EBRD activities in the southern and eastern Mediterranean region

October 2015

The southern and eastern Mediterranean (SEMED) is the latest region in which the Bank is working to support economic growth and democratic change.

In the wake of historic changes that swept across the Middle East and North Africa in 2011, and in response to calls from the international community and from emerging Arab democracies themselves, the EBRD’s shareholders gave unanimous backing to an expansion of the Bank’s mandate, allowing activities in the southern and eastern Mediterranean (SEMED) region which includes Egypt, Jordan, Morocco and Tunisia.

A three-stage launch process

During the first phase, cooperation funds allowed the Bank to start research work, identify and prepare investment projects, build the capacities of prospective clients and foster cooperation with other institutions active in the region. The Bank also engaged with governments, business, civil society representatives and international financial institutions to develop its understanding of country priorities.

The second phase initiated investments through Special Funds, allocated from the Bank’s net income to implement early investment operations.

Currently all the relevant changes to the Bank’s founding articles have been fully ratified and the third phase of full-scale activities is underway.

The Bank also appointed Hildegard Gacek as its Managing Director for the SEMED region. In addition, Heads of Office for the four countries were appointed and permanent offices were opened in Tunis and Amman in 2013, Cairo in 2014 and Morocco in 2015.

As of March 2015 the Bank had invested €2.3 billion in 70 projects across the region.

At a glance

Number of projects to date
70

Net cumulative Bank investment
€2.3 billion

Private Share of cumulative investment
76 per cent

Cumulative disbursements
€892 million

EBRD projects 2012-15 year to date

<table>
<thead>
<tr>
<th>Volume (£ billions)</th>
<th>Number of projects</th>
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<tbody>
<tr>
<td>0</td>
<td>36</td>
</tr>
<tr>
<td>20</td>
<td>24</td>
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<tr>
<td>40</td>
<td>18</td>
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<tr>
<td>60</td>
<td>12</td>
</tr>
<tr>
<td>80</td>
<td>6</td>
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<tr>
<td>1,000</td>
<td>0</td>
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Current year activity

Number of projects YTD
20

Annual Bank Investment YTD
€503 million

Contacts

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Morocco
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Tunisia
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Fostering growth in the SEMED region

The EBRD brings to this new region more than 20 years of experience gained through supporting the process of economic and democratic change in eastern Europe.

Alongside governments of the SEMED countries, the EBRD focuses on fostering the growth of small and medium-sized enterprises (SMEs) through investments in loans and equities, boosting agribusiness, improving banking services, creating local capital markets, supporting renewable energy and energy efficiency, and developing non-sovereign solutions for infrastructure. The goal is to improve financing of the private sector, while providing support and expertise through policy dialogue, capacity-building and other forms of technical assistance.

Projects have covered a wide range of sectors. For example, the Bank invested €126 million in the modernisation of Egypt’s railway system to improve journeys for millions of passengers on the country’s busy trains. Meanwhile, in Jordan the Bank focused on energy and renewables to help address the country’s acute energy shortages and ensure the security of future energy supplies, investing US$100 million in Al Manakher Power plant and US$75 million in five solar power plants.

In Morocco the Bank’s €65 million loan to ONEE brought cleaner drinking water to communities in several areas. Another €60 million to ONEE provided access to electricity in 1,234 remote villages.

A priority in Tunisia is the restructuring of the financial sector and strengthening SMEs by facilitating access to finance. The Bank provided €40 million loan to BTK for on-lending to micro, small and medium-sized enterprises.

Donor partnerships

Donors to the EBRD, including the European Union, multilateral funds for climate change and contributors to the SEMED Multi-Donor Account (MDA), support the Bank’s involvement in the new region through technical cooperation (TC) activities and grant co-financing in the preparation and implementation of investment projects.

Donors continue to back the Bank’s endeavours in the region extend sustainable energy financing facilities to firms in Jordan and Morocco, continue the EBRD’s Small Business Support programme for SMEs, build the capacities of prospective clients and strengthen policy dialogue.

Overall, about 60 individual TC and framework programmes totalling €82 million have been approved for funding since operations were launched in the region.

In addition, donors and shareholders approved over €62.5 million for non-TC instruments, such as risk sharing and capital grants, to support specific investment operations.

Donor funding for SEMED

<table>
<thead>
<tr>
<th>SEMED multi-donor account (€ million)</th>
<th>Australia</th>
<th>Finland</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Netherlands</th>
<th>Norway</th>
<th>Sweden</th>
<th>Taipei China</th>
<th>United Kingdom</th>
<th>Other</th>
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</thead>
<tbody>
<tr>
<td>EBRD (from net income)</td>
<td>0.5</td>
<td>3.6</td>
<td>3.0</td>
<td>1.0</td>
<td>0.5</td>
<td>2.0</td>
<td>5.2</td>
<td>1.6</td>
<td>0.5</td>
<td>5.9</td>
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<tr>
<td>EU Neighbourhood Investment Facility</td>
<td>36.5</td>
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<td>Global Environment Facility and SCCF</td>
<td>17.2</td>
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<tr>
<td>Climate Investment Funds</td>
<td>32.5</td>
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<tr>
<td>MENA Transition Fund</td>
<td>6.2</td>
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<td>Other bilateral donors</td>
<td>1.8</td>
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The EBRD manages the SEMED MDA’s donor funds, which currently amount to €24.2 million and €70 million from EBRD net income dedicated to donor activities in the region.

Growing Tunisia’s Olive Industry

The EBRD Small Business Support (SBS) helped Citruma, a fruit juice producer from Kenitra in Morocco, to reinvigorate their brand with a combination of finance and advice. A year and a half later, turnover has increased 38 per cent, they have a new export sales strategy and have launched a range of new products.

With the support of the EBRD, Citruma is now the third brand in Morocco in its segment – and they’re bringing Moroccan sunshine to supermarkets around the world!

The SBS programme in Morocco is generously supported by the European Union through the Neighbourhood Investment Facility.

Since December 2011, SBS has started over 700 projects in industries as diverse as agribusiness, textile, ICT and retail across the SEMED region.

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