

EBRD – SEMED / Tunisia  
Our Intervention  
May 2018





# I. Introduction to EBRD





## An international financial institution supporting the development of sustainable well-functioning market economies

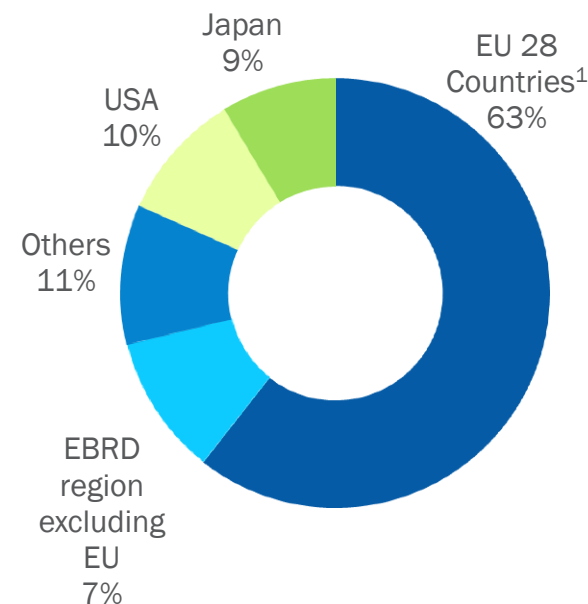
**Highest credit rating**  
(AAA/Aaa)

**Owned by 66 countries and 2 inter-governmental institutions**  
(the EU and EIB)

**Capital base of €30 billion**

- 1991** Established
- 1992** Russia and 11 other members of the former Soviet Union join
- 2007** The Czech Republic becomes the first country to “graduate” from the EBRD
- 2012** Starts investing in Egypt, Jordan, Morocco and Tunisia
- 2016** 25th anniversary; China becomes 67th member
- 2017** Lebanon and the West Bank and Gaza became countries of operations

### Shareholding structure



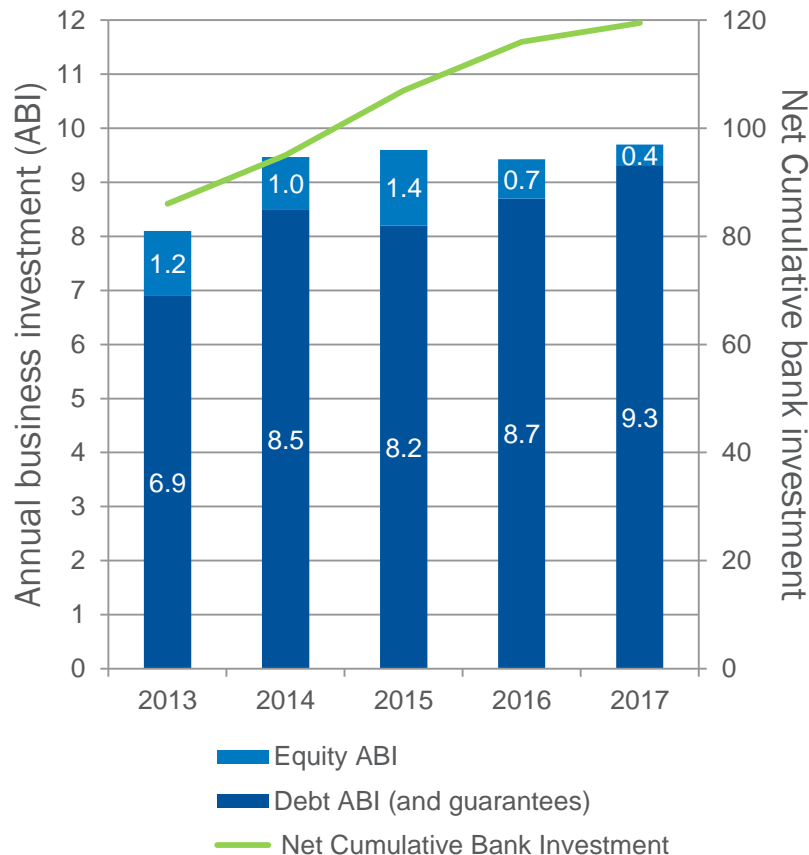
1. Includes European Community and European Investment Bank (EIB) each at 3%. Among other EU countries: France, Germany, Italy, and the UK each holds 8.6%

