

OVERVIEW

EBRD'S EXPERIENCE IN FINANCING THE SUSTAINABLE DEVELOPMENT GOALS IN SOUTHERN AND EASTERN MEDITERRANEAN (SEMED)

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EBRD's Transition Mandate

Since its creation in 1991, the European Bank for Reconstruction and Development (EBRD) has been committed to furthering the transition towards market-oriented economies and the promotion of private and entrepreneurial initiatives. This transition remains EBRD's guiding mission in a context of emerging global challenges and in particular, of the challenges in the Southern and Eastern Mediterranean (SEMED), EBRD's latest region of operation.

In 2017, EBRD reviewed what it means by transition. Twenty-five years after its founding, it became evident that markets per se are not always capable of delivering desirable outcomes. The kind of markets EBRD wants to support should be competitive, resilient and integrated, but also inclusive, well governed, and green. By promoting these six transition qualities in building markets through its investments and policy engagements, the Bank supports the SDGs in its countries of operation, including SEMED.

EBRD in SEMED

EBRD's expansion into SEMED began in May 2011, in the aftermath of the Arab uprisings. Under the Deauville Partnership, the international community requested EBRD's support in SEMED, building on the Bank's unique work in Central and Eastern Europe. Currently, the Bank has seven regional offices in Cairo and Alexandria (Egypt), Amman (Jordan), Casablanca and Tangiers (Morocco), and Tunis and Sfax (Tunisia), and is in the process of establishing an office in Beirut (Lebanon). Moreover, in May 2017, EBRD's Board of Governors approved its engagement in the West Bank and Gaza through two trust funds and has since launched its first investment there. As of April 2018, EBRD invested almost EUR6.8 billion in about 180 projects in SEMED, with 73 percent of investments going to the private sector. The largest share, 40 percent, was invested in financial institutions, followed by 24 percent in energy, 21 percent in infrastructure, and 15 percent in industry, commerce, and agribusiness sectors. In addition, EBRD provided over EUR250 million in technical assistance funded by its donors and shareholders.

EBRD and SDGs

EBRD's six qualities of transition, and the Bank's focus on building sustainable markets, place the institution as a strong tool to deliver the SDGs. As such, EBRD is in a unique position to contribute to the SDGs through concrete support for market economies where the private sector and the state work together. In all the projects it finances, EBRD aims to build markets that improve the living conditions of populations, contribute to generating growth and reducing poverty, and help build greener economies. The examples below show how the Bank's operations contribute to the SDGs in practice.

SDG 2: Zero Hunger

EBRD promotes sustainable agriculture and food security. In Egypt, thanks to EBRD's investment in a local dairy company, farmers received technical training on sustainable agricultural practices and improvements in quality management, health, and safety. Moreover, EBRD collaborated with the United Nations Food and Agriculture Organisation (FAO) and large commodity traders in establishing the Egyptian Grain Suppliers Association to facilitate public-private sector dialogue, enhance the policy environment, remove barriers to trade, increase resilience to price volatility, boost the competitiveness of the sector, and improve Egypt's food security. Overall, EBRD invested EUR327 million in 25 agribusiness projects since 2012 in the SEMED region.

SDGs 5 and 10: Gender Equality and Reduced Inequalities

EBRD contributes to ensuring equal access to reliable and safe transport. In Egypt, EBRD supported the Egyptian National Railways (ENR) to enhance the economic inclusion of women and their safety on public trains and to close the gender gap in the access to public transport services. The Bank worked with ENR to implement a focused awareness campaign to combat sexual harassment in railway transport, complementing a number of other new safety measures.

EBRD also provides credit lines and tailored advisory to women-led SMEs. In Egypt, the Women in Business (WiB) programme promotes women's entrepreneurship and their participation in the economy. The programme combines dedicated financing and technical assistance for capacity building.

SDG 6: Clean Water and Sanitation

EBRD invests in improving water and wastewater connections and irrigation systems. In Morocco, EBRD supported the Saïss Water Conservation Project to deliver over 100 million m³ of water to the Saïss plain each year, improve access to irrigation, and revitalise commercial agriculture, thereby improving water capacity for 1.8 million Moroccans. The investment was accompanied by technical cooperation to improve the economic opportunities for, and increase the number of, women entrepreneurs in sustainable agriculture. EBRD also financed the provision of drinking water supply to three medium-sized cities and 260 rural communities in three less developed regions, benefitting 480,000 inhabitants.

In Egypt, EBRD financed the Fayoum Wastewater Expansion Programme that will provide first time sanitation to 806,000 inhabitants in 83 villages and will also contribute to the depollution of Lake Qarun and restore and enhance local employment opportunities in agriculture and fishery, leading to the creation of 30,000 new jobs. EBRD also financed the Kafr El Sheikh Wastewater Expansion Programme.

As part of its wider engagement with the Water Authority of Jordan aimed at upgrading Jordan's wastewater system, EBRD financed the construction of a wastewater network in 15 towns in West Irbid, providing first time sanitation to 105,000 residents and generating employment for both host and refugee communities, as part of EBRD's refugee crisis response programme. The activities were complemented by an awareness campaign on responsible water use. EBRD also financed the construction of a new wastewater pipeline from East Zarqa, a landfill gas recovery system at Al Ghabawi landfill of Amman, and a new wastewater conveyor from the Ain Ghazal treatment plant.

In Tunisia, EBRD financed an environmental clean-up project for Lake Bizerte to improve wastewater services to 400,000 inhabitants and alleviate contamination.

SDGs 4 and 8: Quality Education, Decent Work, and Economic Growth

EBRD is working to address the high unemployment rates and skills mismatch persistent across the SEMED region, which are more pronounced for certain groups. For this reason, EBRD works with clients across several sectors to develop work-based training and employment programmes, support the creation of skills and employment opportunities, and provide pathways into jobs for women, youth, refugees, and employees from less-developed regions.

