



Facility for Euro-Mediterranean Investment and Partnership

MED 5P

EU Public-Private Partnership Project Preparation
Advisory facility for the Southern Neighbourhood



- Why a PPP project preparation advisory facility for the Southern Neighbourhood?
- What is MED 5P and what kind of support does it provide?
- How can potential beneficiaries request MED 5P support?

Why a PPP project preparation facility for the Southern Neighbourhood?

Infrastructure is a priority in the Southern Neighbourhood...

Countries in the Southern Neighbourhood are going through a period of sweeping changes, rooted in numerous factors, among which are the stalling of economic growth and high unemployment. In most countries in the region, this situation is exacerbated by significant infrastructure gaps which both hamper competitiveness and frustrate citizens with poor services.

An acceleration in infrastructure investment is fundamental to address these gaps and to reignite growth and job creation. In addition, stronger attention must be paid to the sustainability of infrastructure investments and the quality of the services they provide to citizens.

... and there is a considerable need for investment

The investments needed to close the infrastructure gaps in the Mediterranean region by 2020 are estimated at almost EUR 23 billion per annum.

Such investments could make a critical contribution to maintaining growth rates at levels comparable to the past and avoiding structural deceleration in these economies.

Involving the private sector in the delivery of infrastructure services is necessary...

A strong acceleration of infrastructure investment is currently beyond the finan-



cial reach of most governments in the Southern Neighbourhood, even with the offer of substantial resources by international financial institutions (IFIs).

Achieving sufficient investment volumes to fill the infrastructure gap will therefore require greater involvement of the private sector in the delivery of infrastructure services.

Besides financial resources, wider private sector participation can also mobilise

additional expertise for the implementation and operation of more sustainable and user-oriented infrastructure projects.

...but there are obstacles to overcome

The number of public-private partnership (PPP) projects reaching financial close in the Southern Neighbourhood is substantially lower than in other developing regions.



An EIB study on PPPs in Mediterranean countries¹ highlighted a number of factors that are hampering the involvement of the private sector in infrastructure investment in the region. Among these are:

- limited PPP expertise;
- weak legal and financial frameworks; and
- limited capacity and insufficient resources available for PPP project preparation.

Supporting project preparation is key to unblocking PPPs in the region

Many Southern Neighbourhood countries have been active in developing their PPP expertise and implementing reforms to foster private sector participation.

Yet, despite important reforms having been implemented, most countries in the region still have material difficulties

in putting together pipelines of bankable PPP projects, with the high costs and complexity of preparing PPPs often representing an insuperable obstacle for their procuring authorities.

Not only is this blocking the implementation of important infrastructure projects, it is also impeding the further development of PPP capacity, as the reformed PPP frameworks remain largely untested.

¹ "PPP Legal & Financial Frameworks in the Mediterranean Partner Countries" is available at: <http://www.eib.org/infocentre/publications/all/femip-study-on-ppp-legal-and-financial-frameworks-in-the-mediterranean-partner-countries.htm>

Introducing MED 5P

MED 5P (Public-Private Partnership Project Preparation) is an advisory facility created to support public authorities in **Egypt, Jordan, Lebanon, Morocco and Tunisia** in the preparation, procurement and implementation of PPP infrastructure projects.

What does MED 5P do?

MED 5P supports the preparation, procurement and implementation of individual PPP projects. MED 5P support includes:

- **grants** to fund the technical, legal and financial consultancies required to develop, structure and procure an individual PPP project; and
- **technical support** for procurement and the supervision of the consultancies funded by MED 5P grants.



What are MED 5P's objectives and how does it contribute to the implementation of EU policy?

The primary objective of MED 5P is to unblock a number of PPP projects in Egypt, Jordan, Lebanon, Morocco and Tunisia. By doing so, the facility is expected to produce a demonstration effect and promote wider and more efficient usage of PPP schemes for the implementation of infrastructure investments in the region.