# EBRD – One of the Largest Investors in its Countries of Operation



**European Bank**  
for Reconstruction and Development

**Since 1991, EBRD invested over €119 billion in around 5,035 projects**



**In 2017**

**€9.7 billion**

**412 projects**

Private sector accounted for share of  
**71%**

Debt  
**84%**

Equity  
**5%**

Guarantee  
**11%**

**EBRD Top 10 investee countries in 2017 (€m)**

<b>1</b>	Turkey	1,540
<b>2</b>	Egypt	1,413
<b>3</b>	Ukraine	740
<b>4</b>	Poland	659
<b>5</b>	Greece	614
<b>6</b>	Kazakhstan	586
<b>7</b>	Romania	546
<b>8</b>	Azerbaijan	456
<b>9</b>	Serbia	382
<b>10</b>	Tunisia	324

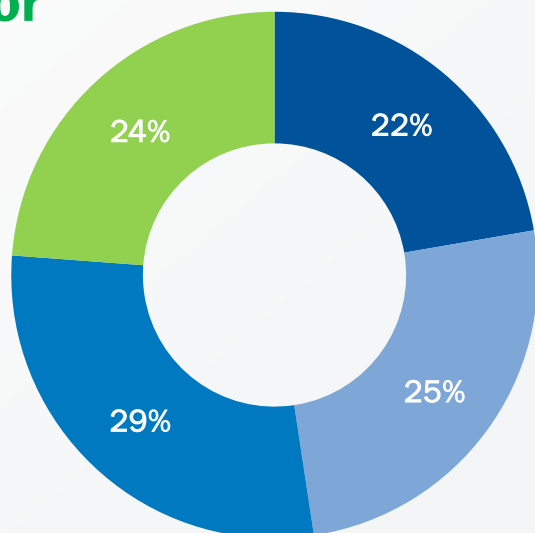
# Portfolio distribution – by Sector and Region



European Bank  
for Reconstruction and Development

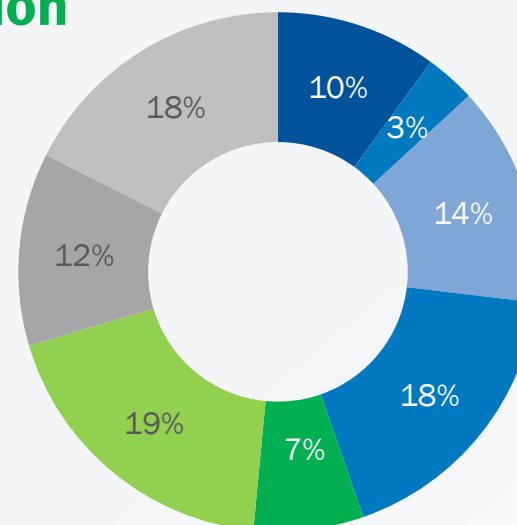
## EBRD Portfolio (at 31 December 2017): € 41,435 million

### Sector



- Financial Institutions 22% (Depository credit (banks), Leasing finance, non-depository credit (non-bank), Insurance, Pension, Mutual Funds)
- Corporate 25% (Manufacturing/Services, Agribusiness, Equity funds, Property & Tourism, Information & Communication technology)
- Infrastructure 29% (Municipal & Environmental infrastructure, Transport)

### Region



- Central Asia 10%
- Central Europe & Baltics 3%
- Cyprus & Greece 14%
- Eastern Europe & Caucasus 18%
- Russia 7%
- South-Eastern Europe 19%
- Southern Eastern Mediterranean 12%
- Turkey 18%



## Transition Impact

Foster the transition towards :

- Open market-oriented economies
- Private and entrepreneurial initiatives
- Good governance practices
- International social standards
- Environmental standards

