ESCWA EXPERTS GROUP MEETING
INFRASTRUCTURE INVESTMENTS AND
PUBLIC-PRIVATE PARTNERSHIPS
RABAT, MOROCCO – 17/18 APRIL 2013

“UNLOCKING INFRASTRUCTURE INVESTMENTS AND
MOBILIZING FINANCIAL RESOURCES IN THE ARAB REGION”

- In recent years, efforts to introduce Public-Private Partnerships (“PPPs”) for infrastructure investments in most of ESCWA member countries did not deliver on initial high expectations, with few projects implemented and a larger number delayed or cancelled during their tender processes;
- The current and increasing infrastructure gap in the Arab region shows that failure to deliver infrastructure investments cannot be ascribed only to the lack of success of PPPs but is also a result of underperforming traditional public procurement methods;
- While availability and access to financing are fundamental drivers for the successful development of any infrastructure project, investments have been mainly hampered by issues arising from weaknesses in infrastructure strategies and implementation, in particular related to the assessment of infrastructure needs and the appropriate funding mechanisms; in sanctioning sectors and projects priorities with lack of sound feasibility analysis and due diligence, followed by flaws in structuring and execution;
- On the funding side, the economic consequences of the Arab awakening reduced FDIs and private investments in transitional countries, with negative consequences for infrastructure spending;
- Within the context of heightened regional political risk and the wider implications of ongoing changes in global financial markets, with contraction in the pool of long term capital available for infrastructure projects coming from the banking system, the increase in demand for funds should be addressed through the development of alternative sources of funding: multilaterals, institutional investors and capital market instruments, together with advance in neighboring countries investments and the mobilization of financial resources within the Arab region, including sovereign wealth funds and the use of Islamic finance instruments;
- The aim of the ESCWA Experts Group Meeting (“EGM”) is to engage member countries in order to identify sectors and activities that would benefit from advisory services in implementing PPPs provided in partnership with the United Nations Economic Commission for Europe (“UNECE”) International PPP Centre of Excellence (“ICoE”);
- The outcome should be an agenda for ESCWA next steps with a defined and limited number of areas of interest to member countries to be developed and implemented with the cooperation of UNECE ICoE;
- The establishment in member countries of Specialist Centres with focus on areas identified, renewable energy and infrastructure and Islamic finance, should be taken into consideration and be a matter for further discussion.
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<th>Time</th>
<th>Session</th>
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<tr>
<td>08:30 - 09:00</td>
<td><strong>REGISTRATION</strong></td>
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<td>09:00 - 09:30</td>
<td><strong>1. WELCOME ADDRESS AND OPENING REMARKS</strong></td>
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<td>• H.E. Aziz Rabbah</td>
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<td>Minister of Equipment and Transportation</td>
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<td>Kingdom of Morocco</td>
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<td>• Abdallah Al Dardari</td>
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<td>Chief Economist, Director Economic Development and Globalization Division</td>
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<td>• Geoffrey Hamilton</td>
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<td>Chief, Cooperation and Partnerships Section, Economic Cooperation and Integration Division</td>
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<td>United Nations Economic and Social Commission for Western Asia - ESCWA</td>
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<td><strong>2. ENABLING PRIVATE SECTOR PARTICIPATION IN INFRASTRUCTURE INVESTMENTS: PROJECTS SELECTION, STRUCTURING, EXECUTION AND FINANCING IN DIFFERENT COUNTRIES ACROSS THE REGION</strong></td>
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<td><strong>Objective:</strong> outline recent experiences in introducing PPPs across the Arab region, with examples of how sector pipelines and projects have been selected and implemented with ongoing commitments to infrastructure investments and current project pipelines. Each session is structured to encourage interaction between public sector officials and private sector participants in order to gain insights into solutions adopted in setting-up the institutional and regulatory framework to promote PPPs and practices in projects implementation (assessment of infrastructure needs; assignment of priorities to sectors and projects; decision on funding mechanisms following feasibility analysis; deal structuring, tendering and financing).</td>
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<td>09:30 - 10:45</td>
<td><strong>2.1. MOROCCO</strong></td>
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<td>The country civil code legal system has allowed public bodies to enter into partnership agreements with private developers and investors in a number of sectors, including energy, agriculture, water supply and ports, even in the absence of a specific PPPs regulatory framework. Morocco benefits from a relatively positive funding situation for infrastructure and PPPs, with several sources of domestic financing, including local banks and national infrastructure funds, together with access to international investors and lenders.</td>
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<td>• Laraki Nadia, Moroccan National Ports Agency</td>
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<td>• Mohamed Rabie Khlie, Moroccan National Railways Office</td>
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<td>• Dalil Guendouz, Moroccan Airports Authority</td>
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<td>• Fassi Fehri Otmane, Highways of Morocco</td>
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<td>Ministry of Equipment and Transportation – Kingdom of Morocco</td>
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<td>• Samir Mohammed Tazi</td>
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<td>Director of Public Enterprises and Privatization</td>
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<td>Ministry of Economy and Finance – Kingdom of Morocco</td>
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<td>• Arrifi El Mahdi</td>
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<td>Director of Public-Private Partnerships in Irrigation</td>
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<td>Ministry of Agriculture and Fisheries – Kingdom of Morocco</td>
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<td>• Saad Lahlou</td>
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<td>Project Director, Taqa Jorf Lasfar Energy Company</td>
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<td>Taqa, Abu Dhabi National Energy Company</td>
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2.2. **EGYPT**

