1. Introduction to EBRD

2. EBRD in Tunisia
What is the EBRD?

EBRD snapshot

- International Financial Institution created in 1991 for the promotion of transition to market economies in the ex USSR countries
- Based in London
- Covering 38 countries, from Centrale Europe to Central Asia including the Mediterranean basin
- Capital base of €30 billion
- Triple-A rated by all 3 rating agencies
- Covering almost all economy sectors
- Private sector accounted for more than 79% share

EUR 131 billion cumulative commitments

> €9.5 billion invested in 2018 in 395 projects
> Debt 91% & Equity 9%
**Objectives**

- To mobilise significant foreign direct investment
- To promote transition to market economies by investing mainly in the private sector, with a focus on SME’s
- To support privatisation, restructuring and better municipal services to improve people’s lives
- To encourage environmentally sound and sustainable development

**Shareholding structure**

Owned by 67 countries and two inter-governmental institutions (EU, EIB):

- **EU** (27 countries) 62.7%
- **Japan** 8.6%
- **USA** 10%
- **Others** 11.3%
- **EBRD Area** (except EU) 7.3%
- **UK and EBRD**: at a glance
  - 8.52% capital share
  - €116mn donor funds
  - €22.5bn UK-EBRD investments

Tunisia is an EBRD shareholder since end 2011
EBRD finances diverse ranges of companies

EBRD portfolio distribution by sector at end 2018

**Energy 24%**
- Power and energy,
- Natural resources

**Financial Institutions 22%**
- Bank lending, Bank equity, Small business finance, Insurance and financial services, Micro-finance, Leasing, Capital Markets

**Infrastructure 29%**
- Municipal and environmental infrastructure, Transport

**Corporate 25%**
- Manufacturing and services, Agribusiness, Equity Funds, Property and tourism, Information and communication technologies
EBRD’s intervention relies on 3 core principles

### Sound Banking practices
- Financially viable projects
- In collaboration with the private sector

### Transition Impact
Foster the transition towards a sustainable market economy demonstrating the following qualities:
- Competitive
- Green
- Well governed
- Inclusive
- Resilient
- Integrated

### Additionality
- Provide additional funds complementary to those from commercial banks
Key strengths of the EBRD

**Institutional**

- Strong, internationally recognised financial partner with long-term perspective *(rated AAA)*
- Work closely with market sources of capital to fill “market gaps”
- Close working relationships with governments and shareholders to reinforce the legal and regulatory framework for the private sector
- Political leverage due to EBRD’s unique mandate and shareholder structure
- Offer Technical Assistance financed by donors
- Finance Energy Efficiency projects and investments in renewable energy projects

**Operational**

- Extensive knowledge of local economy, business environment and practices, local presence
- Institutional partner with a long-term perspective, who shares risks, including political risk
- EBRD finance can be a catalyst to access additional equity, debt and trade finance
- Capacity for innovation: development of new products on local financial markets (mezzanine, bonds, etc.)
- High standards for corporate governance and compliance
- Offer Technical Assistance financed by donors
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EBRD in Tunisia

- Tunisia is a shareholder within the EBRD and is represented in its Board of Directors
- EBRD has a permanent office in Tunisia since 2013, with 20 professionals, including 8 bankers
- In 2016, EBRD opens an office in Sfax (1st IFI to be represented outside Tunis)
- EBRD defined together with the local authorities, 4 strategic priorities in Tunisia:

  **Priority 1**
  Support Tunisia’s Competitiveness by Opening Markets, Strengthening Governance, and Levelling the Playing Field

  **Priority 2**
  Promote Economic Inclusion for Women, Young People and Populations Living in Remote Areas Through Private Sector Engagement

  **Priority 3**
  Strengthen Resilience of the Financial Sector and Broaden Access to Finance

  **Priority 4**
  Support Tunisia’s Green Economy Transition
EBRD offers a wide range of financing solutions adapted to each project specific needs

**Debt**
- Senior, subordinated, convertible
- Project finance, Syndication
- Short / Long Term
- Foreign (EUR, USD) / Local currency (TND)
- Bonds / Co-Financing
- Guarantees / Trade Finance
- Floating / Fixed rates

