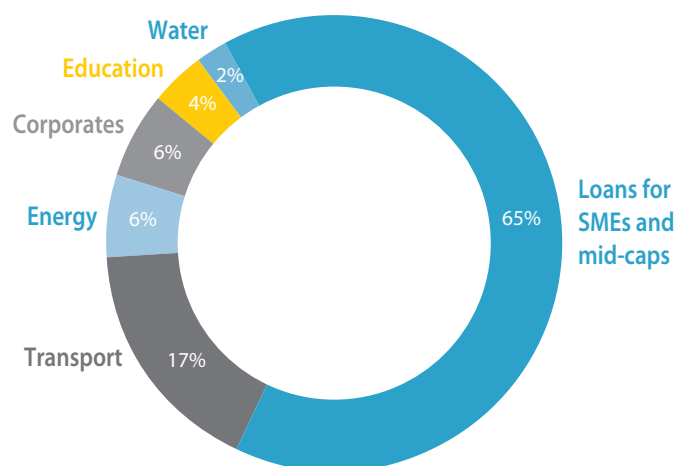
In 2017, the Bank signed 18 operations in six countries (Egypt, Jordan, Lebanon, Morocco, Palestine, and Tunisia). While continuing to support key infrastructure projects across the

region, the Bank focused increasingly on the private sector during the year, in particular on SMEs.

⁹ In addition, the Bank invested EUR 68m in equity, new products and special transactions (ENPST) projects and the EIF provided EUR 60m in the form of guarantees.



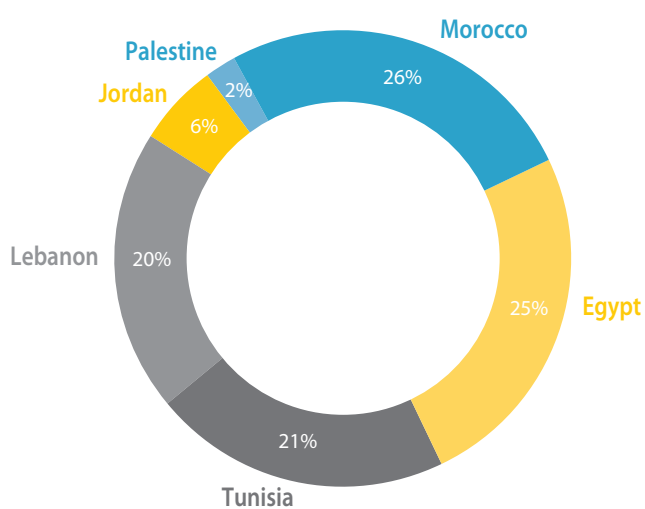
Figure 22: Loans signed in 2017 (Breakdown by sector, %)



72% of the total lending volume went to private sector entities, as against an average of 45% across the region over 2007-2016. Apart from the significant increase in SME lending (which reached 66% of the overall lending volume in 2017, compared to 54% in 2016 and 12% in 2015), the Bank continued to support transport projects, which represented 17% of total lending. Corporate lending (6%) was also on the rise compared to previous years and focused primarily on companies in the manufacturing and food/agriculture sectors.

In the public sector, the Bank continued to provide support to key infrastructure projects across the region in the areas of transport, energy, education, and water and sanitation, accounting for the remaining 28% of the overall lending volume. Climate action remained high on the agenda. 22.4% of operations are expected to have a significant positive climate impact. However, this level represented a reduction compared to a share of more than 30% for climate action operations in 2016. This resulted mainly from the increased focus on private sector lending, in line with Economic Resilience Initiative (ERI) priorities in 2017.

Figure 23: Loans signed in 2017 (Breakdown by country, %)



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 Economic Resilience Initiative (ERI). We have developed the initiative in cooperation with the European Commission and Member States, following a request by the European Council. The initiative can rapidly mobilise additional financing in support of growth, vital infrastructure and social cohesion in the Southern Neighbourhood and Western Balkans regions.