## Sound Banking

- Financially viable projects
- In collaboration with the private sector

## Additionality

- Provide additional funds complementary to those from commercial banks

Competitive

Integrated

Well-governed

Inclusive

Resilient

Green



## Key strengths

Long-term perspective

Commercial basis

Regional integration

Policy dialogue

Work with governments and shareholders

25 years experience

Local presence in 36 countries

Structuring expertise

Catalyst to mobilise finance for both private and public sector clients

## Objectives

Invest both in the private and state sectors

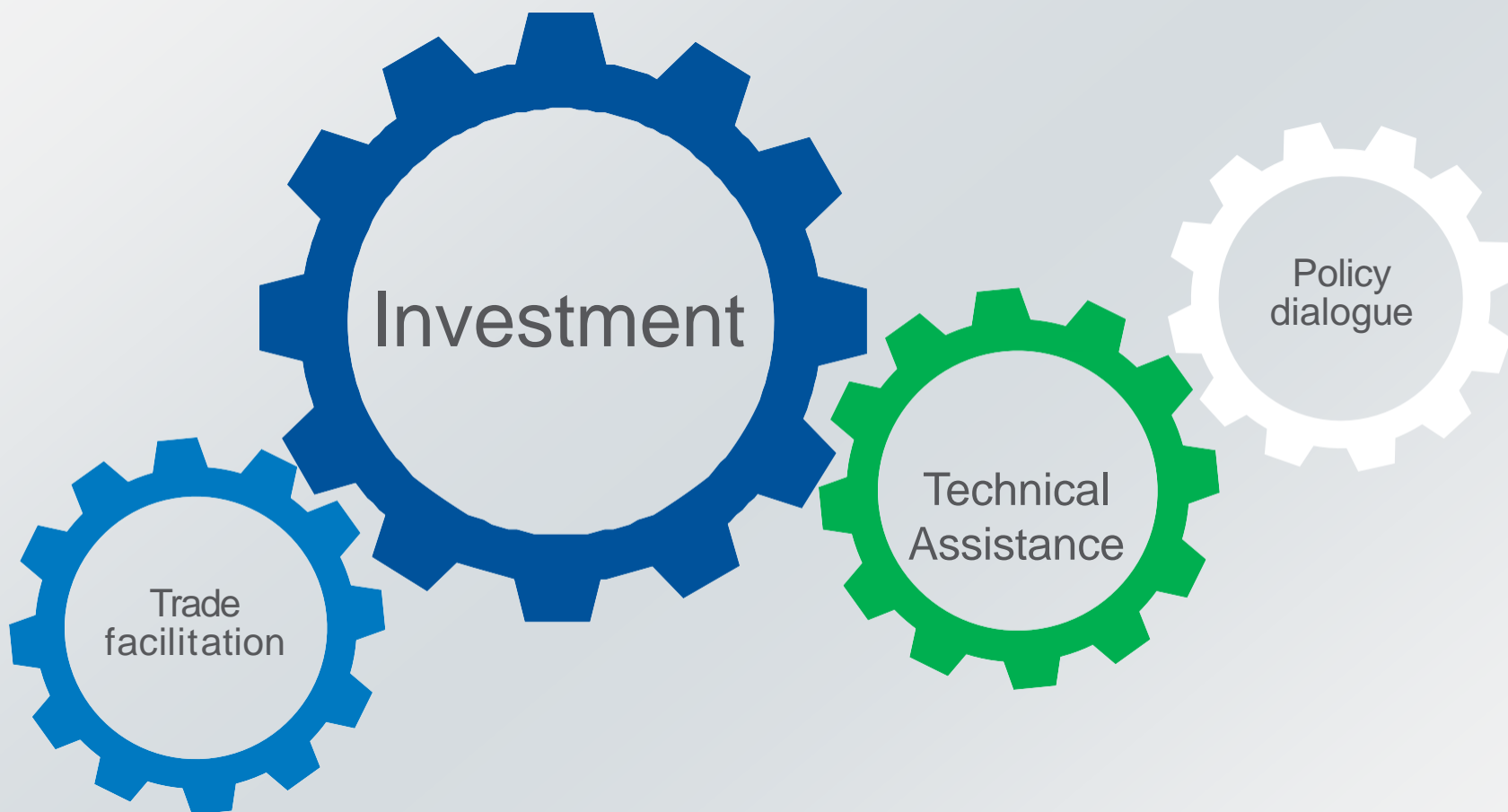
Commercial basis

Improve people's lives

Private sector development

Innovate

Foreign direct investment







## Loans

Senior,  
subordinated,  
convertible

Long term (up to  
10y or more) or  
short term revolving

Floating/Fixed rates

Choice of  
currencies  
(€, US\$, EGP)

## Equity

Common stock or preferred

Minority position only (up to 35%)

Mezzanine debt

## Technical Cooperation

EBRD has a strong track record to mobilize grants from its donors to support technical assistance to its projects

## Other

Guarantees, currency swaps, trade facilitation program etc.