**Equity**
- Direct investments in companies
  - Minority investor (up to 35%)
  - Privatisations / Pre-IPO Strategy
  - Full range of instruments (ordinary shares, pref. shares, mezzanine, etc.)
- Investments in Private Equity funds
- Co-investments

**Technical Cooperation:**
Technical assistance to financially viable projects

**Advisory for Small Businesses (« ASB »)**
Advisory services dedicated to MSMEs
A dedicated program to SME’s

The EBRD has set up a local currency financing program for the profit of Tunisian SMEs

Signing of a Memorandum of Understanding between the EBRD and the Ministry of Finance

Financing of SME’s:

➢ Provides access to more competitive market rates
➢ Stimulates the credit market in local currency
➢ Diversifies sources of funding in local currency

Technical Cooperation:

Measures under study by the Ministry of Finance in order to:

✓ Improve intermediation in local currency
✓ Develop local capital market
✓ Increase financial stability in Tunisia
EBRD portfolio in Tunisia

Tailored financial products

- Debt (Senior, subordinated, convertible), equity (ordinary shares, pref. shares, mezzanine)
- TND, EUR, USD
- Starting tickets at €1m
- Short / long term (up to 18 years)
- Bonds, co-financing
- Project finance, Syndication
- Guarantees, trade finance
- Floating / Fixed rates

> Total cumulative investments since 2012: 860 M EUR in more than 40 projects (70% private sector)
> Technical Assistance to close to 900 local SME’s
EBRD Regional Engagement:

Two thirds of EBRD cumulative investment (ca. € 500) and support to SMEs (400 companies) is done outside Greater Tunis

- ONAS: Depollution of the Bizerte Lake (EUR 20m)
- Sanluar: Financing of a raspberry farm (EUR 4m)
- STEG: Reinforcement and strengthening of the national electrical transmission grid in the North East of Tunisia (EUR 46.5m)
- IFFCO: Production development, supply and bottling of olive oil (EUR 8.5m)
- Dräxlmaier: Production capacity expansion (EUR 6.2m)
- SNCFT: Railway Network Upgrade and Purchase of Electric Multiple Units ("EMUs") (EUR 160 m)
- Borges: Production development (EUR 15m)
- Sovena: Production development, supply and bottling of olive oil (EUR 5m)
- Serinus: Development of oil and gas field (EUR 46.2m)
- Financial Institutions: over 1/3 of EBRD credit lines to banks, leasing and microfinance institutions directed outside Greater Tunis (EUR 80m)
- ONAS Sanitation Programme in 33 small regional cities (EUR 75m)
## Support to Reforms

### Financial Sector
- Restructuring of the banking sector
- Efforts to clean up non-performing loans
- Development of non-banking financial sector (e.g. microfinance, factoring)
- Capital markets development

### Energy and Sustainable Dev.
- Renewable energy framework for private sector investment (PPA)
- Support to STEG on improvement in governance, financial reporting, and FX risk mitigation

### Infrastructure
- Review of 2015 PPP Law
- Review of 2008 Concession Law
- Support for improving ONAS financial sustainability
- Productivity of port operations

### SME and Private Sector Development
- Support to Tunisia Investment Authority
- Development of a growth strategy for the olive oil sector (w/ FAO)
- Increasing SMEs participation in electronic public procurement
Advisory for Small Businesses

**ASB overview**

- Technical assistance programs developed to address specific **organizational, operational management & governance** issues.
- Business advisory to promote **best international practices** in management and **technical know how** and to strengthen competitiveness of SME’s and stimulate their growth.
- Providing advisory through local and **international industrial experts**.
- 900 projects.
- Total donor’s fund = € 14 m.
- Gender: 11% of the projects were managed by female entrepreneurs.
- **Regional inclusion**: 60% of the projects were developed outside of Tunis including rural.

**Impact of ASB projects**

- **Impact on Exports**
  38% increase in exports
- **Impact of Clients Turnover**
  77% of clients had an increase in turnover (+51% in average)
- **Impact on the productivity**
  56% of clients had an increase in productivity (+25% in average)
- **Job creation**
  60% of clients had an increase in employees (+29% in average)

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