The ERI dramatically increases the support we provide. We are using the initiative to target projects that particularly enhance economic resilience, including many critical infrastructure projects that are expected to require blending with grants and technical assistance for project preparation and implementation. This responds to the need to scale up investments in infrastructure that is facing or risking unsustainable pressures from demographic and climate changes. Finally, the ERI

creates an opportunity to support private sector investments with a higher risk profile – and higher economic and social returns – than would otherwise be the case, through impact finance in the Southern Neighbourhood region.

By the end of 2017, the EIB had already approved lending of EUR 1.5bn under the ERI. These operations include the Programme National Assainissement 2, which will provide long-term funding for municipalities across Morocco to upgrade and expand the country's wastewater infrastructure capacity, improve services for some 1.2 million people and create 13 500 person-years of employment. The Université Euro-Méditerranéenne de Fès project will be able to offer European diplomas for Moroccans and other students from the region, paving the way for better educational standards, development of skills and better labour market integration of graduates. Another project will focus on overcoming barriers to investment by small businesses in Lebanon.

By the end of 2017, the ERI was backed by EUR 99m in donor contributions from seven EU Member States (Croatia, Italy, Lithuania, Luxembourg, Poland, Slovakia, and Slovenia).

As part of the initiative, the EIB approved EUR 90m of funding from its own resources in 2017 to be used for technical

assistance and advisory services in support of ERI projects, especially more complex infrastructure projects and riskier private sector projects. There is significant demand for the funding, which is expected to expedite the preparation and implementation of resilience projects.



Project highlights

- **Université Euro-Méditerranéenne de Fès in Morocco (UEMF).** Construction of an eco-campus, with research facilities and equipment, and teaching, student, and sport facilities at the UEMF. The project is supported by an EIB loan of EUR 70m signed in July 2017. The project will also benefit from a grant from the EU's Neighbourhood Investment Facility (NIF) of EUR 13m.
- **Arab Bank Regional Facility and Private Sector Support Lebanon.** These two operations under the ERI provide EUR 565m¹⁰ to Jordan, Lebanon, Palestine, Egypt and Morocco in support of local SMEs. SMEs can obtain credit lines set up with five commercial banks. Supporting local entrepreneurship is particularly important in a region that has been hit hard by the migration crisis. The credit lines are expected to be implemented over the next two years and will support around 38 500 FTE jobs across all key sectors of the economy.
- **Food and Drinks Business Development Morocco.** In July 2017, the Bank signed a EUR 35m loan to support a manufacturing company in Morocco – the first project signed with a private sector counterpart in the country. The loan will finance the promoter's investment programme. It will contribute to Morocco's integration into international markets and is expected to have a strong job creation impact.

¹⁰ Arab Bank Regional Facility: EUR 300m signed in December 2017; Lebanon Private Sector Support: EUR 265m signed in June 2017.



EC Blending

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

Four Delegation Agreements in the Neighbourhood Region (Eastern and Southern) were signed with a total NIF contribution of about EUR 63.4m.

In 2017, the Bank signed a NIF contribution for the EU Trade and Competitiveness Programme, covering Morocco, Tunisia, Egypt and Jordan, with a total amount of EUR 50m. The programme's objective is to improve the competitiveness of selected sectors through their value chains and the prospects for trade. It also envisages building the capacity of financial intermediaries and final beneficiaries to support the implementation of the project, and will provide wider access to finance for SMEs while enabling local intermediary banks to take more risk and reach out to targeted segments of the economy.

In addition, a range of bilateral projects have been approved by the NIP governing bodies, including the Kitchen-er Drain project in Egypt and Université Euro-Méditerranéenne de Fès (UEMF), Morocco (see page 55).