## II. SEMED

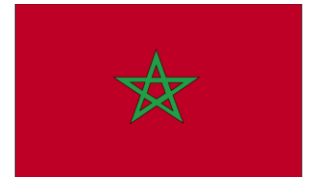


# EBRD Expansion to the Southern and Eastern Mediterranean (SEMED)



European Bank  
for Reconstruction and Development

- The Board of the EBRD decided in 2011 to expand the Bank's operations to Egypt, Jordan, Morocco, and Tunisia. In 2017, Lebanon and the West Bank became countries of operation.
- To date the Bank invested in ca. 180 projects in the SEMED region for a total of ca. EUR 6.9 billion.
- The Bank opened permanent resident offices in each of Casablanca, Tunis, Cairo, and Amman (regional office for Jordan, Lebanon, West Bank & Gaza).
- Operational priorities in the SEMED region include:
  - support for local private sector players
  - supporting foreign direct investments in the private sector
  - developing non sovereign financing solutions for infrastructure including PPP structures
  - promoting sustainable energy and resource efficiency initiatives
  - supporting and developing local capital markets



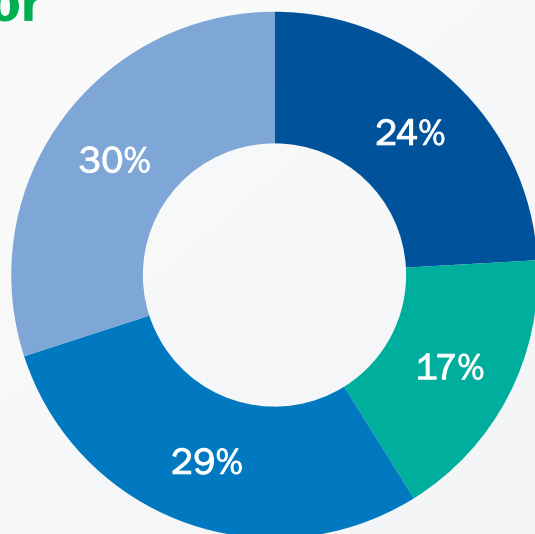
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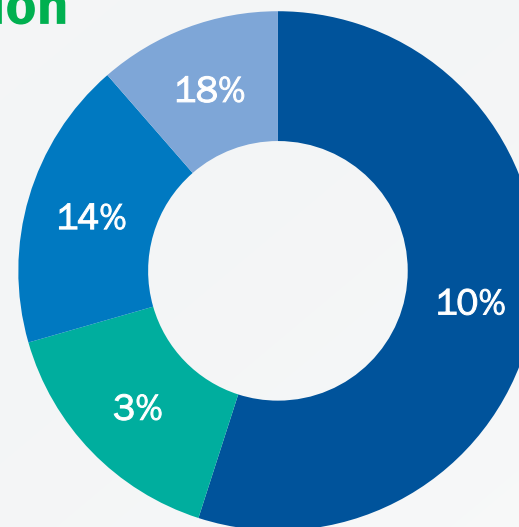
## EBRD SEMED Portfolio (at 31 December 2017): € 4.9 billion

### Sector



- Financial Institutions 24% (Depository credit (banks), Leasing finance, non-depository credit (non-bank), Insurance, Pension, Mutual Funds)
- Corporate 17% (Manufacturing/Services, Agribusiness, Equity funds, Property & Tourism, Information & Communication technology)
- Infrastructure 29% (Municipal & Environmental infrastructure, Transport)
- Energy 30% (Power & Energy, natural resources)

### Region



- Egypt 55%
- Jordan 16%
- Morocco 18%
- Tunisia 11%



- Launched activities in the aftermath of the 2011 Arab Uprising at the behest of shareholders.
- Uncertain political and geopolitical environment. Macroeconomic imbalances.
- Regional disparities. Large young population. Gender inequalities.
- Small, fragmented, distorted markets impeding economic growth.
- Weak regulatory frameworks and institutional capacity to implement reforms and public sector projects.
- Pricing pressures in local currency (high liquidity in some markets) and regulatory restrictions.
- Large volumes of IFI concessional finance.
- However, increasing government appetite for reform across the region.
- IMF programmes serve as reform anchor and driver.
- Environmental and demographic pressures raise interest in energy efficiency, renewables, municipal infrastructure and agribusiness.