First country in the region to adopt a comprehensive approach to PPPs with framework law and central unit; original ambitious pipeline, in particular in transportation, water and education, held back by projects re-design and tender delays together with the impact of the 2011 revolution.


Domestic banking sector has limited capacity for local currency long-term fixed rate financing and risk management instruments (interest rate and foreign exchange). Very high and increasing exposure to government securities has weakened banks credit rating and created a risk of crowding out for private companies borrowing.

- **Atter Hannoura**
  Director, PPP Central Unit
  Ministry of Finance - Arab Republic of Egypt

- **Mahmoud Fawzi Asar**
  Legal Advisor, PPP Central Unit
  Ministry of Finance - Arab Republic of Egypt

- **Dr Mohamed Abdul-Monem Shehata**
  Director, Office of the Minister
  Ministry of Irrigation - Arab Republic of Egypt

- **Tarek Khattab**
  Commercial Manager
  Orascom Construction Industries - Egypt

2.3. **LIBYA AND TUNISIA**

Tunisia and Libya face tremendous challenges at a critical moment of their economic and political transitions. Rapid action is needed to meet pressing needs, create jobs, and foster an environment friendly to investment.

Both countries have investment requirements across the entire infrastructure space, from rebuilding roads, to natural gas infrastructure and power generating assets, schools and hospitals, water and waste-water assets.

- **Khalifa Mohamed Jadol**
  Deputy Assistant Minister of Planning
  Ministry of Planning - Libya

- **Belgacem Ayed**
  General Director
  Ministry of Development and International Cooperation - Tunisia

- **Laurent Thorrance**
  CEO
  Axelcium - Paris

- **Jan van Schoonhoven**
  Executive Program Leader
  UNECE PPP Center of Excellence - Geneva
2.4. IRAQ

The Government of Iraq has been working since 2010 with the MENA-OECD Investment Program to foster infrastructure development in the country through: a) accessing extra budgetary sources of finance for essential projects that would be delayed or not funded if they depended only on government resources, and b) leveraging public funding with private capital and associated technical expertise. Working groups established on pilot projects: Grand Fao Port, Baghdad/Mosul Highway, Residential Complexes, Middle Euphrates Airport, Electricity Generation, Associated Gas Treatment in North Complex, Abattoirs and Farm Produce Storage and Distribution.

In the Oil and Gas sector, the recently announced strategic crude oil pipeline infrastructure project with Jordan represents an important example of regional integration through energy networks:

- A 2.25m bpd line from Basra to at Haditha, Iraq, to be built on an EPC contract;
- A 0.75 to 1m bpd line from Haditha to Aqaba, Jordan, on a 20-year BOOT contract.