The Kitchen-er project is the first phase of a larger investment programme aimed at depolluting the Kitchen-er Drain through investments in: (i) wastewater and sanitation; (ii) solid waste; and (iii) drain infrastructure rehabilitation. It 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 EIB and the EBRD, supported by EU funding of almost EUR 47m, aim to improve surface and ground water quality, as well as soil quality. The project will also improve public health, employment and general living conditions.

The EIB is providing loan finance to the UEMF in order to construct an ecologically friendly campus at Fes with high-level education programmes and research. The project will also contribute to mitigating climate change, thanks to its design, which puts great emphasis on energy efficiency and the use of renewable energy. The EU grant alongside the EIB loan will finance the construction of the campus and the purchase of the necessary equipment. The new site will offer the students education of a high standard and will, through a scholarship system, enable high-achieving students with low incomes to attend the university.

Expected results from EIB lending in the Southern Neighbourhood

Credit lines and equity funds for private sector development

Expected results – support for lending to SMEs and mid-caps

Number of projects	9
Total loans (EUR m)	1 580
Total loans #	3 690
Average loan size (EUR)	428 000
Average loan tenor (years)	5.9
Jobs sustained in beneficiary firms	122 000

Expected results – lending through microfinance institutions

Value of loans to microenterprises	EUR 3.38m
Number of loans to microenterprises	938
Average loan size (EUR)	3 600
Women as % of final beneficiaries	33%
Jobs sustained in microenterprises	938

Expected results – supporting job creation through equity funds

Total size of supported funds	EUR 558m
Average leverage ratio	12.8
Number of investee companies supported	31
Average size of investment	EUR 11m
Net jobs created in investee companies	7 870

Expected results – Industry and R&D

Employment during implementation (temporary jobs in person-years)	1 280
Employment during operation (permanent jobs)	1 890



Total jobs sustained in supported SMEs, microenterprises and mid-cap companies: 123 000



Developing social and economic infrastructure

Expected results – Transport

Road networks:

Length of road lanes built or upgraded	396 km
Additional vehicles benefiting, per day	12 600
Time savings, per year	2.48 million hours
Vehicle operating cost savings, per year	EUR 0.32m
Road fatalities avoided, per year	3

Public transport:

New or upgraded urban transport routes (bus/tram/metro)	68 km
New or upgraded stations or stops	36
Vehicles or rolling stock purchased	53
Journeys on new or upgraded public transport, per year	152 million
Time savings, per year	32 million hours
Additional rail cargo carried, per year	300 000 tonnes



2.48 million hours saved per year due to better road networks



152 million journeys per year on improved public transport

Expected results – Energy

Electricity generation:

Generation capacity from renewables	200 MW
Electricity production, per year	797 GWh
Households potentially served by electricity produced	260 000



260 000 households potentially served by clean electricity



Expected results – Water and sanitation

Sanitation

New/upgraded wastewater treatment capacity (person-eq.)	400 000
New/upgraded sewer/storm pipes	225 km
New/upgraded domestic sanitation connections	20 000
Population benefiting from improved sanitation services	1.2 million



1.2 million people benefiting from improved sanitation

Expected results – Education

Education

Students taking advantage of newly created or rehabilitated higher education facilities	6 600
Additional students enrolled in first year after completion	5 620



6 600 new student places in higher education

Expected direct employment impacts – Employment across all infrastructure and industry/R&D projects

Employment during implementation (temporary jobs in person-years)	53 800
Employment during operation (permanent jobs)	3 750

Looking ahead



FTF & EIB objectives for the Southern Neighbourhood

FTF objectives

Looking forward, we will continue to seek ways to maximise the impact of FTF operations. By combining EIB and FTF resources – technical, as well as financial – the FTF will support partner countries in promoting investment in socio-economic infrastructure and private sector development, thus creating jobs and economic growth.

Our long-established presence in the Southern Neighbourhood region, with a track record of supporting investment in public infrastructure and private sector development, can bring added value at this time of economic challenges. The FTF will continue to provide a vehicle through which the EIB and the donor community can cooperate effectively for the benefit of the region.