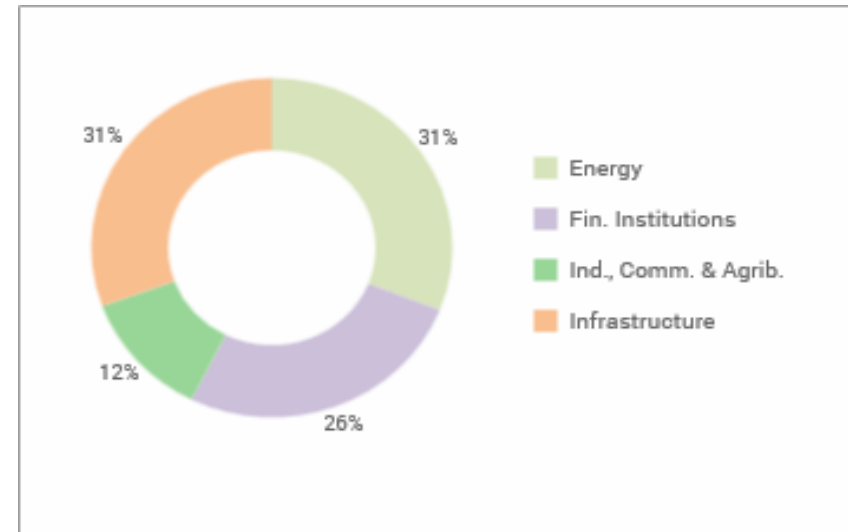
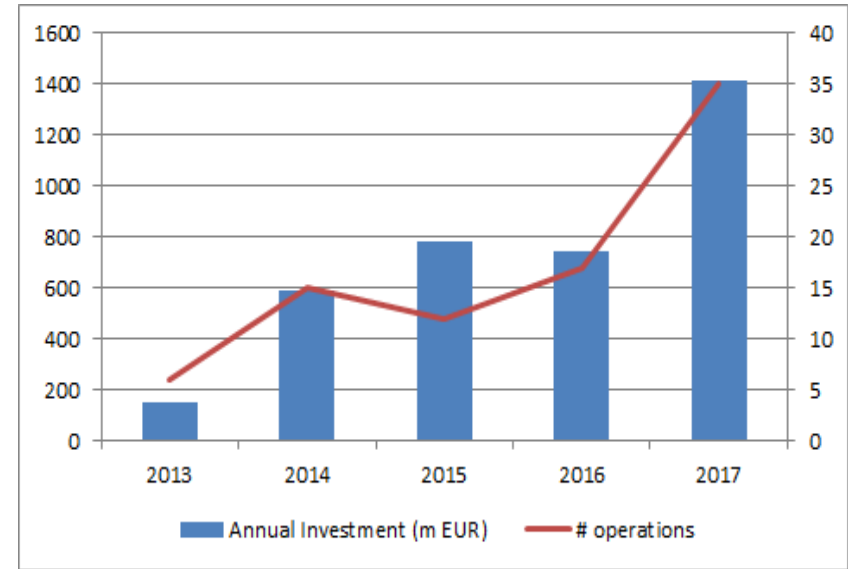


- Strategic approach to the region. Long-term engagement. Area of major growth.
- Understanding the political economy. Focus on structural economic reforms.
- Promote private sector competitiveness through stronger value chains, improved access to finance for SMEs and increased economic opportunities for women and young people.
- Improve the quality and sustainability of public utilities through private sector participation and commercialisation (developing non-sovereign financing solutions for infrastructure, including PPP structures).
- Promote sustainable energy and energy efficiency initiatives and transition to green economies.
- Support and develop the financial sector and local currency and capital markets.
- Strengthen governance and improve the business environment.