MED 5P operations are designed to contribute to the implementation of EU policy objectives in the countries involved. In particular, they will seek to contribute to:

- the advancement towards an integrated infrastructure in the whole Mediterranean region;

- the promotion of good governance in the procurement of PPPs; and
- the mitigation of climate change and adaptation to its effects.

Who is involved in MED 5P?

MED 5P is a joint initiative led by the **European Investment Bank (EIB)**, in collaboration with the other MED 5P partner organisations: **Agence Française de Développement (AFD)**, the **European Bank for Reconstruction and Development (EBRD)** and **Kreditanstalt für Wiederaufbau Bankengruppe (KfW)**. The **Union for the Mediterranean (UfM)** participates in the steering committee of the facility as an observer.

Who finances MED 5P and what resources are available?

MED 5P is funded by the **European Union** through the Neighbourhood Investment Facility (NIF) of the European Commission (Directorate-General for Development and Cooperation – EuropeAid).

Overall, the MED 5P facility expects to have a total budget of EUR 15 million, of which a first tranche of EUR 5 million has already been made available.

Is MED 5P operational?

MED 5P commenced its activities in March 2014 and it is currently possible to submit requests for MED 5P support.

The support available

What kind of PPP advisory services can be funded with MED 5P grants?

MED 5P grants can fund legal, technical and financial advisory services. Typically, MED 5P grants are used to fund:

- the **pre-feasibility assessment** of a potential PPP project;
- the **feasibility study** of a potential PPP project;
- **transaction advice** for the structuring, procurement and implementation of a PPP project at an advanced stage of preparation.

Who procures the advisory services funded by MED 5P?

MED 5P-funded consultancies are procured either by the EIB (the primary administrator of MED 5P advisory operations) or by the beneficiary.

When the beneficiary procures MED 5P-funded advisory services, the procurement procedure followed must be compliant with the EIB procurement policy².

Can beneficiaries receive technical support in the procurement and supervision of MED 5P-funded consultancies?

In addition to funding consultancies through grants, MED 5P can mobilise experts from its partner organisations, from the European PPP Expertise Centre (EPEC)³ or from other relevant entities in order to support the beneficiary in the procurement and the supervision of the consultancies funded by MED 5P grants.

Depending on the case, MED 5P can work as:

- an **“honest broker”** that works alongside the beneficiary and its advisors and provides independent and critical advice while retaining a degree of separation; or
- a **“lead advisor”** that directly manages the consultants on behalf of the beneficiary under a specific mandate.

Will beneficiaries need to co-finance part of their MED 5P advisory operations?

MED 5P beneficiaries may be required to co-finance a limited part of the cost associated with the advisory operation.

However, in specific cases (e.g. project development milestones) such contribution can be waived or refunded.

Are MED 5P grants conditional on the use of lending or other financing support from a MED 5P partner organisation?

The award of MED 5P grants is not conditional on the association of any MED 5P partner organisation with the financing of the supported project.

How long does a MED 5P advisory operation last?

The duration of MED 5P advisory operations is determined on a case-by-case basis according to the needs of the supported project.

Considering that the preparation of a PPP project can require approximately 18 to 24 months, MED 5P operations are expected to remain within this time frame.

What happens if the project is cancelled during the advisory operation?

MED 5P considers the likelihood of cancellation of the project when approving advisory operations. In principle, only projects with a limited chance of being cancelled are granted support by MED 5P.

For each operation, MED 5P and the beneficiary agree on a course of action in the event of a project cancellation (or other major disrupting event) during the advisory operation.



² For more information on the EIB procurement policy see: <http://www.eib.org/infocentre/publications/all/guide-for-procurement-of-services-supplies-and-works-by-the-eib-for-its-own-account.htm>

³ For more information on EPEC see: <http://www.eib.org/epec>

How to request support

How can MED 5P support be requested?

Potential beneficiaries in Egypt, Jordan, Lebanon, Morocco and Tunisia need to approach a MED 5P partner organisation to act as Supporting Partner and collaborate with it in the structuring of a MED 5P funding application.