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

The EIB looks forward to continuing its close cooperation with both the FEMIP contributors and its target countries to ensure the quality and sustainability of investments in the Southern Neighbourhood. As, to date, over three quarters of the paid-in contributions have been approved and allocated to operations, the FTF will seek to strengthen partnerships. To this effect, as already mentioned during the October 2017 FTF Assembly of Donors, the FTF has evolved into a sub-compartment of the Economic Resilience Initiative Trust Fund (the “ERI Fund” or “ERIF”) dedicated to technical assistance and advisory services. Therefore, the remaining unallocated FTF resources will complement the EIB own resources allocated to that sub-compartment.

EIB lending objectives

In the context of the migration crisis, the EIB has been called upon by the European Council to further scale up its support

for the EU’s Southern Neighbourhood and the Western Balkans. In response, the Bank has developed, together with the EU, an Economic Resilience Initiative (ERI) in order to mobilise investment to support economic growth and sustainable development in these regions. In particular, the ERI has the ambitious objective of providing additional EIB financing in the order of EUR 4.5bn in the Southern Neighbourhood over the period 2016-2020. Therefore, the focus of the Bank’s activities in the Mediterranean region during 2018 and beyond will be on delivering on the ambitious objectives of the ERI as well as on contributing to the EU’s External Investment Plan (EIP).

In this context, the Bank expects to continue its increased focus on private sector development in order to foster job creation and economic growth. This will include a further strengthening of the Bank’s support for local SMEs in the region as well as continued efforts to expand corporate lending. Moreover, the EIB will also accelerate its financing activities in favour of private equity and microfinance clients so as to further diversify its support for the private sector and achieve more impact.

Another focus of the Bank’s activities in the region will be on reinforcing the economic enabling environment to stimulate growth by providing continued support for social and economic infrastructure. Specifically, in the public sector, the Bank expects to finance transport, water and wastewater, energy efficiency, urban development and renewable energy projects. The EIB will continue to support projects in these sectors throughout the region but will place a particular focus on Jordan and Lebanon as the countries most affected by the crisis in neighbouring Syria.

Moreover, as part of the ERI, the EIB will concentrate its engagement on projects in remoter regions and projects that make a strong contribution to promoting youth inclusion, gender equality, job creation, and social impact. A special focus will also be placed on supporting home and host communities affected by large migration flows. Finally, investments that contribute to climate action (both adaptation and mitigation) will also continue to be a priority objective.