Inter-Governmental Agreement and Host Government Agreements are being developed and considered by the Governments of Iraq and Jordan:

- Governments recognise need for sovereign support for BOOT Project;
- Agreements to be based on Energy Charter Treaty model and international best practices.

Mhand Hsam Al Den Mhamd Amin
Chief of Staff
Office of the Deputy Prime Minister for Infrastructure - Iraq

Kebir Ratnani
Senior Vice President Africa
SNC Lavalin International - Canada

Geoffrey Hamilton
Chief of Section
UNECE PPP Centre of Excellence - Geneva
### APRIL 18th – DAY TWO

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<td>09:00 - 10:30</td>
<td><strong>3. Mobilizing Financial Resources for Infrastructure Investments and PPPs in the Arab Region</strong>&lt;br&gt;Objective: to gain insights into financial structures that combine multilaterals funding with private sector capital in ESCWA member countries, and to highlight the changing role of institutional investors and the introduction of new financial instruments in real asset financing.</td>
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<td>10:30 - 11:00</td>
<td><strong>Coffee Break</strong></td>
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<td>11:00 - 12:30</td>
<td><strong>3.2. Financial Markets and Alternative Sources of Funds for Infrastructure Investments: Multilaterals, Institutional Investors, Project Finance and Bonds, Islamic Finance</strong>&lt;br&gt;As international banks reduced their long term lending capacity, projects cannot exclusively rely on financing from regional lenders to meet future funding gaps for infrastructure. Capital markets are looking at alternative sources of funds that encompass a mix of a) multilateral financings and agencies guarantees, and b) structured solutions for institutional investors to access directly infrastructure projects, including credit enhancing instruments and Islamic finance.</td>
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#### 3.1. Combining Funding from International Financial Institutions ("IFIs") with Private Capital in the Ouarzazate Solar Power Project, Morocco

Once completed, Ouarzazate will be the largest IPP Concentrated Solar Power project in the world, 160MW. The implementation of the first phase of the Moroccan Solar Plan relies on a multi-sourced financial structure where a large group of IFIs (World Bank, African Development Bank, European Investment Bank, Agence Francaise de Development, KfW) provides a combination of grants and long term concessional funding for the IPP project developed by a consortium of private sponsors.

- **Obaid Amrane**<br>Board Member<br>Moroccan Agency for Solar Energy ("MASEN") - Kingdom of Morocco
- **Badis Derradji**<br>Country Manager<br>Acwa Power Morocco
- **Guido Prud’homme**<br>Chief of the Rabat Office<br>European Investment Bank
- **Silvia Pariente David**<br>Senior Energy Specialist<br>World Bank – Rabat
- **Stefano Giacomino**<br>Advisor<br>ESCWA

#### 3.2. Financial Markets and Alternative Sources of Funds for Infrastructure Investments: Multilaterals, Institutional Investors, Project Finance and Bonds, Islamic Finance

- **Smaïl Bousta**<br>Investment Manager<br>CDG Capital Infrastructures (CKI) - Morocco
- **Mark Wells**<br>Managing Director, Specialised Product Group<br>BNP Paribas - London
12:30 - 13:30  
**Lunch Break**

13:30 - 14:30  
4. ESCWA - UNECE INFRASTRUCTURE INVESTMENTS AND PPPS INITIATIVE

- **Sonia Mezzour**  
  Secrétaire Général  
  Agence Nationale pour le Développement des Energies Renouvelables et de l'Efficacité Énergétique (Aderee) - Kingdom of Morocco

- **Milena Muhadinovic**  
  Associate Economic Affairs Officer  
  ESCWA - Beirut

- **Geoffrey Hamilton**  
  Chief of Section  
  UNECE PPP Centre of Excellence - Geneva

- **Jan van Schoonhoven**  
  Executive Program Leader  
  UNECE PPP Centre of Excellence - Geneva

- **Alberto Germani**  
  Member of the Team of Specialists on PPP  
  UNECE PPP Centre of Excellence

5. CLOSING REMARKS

- **Abdallah Al Dardari**  
  Chief Economist, Director Economic Development and Globalization Division  
  ESCWA - Beirut