Usually, the potential beneficiary and its Supporting Partner work together to select a good candidate PPP project and collaborate to define the advisory services required and the support to be provided by MED 5P.

At the end of the definition process, the Supporting Partner will submit a proposal to the MED 5P Steering Committee for approval.

Potential beneficiaries alone cannot request MED 5P support. Proposals can

be submitted only by MED 5P partner organisations.

What PPP projects are eligible?

MED 5P can activate advisory services only for candidate projects that:

- are located in one of the following eligible countries: Egypt, Jordan, Lebanon, Morocco and Tunisia;
- concern one of the following sectors:
 - transport;
 - waste management;
 - water and wastewater;
 - energy and renewable energy;
 - social, knowledge and urban infrastructure;
- will be procured through a PPP scheme or have a high potential for being procured as a PPP.

In addition, the scope of candidate projects

must be aligned with the investment orientations of the EU Neighbourhood Investment Facility⁴.

How long does it take MED 5P to evaluate a proposal?

The time to evaluate proposals varies depending on the case. Normally, potential beneficiaries can expect a response within three calendar weeks of submission.

If a potential beneficiary wants to request MED 5P support through the EIB, what projects are more likely to be prioritised?

As a MED 5P partner organisation, the EIB cooperates with eligible counterparts to identify good candidate projects and to structure requests for support to the MED 5P Steering Committee.

⁴ For more information on the NIF see: http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/irc/investment_en.htm



The EIB views ideal candidates as large infrastructure PPP projects (see table below) with strong political support, high potential for being cornerstone transactions (i.e. transactions that can leverage the implementation of similar ones in the region) and for which a positive pre-fea-

sibility study is already available. For such candidate projects, the EIB would suggest a MED 5P operation focused on the financing of consultancies for the structuring of the transaction and the preparation of tender documents.

The EIB would still consider proposals for smaller projects and/or projects for which preparation is less advanced. In such cases, the EIB can submit requests to MED 5P for the production of pre-feasibility assessments and feasibility studies.

EIB prioritisation matrix and support focus for MED 5P candidate projects

	High priority	Medium/low priority	Outside EIB scope for MED 5P projects
Investment value	Over EUR 100 million	Between EUR 100 and 50 million	Lower than EUR 50 million
Project readiness	Recent, positive pre-feasibility study available	No pre-feasibility study available	Scarce project data
Project environment	<ul style="list-style-type: none"> • Good PPP-enabling environment • High political support 	<ul style="list-style-type: none"> • Good to medium political support • Limited uncertainty for monetary/fiscal situation 	<ul style="list-style-type: none"> • No political support • Critical monetary/fiscal situation
Project complexity	Normal project complexity	Potential roadblocks, likely to be overcome in the short to mid-term	Critical high complexity, requiring longer-term stakeholders realignment
Support focus	Transaction structuring and tender preparation	Pre-feasibility or feasibility study	No support available





Facility for Euro-Mediterranean Investment and Partnership



Enquiries on how to access MED 5P support through the EIB can be sent to:

Francesco Totaro

☎ +352 4379-87611
✉ +352 4379-57611
✉ med5p@eib.org

General information

Information Desk

☎ +352 4379-22000
✉ +352 4379-62000
✉ info@eib.org

European Investment Bank

98-100, boulevard Konrad Adenauer
L-2950 Luxembourg
☎ +352 4379-1
✉ +352 437704
www.eib.org/femip

About FEMIP

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together the range of EIB services in support of economic development in the Mediterranean partner countries (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia).

Operational since 2002, FEMIP has provided financing amounting to over EUR 14 billion for operations with two main priorities: private sector support and the creation of an investment-friendly environment. For the period 2014-2020, FEMIP is endowed with at least EUR 9.6 billion to support projects in the partner countries. Alongside lending operations, FEMIP provides technical assistance and advisory services, notably through the FEMIP Trust Fund. These support the preparation and development of projects, with funding amounting to EUR 130 million since 2002.



MED 5P is an initiative financed by the EU