Annex 1. Approved FTF operations as at end-2017

No	Country	Title	Sector	Approved Budget in EUR	Signed Amount in EUR	Assistance Type
Completed operations				17 842 690	16 332 200	
1	Regional	Improving efficiency of workers' remittances	Finance	198 000	197 850	Study
2	Regional	Financial sector support programmes - METAC I and II - 1 st Phase	Finance	500 000	500 000	TA
		2nd Phase		500 000	500 000	
3	Algeria	Examining the access of small firms to sustainable forms of external finance	Finance	195 000	195 000	Study
4	Morocco	Examining the promotion of long-term private saving	Finance	180 000	183 418	Study
5	Regional	Logistic needs in the MPCs: potential for the development of a logistic platform network	Transport	597 390	597 385	Study
6	Regional	Clean Development Mechanism (CDM) - Project identification in FEMIP countries	Energy	195 000	195 000	Study
7	Regional	Financial mechanism for the development of renewable energy and energy efficiency	Energy	189 000	189 054	Study
8	Regional	Analysis of tourism strategies and policies in FEMIP countries	SME	200 000	200 000	Study
9	Regional	Study programme with Blue Plan	Environment/ Climate Change	180 000	180 000	Study
10	Regional	Review of existing trade finance services for Euromed trade	Finance	80 000	80 000	Study
11	Regional	Potential for biofuel production in FEMIP countries	Energy	200 000	199 000	Study
12	Regional	A review of the economic and social impact of microfinance	Finance	70 000	70 000	Study
13	Tunisia	TA related to the Tunisian Seed Capital Fund	Finance	125 000	125 000	TA
14	Regional	Strategies for the regeneration of Medinas in the Mediterranean area	Urban Development	185 000	160 950	Study
15	Morocco	Private-type management and operation of the public irrigation systems in FEMIP countries: a test case in Morocco	Environment and Water	1 000 000	581 359	TA
16	Regional	Identification and removal of obstacles to the extended use of wastewater in agriculture	Environment and Water	200 000	199 999	Study
17	Tunisia	Adaptation of financial products to workers' remittances at Tunisian Bank Union	Finance	489 500	489 500	TA
18	Regional	Mediterranean Business Development Initiative MBDI	SME	200 000	198 980	Study
19	Jordan	Jordan Highway Master Plan	Transport	2 093 300	2 093 300	TA
20	Regional	Study programme with the Blue Plan II	Energy/Tourism	850 000	850 000	TA
21	Tunisia	Technical Assistance Business Angels	SME	160 000	159 654	TA
22	Regional	Mediterranean Solar Plan	Energy	350 000	189 163	Study
23	Morocco	Incubators Network (RMIE)	SME	300 000	284 724	TA
24	Morocco	Urban operation in Medina/Meknes	Urban Development	400 000	395 000	Study
25	Palestine	Technical assistance to Palestine ICT Incubator	RDI	194 600	194 600	TA
26	Regional	Broadband access for FEMIP countries	RDI	500 000	499 000	Study
27	Regional	Maritime highways	Transport	165 000	157 500	Study
28	Regional	Medinas 2030 Investment Programme	Urban Development	400 000	480 000	TA
29	Tunisia	Competitiveness and employment challenges in Tunisia	Multi-sector	185 000	177 228	TA
30	Regional	Mobilizing the Potential of Gulf Countries' Sovereign Wealth Funds for the Mediterranean Partner Countries	Finance	190 000	190 000	Study
31	Regional	Mobile financial services in Mediterranean Partner Countries	Finance	160 000	159 000	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	Study
33	Regional	Projects Identification Study under the Mediterranean Urban Projects Finance Initiative	Urban Development	250 000	250 000	Study
34	Tunisia	Seed Capital Fund	Finance	2 000 000	1 775 000	Risk Capital
35	Regional	PPP legal frameworks in the FEMIP region	Multi-sector	750 000	675 000	Study
		FTFO - EPEC services (2011) for PPP in MPCs		80 000	80 000	
36	Regional	Energy efficiency and renewable energy project preparation programme in urban areas of the MPCs	Energy	200 000	167 265	TA
37	Regional	Potential of Mesofinance for Job Creation in Mediterranean Partner Countries	Finance	199 000	189 000	Study
38	Regional	Study on enabling SME access to growth capital markets via dedicated SME Exchange markets (SMEs initiative)	Finance and MSMEs	25 000	25 000	Study
39	Regional	Support for the dissemination of the FEMIP Trust Fund-funded activities in the FEMIP region	Multi-sector	35 000	35 000	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	TA
41	Regional	Cooperation Agreement between EIB and FEMISE	Multi-sector	400 000	400 000	Studies
42	Regional	Evaluating Renewable Energy Manufacturing Potential in the Mediterranean Partner Countries	Energy	71 000	52 925	Study
				19 000	18 075	
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	Upstream 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	Enhancing the Impact of Private Sector Development on Democratic Transition in the Mediterranean Partner Countries	SME	150 000	148 872	Study
46	Regional	LOGISMED Euromed Logistics Platforms: Lot 2.A (Tunisia)	Transport	1 000 000	237 500	Feasibility Study
		Lot 2 B (Morocco)			237 500	
47	Regional	Space for MED with the European Space Agency	Multi-sector	500 000	500 000	TA