# Activities in Egypt

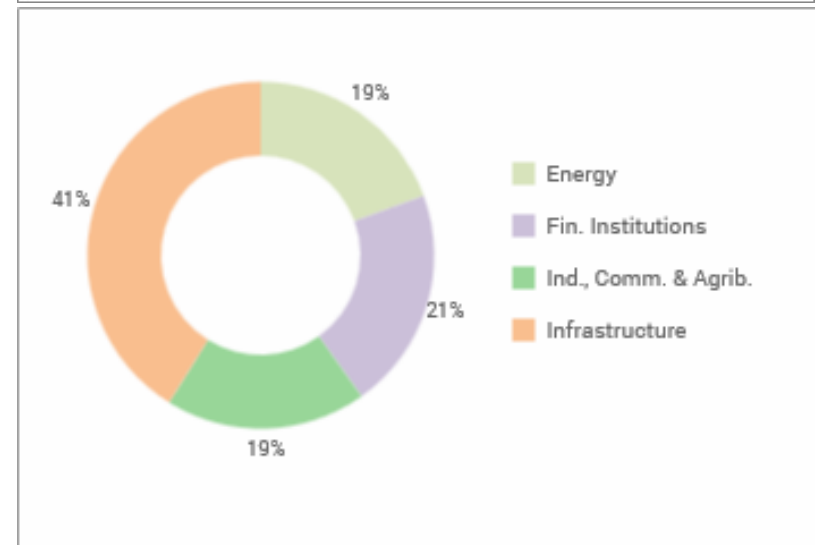
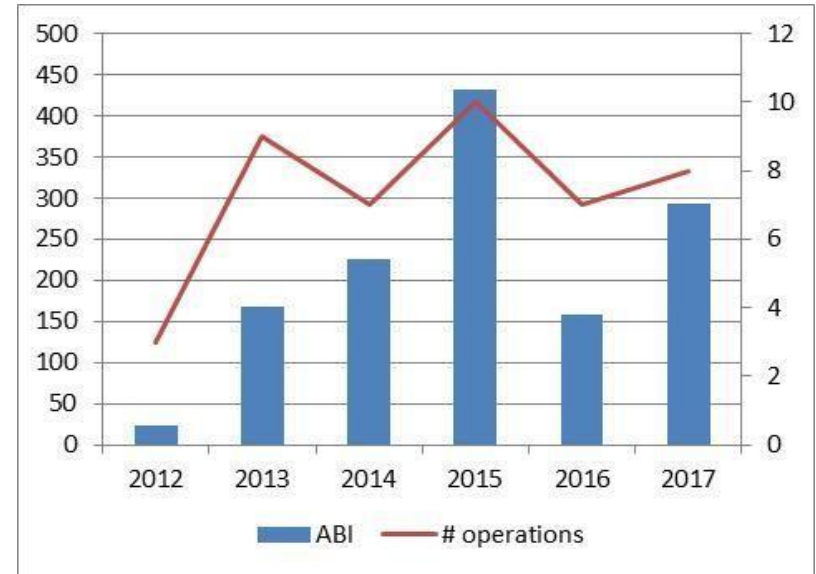
- Bank's 2nd largest country of operation: 1.4bn EUR in 2017.
- 70% of cumulative ABI in the private sector.
- Equity share of portfolio 8%.
- Non-performing loans: 2.1%.
- Green investment in 2017: 65%.
- Presence in Cairo and Alexandria (soon in Suez and Upper Egypt).
- Policy engagement:
  - RE FiT / bankable PPA
  - PPP (6 Oct Dry Port)
  - Reform of oil & gas and electricity sectors
  - Low-carbon cement industry
  - Commercialisation and privatisation of SOEs
  - Green Cities
  - Foreign Investment Council
- Landmark projects:
  - Solar PV projects (Benban)
  - Egyptian National Railways
  - Municipal services (Fayoum)
  - Cairo transport integrated approach
  - SME credit lines, WiB, TFP
  - ASB: c. 650 projects (1/3 for women-led SMEs)





# Activities in Morocco

- Almost 300m EUR in 2017.
- 68% of cumulative ABI in the private sector.
- Equity share of portfolio 13%.
- Non-performing loans: 4.4%.
- Green investment in 2017: 41%.
- Presence in Casablanca and Tangiers.
- Policy engagement:
  - SME local currency framework
  - RE & EE legal frameworks
  - Reform of local debt markets
  - Port infrastructure (Nador West)
  - PPP knowledge transfer (sharing Turkey's experience)
- Landmark projects:
  - 1st irrigation investment and world-class PPP (Saiss)
  - Bank's 1st aeronautics project (Morocco & Tunisia)
  - LCY corporate bond in affordable housing sector
  - SME credit lines, EE, TFP
  - ASB: 400 projects