In Morocco and Tunisia, EBRD supports the capacity expansion of a leading supplier of aero-structures and high precision metal parts that will create new employment and training opportunities for young technicians and engineering students to acquire valuable transferable skills and professional experience, through quality internship and apprenticeship programmes implemented in partnership with local education institutions.

In Jordan, jointly with Aqaba Special Economic Zone Authority, EBRD supported the regeneration and repositioning of Ayla Oasis into a prime tourist destination, incorporating advanced sustainability standards in hotels and entertainment facilities along with high quality local training for youth. This included technical assistance for the development of a youth inclusion model and national and regional policy dialogue to promote inclusive employment practices in the tourism sector, as well as the establishment of a vocational training and testing centre. Moreover, EBRD has supported the Abdali Mall Recruitment and Training Centre in Amman since 2013, which led to the creation of a Sector Skills Council in the hospitality and tourism sector. Driven by our private sector clients, the Council brings together employers and education authorities to reform and improve national skills standards and apprenticeship models in line with industry requirements and international best practices. EBRD's existing collaboration with its clients created numerous employment and training opportunities for young Jordanians and refugees from Syria.

EBRD also supports the introduction of inclusive public procurement practices to provide underserved groups with work experience and exposure to potential employers. In Egypt, EBRD provided technical support to the National Authority for Tunnels to introduce a new requirement into the procurement process that encourages private sector suppliers to offer on-site training opportunities to youth and supports the development of vocational training curricula in relevant disciplines.

SDGs 7, 12, and 13: Affordable and Clean Energy, Responsible Resource Consumption and Production, and Climate Action

EBRD's commitment to promote environmentally sound and sustainable development and to sustainable energy was made explicit since the founding of the Bank. More recently, its Green Economy Transition approach made climate finance a key measure of EBRD's performance. This is guided by the Bank's Environmental and Social Policy (ESP) that incorporates performance requirements,

to be met by all projects that it finances to minimise the adverse impacts of these projects on the environment.

In Egypt, EBRD advised on the development of a bankable power purchase agreement for solar energy and financed 16 projects within the framework for private renewable energy production under the government's feed-in-tariff programme. The supported projects – the first private utility-scale renewable projects in a sector otherwise dominated by the use of hydrocarbons – will reduce carbon dioxide emissions by 900,000 tonnes a year, bring significant investment to the region where they are built in Upper Egypt, and contribute to job creation and poverty alleviation.

EBRD extends Sustainable Energy Financing Facilities (SEFF) to financial institutions in Egypt, Jordan, and Morocco, for on-lending to eligible private sub-borrowers to finance sustainable energy investments. SEFF promotes the penetration of energy efficient and renewable energy technologies by stimulating demand and raising awareness of the benefits of such technologies.

In the SEMED region, EBRD invested EUR1.1 billion in 34 power and energy projects since 2012, and Euro 570 million in 13 natural resources projects since 2013.

SDG 9: Industry, Innovation, and Infrastructure

EBRD supports the inclusion of the SEMED region in global value chains and the transfer of innovative practices by promoting global traders in agricultural commodities. EBRD financed the increase in the volume of dried onions exported from a firm in Egypt, while also transferring expertise to its suppliers from the firm's operations abroad. Moreover, EBRD financed the subsidiary of a global manufacturer of yeast and yeast extract in Egypt to build new production facilities in an area with high levels of poverty and unemployment, thereby supporting Egypt's efforts to attract foreign direct investment in the agribusiness sector.

In Jordan, EBRD increases small businesses' access to finance and knowledge through a USD 60 million micro, small and medium enterprises (MSME) framework to promote growth and competitiveness. Thousands of MSMEs in various sectors benefit from this credit line, established in partnership with four local banks and the non-profit company Microfund for Women.

In the SEMED region, EBRD invested EUR270 million in 17 manufacturing and services projects and EUR30 million in

two information and communication technologies projects since 2013.

SDG 11: Sustainable Cities and Communities

EBRD invests in infrastructure through municipal and environmental infrastructure and transport projects to upgrade road networks that substantially enhance connectivity of populations. In Morocco, EBRD financed the construction of the infrastructure of the Nador West Med Port, which contributes to the reduction of regional disparities, supports the economic development of the Oriental Region, and improves regional access to infrastructure. In Tunisia, EBRD financed the Société Nationale des Chemins de Fer Tunisiens (SNCFT) to double, electrify, upgrade, and realign two rail lines, and purchase electric multiple units to enhance the network's capacity, performance, reliability, and safety. EBRD invested EUR817 million in six transport projects in the SEMED region since 2014 and EUR649 million in 15 municipal and environmental infrastructure projects since 2012.

EBRD fosters innovation and knowledge economy development in the SEMED region. In Tunisia, EBRD financed a local banking and insurance software developer's acquisition of a leading global provider of integrated regulatory reporting and collateral management solutions, and supported its growth strategy of consolidating its global reach while reinforcing its local research and development capabilities.

In Egypt, EBRD supports the regeneration of downtown Cairo through investment and technical support. EBRD is financing the refurbishment, regeneration, and revitalisation of a number of historic buildings located in Downtown Cairo to meet improved sustainable building standards while preserving the historic architecture and period features and increasing the availability of high quality modern commercial space. EBRD also engaged in consultant services to analyse the state of urban regeneration measures in Cairo, develop recommendations for an integrated and sustainable regeneration of Downtown Cairo, and work with public and private stakeholders to promote improved sustainability standards of the built environment and urban regeneration.

In Jordan, EBRD finances the medicine production of a leading pharmaceutical group through the acquisition of intellectual property rights, which are important for the development of sophisticated medicines at affordable prices.