

# EBRD in Tunisia

*July 2019*



**European Bank**  
for Reconstruction and Development

## 1. Introduction to EBRD

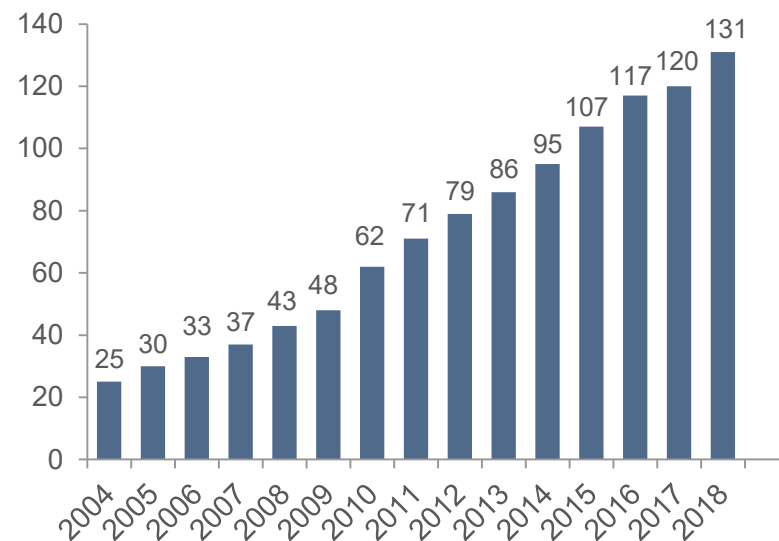
## 2. EBRD in Tunisia

# 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%

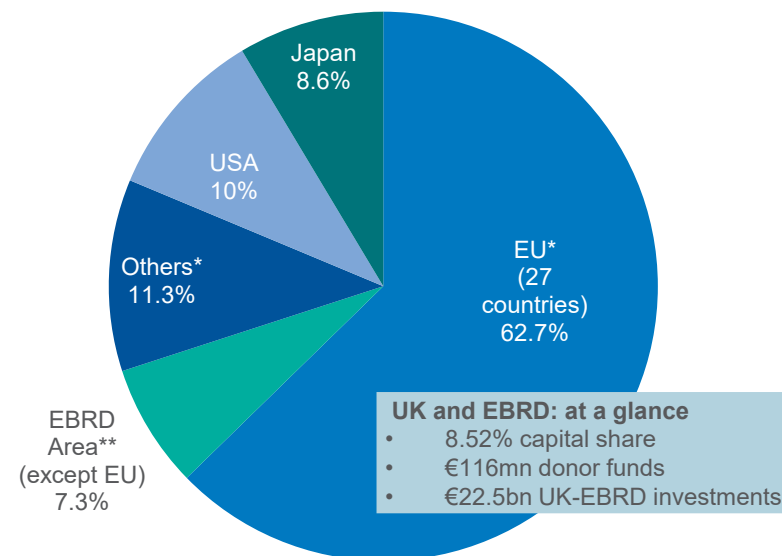
# Objectives and shareholding structure

## 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) :



Tunisia is an EBRD shareholder since end 2011

# EBRD finances diverse ranges of companies

## EBRD portfolio distribution by sector at end 2018

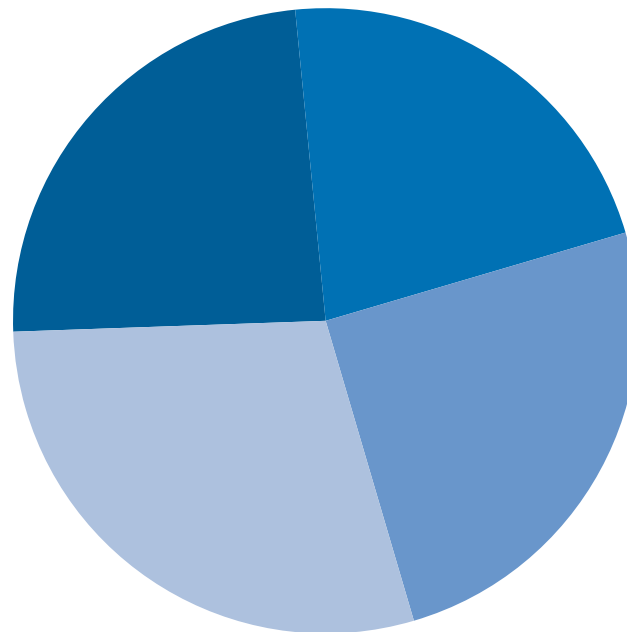
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### Energy 24%

Power and energy,  
Natural resources

### Infrastructure 29%

Municipal and environmental  
infrastructure, Transport



### Financial Institutions 22%

Bank lending, Bank equity, Small  
business finance, Insurance and  
financial services, Micro-finance,  
Leasing, Capital Markets

### 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
- Finance Energy Efficiency projects and investments in renewable energy projects

1. Introduction to EBRD

**2. 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

EBRD offers a wide range of financing solutions adapted to each project specific needs

## Advisory for Small Businesses (« ASB ») Advisory services dedicated to MSMEs

### 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

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:

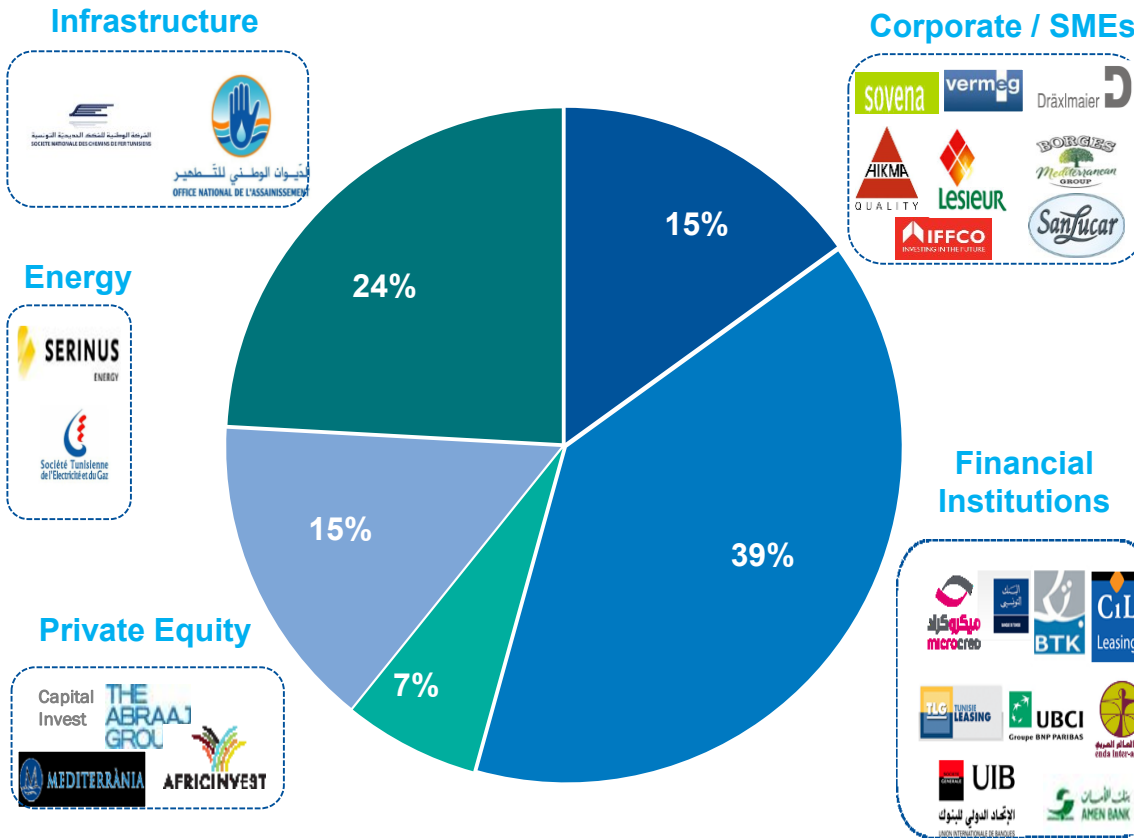
- Provides access to more competitive market rates
- Stimulates the credit market in local currency
- Diversifies sources of funding in local currency

### 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



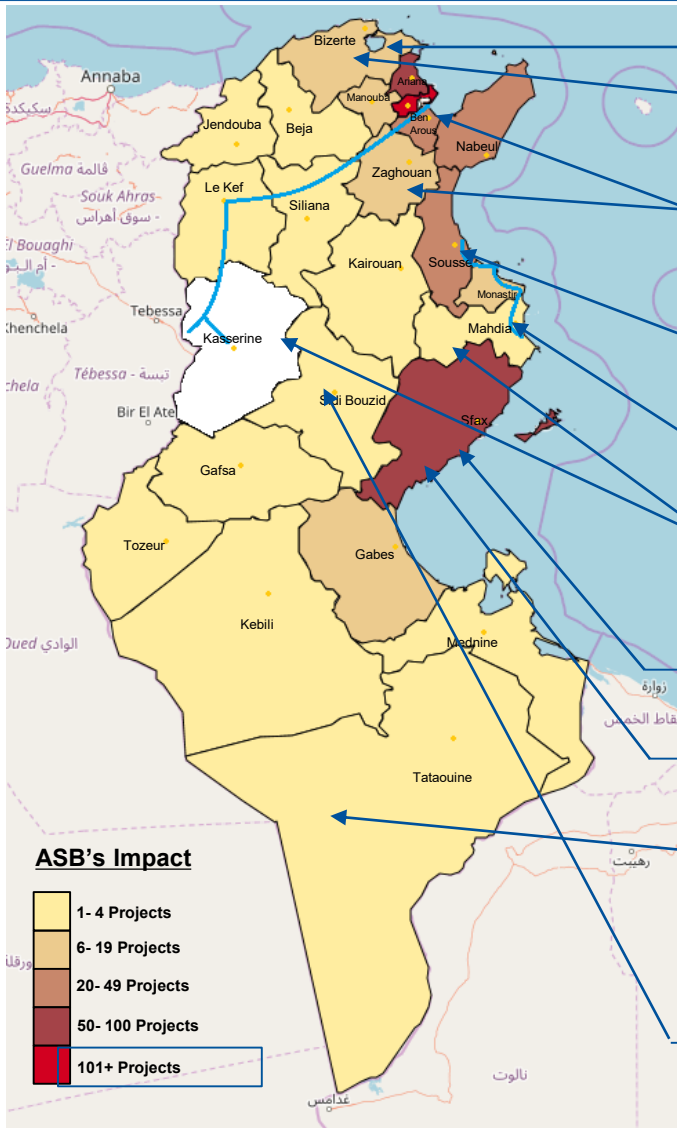
## Tailored financial products

- 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)
- Sanlucar: 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

## 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)

# Contacts



**Banque Européenne**  
pour la Reconstruction et le Développement

Antoine Sallé de Chou  
Head of Office  
Tel: +216 70 011 500  
[sallea@ebrd.com](mailto:sallea@ebrd.com)