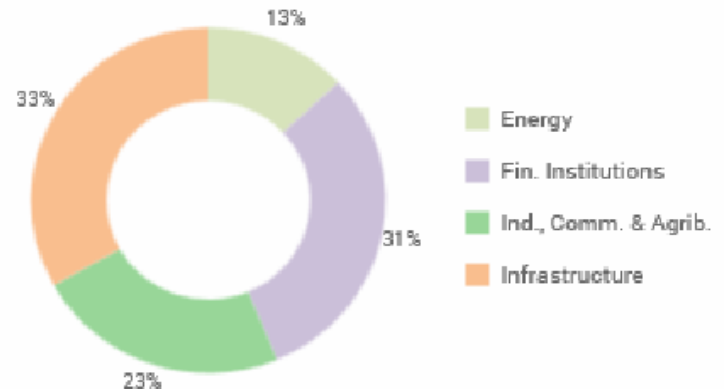
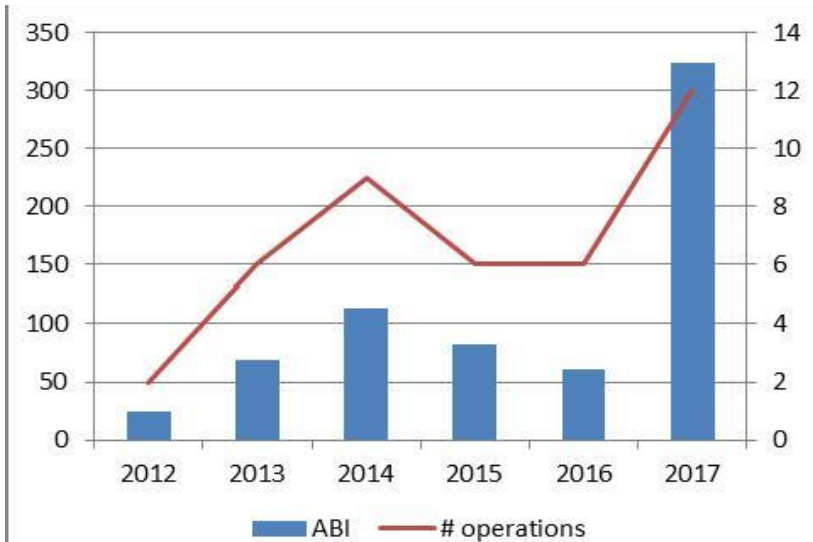






# Activities in Tunisia

- Bank's 10th largest country of operation: 324m EUR in 2017. Last year's star performer.
- 65% of cumulative ABI in the private sector.
- Equity 10%.
- Non-performing loans: 0%.
- Green investment in 2017: 54%.
- Presence in Tunis and Sfax.
- Policy engagement:
  - Private sector participation in RE / PPA
  - Establishment of the Deposit Guarantee Fund
  - Reform of the olive oil sector
  - SME electronic procurement
  - Sovereign benchmark yield curve
  - Investment climate
- Landmark projects:
  - Bizerte Lake project (ONAS)
  - Railway infrastructure project (SNCFT)
  - Acquisition of UK-listed company (Vermeg)
  - ASB: c. 600 projects (almost as in Egypt)



# Support to SMEs (Finance) in SEMED



**European Bank**  
for Reconstruction and Development

- **Indirect lending via local banks:** 41 operations, 831m EUR portfolio.

*Including Women in Business (Egypt, two banks, 40m USD), Microfund for Women (Jordan, 3m USD).*

- **SME standalone risk-sharing with local banks (RSF):** Tunisia (signed in February, 10m EUR), Jordan (pre-signing, 20m USD), Morocco (approval, 30m EUR).
- **Direct finance to high-growth SME:** 10 operations, 46m EUR. Local/Foreign currency finance 10% and growing (Morocco and Tunisia – 80% of the pipeline 2018).

*Including thematic programmes for SME (EU Value Chains, FINTECC – climate-friendly technologies, Youth Employment – in development).*

- **Blue Ribbon programme launched in 2017:** Dedicated integrated 5y programme focused on attracting new “local champion” clients. Package of finance and extended advisory to selected companies. Direct finance beneficiaries, also ASB clients. So far in Tunisia (Teriak), Morocco (S2M and 10rajob) and Egypt (El Abd White Point).