No	Country	Title	Sector	Approved Budget in EUR	Signed Amount in EUR	Assistance Type
Engaged operations (partially disbursed)				22 165 000	20 752 772	
48	Jordan	Technical assistance in support of the development of the Euro-Mediterranean logistic area of Amman (Madounah) in the HASHEMITE KINGDOM OF JORDAN	Transport	250 000	230 000	TA
49	Regional	Dissemination window for FTF studies	Multi-sector	450 000	450 000	Seminars
50	Regional	Multipartner networking and learning centre (contribution to Marseille Centre for Mediterranean Integration(MCMI))	Multi-sector	500 000	500 000	TA
51	Palestine	Middle East Venture Capital Fund	RDI	5 000 000	5 000 000	Risk Capital (Investment Loan)
52	Regional	FEMIP Internship Programme	Human Capital	1 990 000	1 990 000	Capacity Building
53	Regional	PPP action in the FEMIP Region: Action I (a)	Multi-sector	1 700 000	400 000	TA
		Action I (b)			425 000	
		Action II			760 000	
		Action III			35 000	
54	Tunisia	Capacity building in the Tunisian microfinance sector (MicroMED)	Finance	2 800 000	2 800 000	TA
55	Regional	FEMIP Secondment Programme (phase I-II)	Human Capital	1 100 000	1 100 000	Capacity Building
56	Tunisia	Reinforcing private equity regulation and institutional expertise in Tunisia	Finance	175 000	100 000	TA
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	Study
		(2) Supporting joint capacity building activities in the region			40 000	
		(3) Targeted secondments			180 000	
		(4) Designing and implementation of joint dissemination events			40 000	
58	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)
59	Regional	Technical Advisory to support seed accelerators in the FEMIP region	Finance and MSMEs	1 200 000	1 188 000	TA (PP - Project Preparation)
60	Regional	COOPMED - Participation in a debt fund supporting microfinance and social economy in the Mediterranean region	Finance and MSMEs	2 000 000	2 000 000	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	
		Étude de la Liaison Permanente entre l'Autoroute A4 et la ville de Bizerte : Supervision indépendante de l'ouvrage principal			75 000	
		Assistance Technique pour l'extension et l'amélioration fonctionnelle de l'Aéroport International de Tunis Carthage (AITC)			265 700	
62	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	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	TA (Project Implementation)
64	Regional	National Appropriate Mitigation Actions Potential in the Mediterranean Partner Countries - NAMA Study	Environment (Climate Action)	200 000	288 562	TA
65	Egypt	Feasibility Study for Alexandria West Wastewater Treatment Plant Extension	Wastewater	400 000	299 750	Feasibility Study
		Assistance in tendering a Project Implementation Consultant-PIC for Alexandria West Wastewater Treatment Plant Extension and Upgrade			50 000	TA
66	Regional	Enhancing the Impact of the PPP Project Preparation Facility (the "MED 5P initiative")	Multi-sector	350 000		TA (Project Implementation -PI)
67	Jordan	Feasibility Study for Deir Alla and Al-Karameh Water Supply and Sanitation project	Water	500 000	450 000	TA
68	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	2 052 100	TA
69	Palestine	Technical Assistance for the implementation of the electricity network upgrade project: project management support to PENRA Phase 2	Electricity	220 000	209 810	TA
70	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		Study
71	Tunisia	Etude de faisabilité pour la dépollution et la réhabilitation du bassin minier de Gafsa - Partie A	Water/ Wastewater	498 000		TA
72	Lebanon	Feasibility Study for Upgrade and Expansion for Saida Wastewater Collection and Treatment Systems	Water/ Wastewater	330 000		TA
73	Regional	Green for Growth Fund, SICAV- SIF	Renewable Energy & Energy Efficiency	4 000 000		Risk Capital
74	Regional	Green for Growth Fund, SICAV- SIF	Renewable Energy & Energy Efficiency	500 000		TA
75	Regional	Actions supporting the financial inclusion of more vulnerable people in the Southern Neighbourhood of the EU	Finance/Private Sector	2 000 000		TA
76	Morocco	BMCE Ligne Bleue	Water	1 000 000		TA
77	Jordan	Bani Kenaneh water supply and sanitation project	Water Supply & Sanitation	500 000		Study