# Support to SMEs (Advisory) in SEMED



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for Reconstruction and Development

- More than 1,880 advisory projects conducted since 2012:
  - *88% of projects lead by local consultants; 12% led by international advisors.*
  - *20% of projects for the benefit of women-led enterprises.*
- More than 150 training days for local consultants, with an average attendance of 15 consultants per training.
- Special trainings to Women in Business; more than 400 women benefited.
- Almost 280 market development activities, in addition to 15 sector-focused workshops.
- Capacity building support to 10 leading business associations in Tunisia.



# III. Selected Investments & Policy Dialogue



# Tunisia – Policy Dialogue to improve quality standards in the olive oil sector



**European Bank**  
for Reconstruction and Development

The EBRD, together with FAO, is working with public-private stakeholders in Tunisia and Morocco's olive oil sectors to support:

- **Sector review** to assess the efficiency of the countries' olive and olive oil production and identify investment needs;
- **Public-private working groups** set up to lead dialogue with the government and address key issues in the sector;
- **Trainings** of over 600 farmers on best practice in farming, pruning and water management;
- **Knowledge exchange** and sharing best practice between inter-professional organisations from Spain and Italy and local producers/associations;
- Providing **technical assistance and expertise** to support product quality certification, traceability and labelling schemes.



# Value Chain Competitiveness Program – Tunisia and Morocco – FIGEAC AÉRO – supporting a major company’s value chain



**European Bank**  
for Reconstruction and Development

Signed in  
**2017**

The logo for FIGEAC AÉRO, featuring the company name in a stylized font with a blue and yellow swoosh above it.



- **FIGEAC AÉRO** is a leading partner of major aerospace industry companies.
- The EBRD provided a **€38 million loan** to support FIGEAC AÉRO's planned investments to expand its production capacity in Tunisia and Morocco.
- The Project will support the transfer of skills and advanced technologies and an **improvement in local quality standards** towards international levels.
- The Value Chain Competitiveness Program will provide tailored **business advisory** to Figeac Aéro's **local SME suppliers** in Tunisia and Morocco to improve their competitiveness.



2016

**sovena**  
Group



## Borges

Sovena MENA and Tiba Foods are Tunisian subsidiaries of Sovena Group, the leading Portuguese producer and distributor of olive oil and oilseeds oils, olives and soaps, with facilities in 7 countries and exports to over 70 countries in Europe, Africa and the Americas.

The Group is the world's largest private label supplier of olive oil and is increasingly developing its own brands (e.g. Olivari, Fontoliva etc).

## EBRD Financing

A EUR 5m working capital loan to expand Sovena's olive oil sourcing operations in Tunisia and further strengthen their relationship with their partner suppliers. It will also support the increase of Sovena's olive oil bottling operations in Tunisia.



# Morocco – Maghreb Industries – Financing the First Private Sector Sponsored PV Project



European Bank  
for Reconstruction and Development

2015



- Maghreb Industries, a locally-owned SME and leading chewing gum and confectionery producer in Morocco.
- The EBRD provided a **EUR 4.6 million loan** (in MAD equivalent)
- The transaction will support:
  - construction and operation of a modern, energy efficient facility in Casablanca powered by a 1.4 Megawatt rooftop solar plant, one of the first of this size in Morocco;
  - Around one third of energy used in future will be renewable, leading to a significant demonstration effect.

The project benefited from Technical Cooperation funds made available under the Advice for Agribusiness programme support through two international industry experts, the Small Business Initiative, and Energy Efficiency team support.

The Project also won in 2016 the EBRD Sustainability Award in the “Environmental and Social Innovation” category.



# Morocco – Frulact – Supporting Value Creation in the Local Fruit and Dairy Sectors



**European Bank**  
for Reconstruction and Development

2013



## Frulact

Frulact is a Portuguese company, specialised in the production of fruit preparations for the dairy sector. Danone, Senoble, Lactalis, and Yoplait are among its clients.

## EBRD Financing

A EUR 4m long term loan to finance a new processing plant and additional working capital.

The EBRD's investment will help Frulact increase its processing capacity in Morocco by 75 percent, thereby allowing the company to buy more from local fruit producers, and create more value in the local fruit and dairy sectors.