Annex 2. Operations approved in 2017

Grant operation name	Grant type	Country	Sector	Net amount approved in EUR ¹²	Date of AoD approval
Deir Alla and Al-Karameh Water Supply and Sanitation Project	Study	Jordan	Environment	500 000	27/01/2017
Preparation of an investment programme for sustainable management of the GAFSA mining basin	TA	Tunisia	Environment	498 000	27/01/2017
Actions supporting the financial inclusion of more vulnerable people in the Southern Neighbourhood of the EU	TA	Regional	SMEs and Private sector development	2 000 000	10/03/2017
Green for Growth Fund SICAV-SIF (1)	Risk Capital	Regional	Environment	4 000 000	10/03/2017
Green for Growth Fund SICAV-SIF (2)	TA	Regional	Environment	500 000	10/03/2017
EIB-EBRD-WB Enterprise Surveys in the EU Eastern and Southern Neighbourhood and the Western Balkans - Southern Neighbourhood section	Study	Regional	SMEs and Private sector development	700 000	10/03/2017
BMCE Ligne Bleue	TA	Morocco	Environment	1 000 000	19/05/2017
Bani Kenaneh Water Supply and Sanitation Project	Study	Jordan	Environment	500 000	11/07/2017
Technical assistance for the implementation of the Electricity Network Upgrade Project: Project Management Support to PENRA Phase 2	TA	Palestine	Infrastructure	220 000	11/07/2017
Total				9 918 000	

¹² Includes part cancellation and increase of amount approved.

Annex 3. Abridged Financial Statements

BALANCE SHEET

As at 31 December 2017

(in EUR '000)

	31.12.2017	31.12.2016
ASSETS		
Cash and cash equivalents	43 377	44 203
Venture capital investments	3 266	3 373
Loans and receivables	1 868	-
Other assets	1 195	1 235
Total assets	49 706	48 811
LIABILITIES AND CONTRIBUTORS' RESOURCES		
LIABILITIES		
Amounts owed to third parties	629	236
Third party contributions	10 192	12 282
Other liabilities	8	8
Total liabilities	10 829	12 526
CONTRIBUTORS' RESOURCES		
Contributions	61 354	54 290
Retained earnings	-22 477	-18 005
Total contributors' resources	38 877	36 285
Total liabilities and contributors' resources	49 706	48 811

INCOME STATEMENT

For the year ended 31 December 2017

(in EUR '000)

	From 01.01.2017 to 31.12.2017	From 01.01.2016 to 31.12.2016
Interest and similar income	67	6
Unrealised gain on venture capital investments	-	314
Net foreign exchange gain	-	104
Other income	-	75
Total operating income	67	499
Projects financed	-3 054	-1 461
Unrealised loss on venture capital investments	-754	-
General administrative expenses	-155	-85
Net foreign exchange loss	-568	-
Other expenses	-8	-8
Total operating expenses	-4 539	-1 554
Net loss for the financial year	-4 472	-1 055

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print: QH-AH-18-001-EN-C ISBN 978-92-861-4032-7 ISSN 1830-3838 doi:10.2867/255866
eBook: QH-AH-18-001-EN-E ISBN 978-92-861-3791-4 ISSN 2363-3999 doi:10.2867/092582
pdf: QH-AH-18-001-EN-N ISBN 978-92-861-3790-7 ISSN 2363-3999 doi:10.2867/031001

**FEMIP TRUST FUND
SERVING THE SOUTHERN
NEIGHBOURHOOD
ANNUAL REPORT**

**20
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