

European Commission



International Bank
for Reconstruction
and Development



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Bank

A / 25155

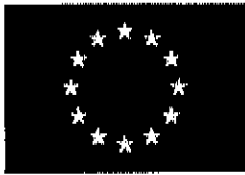
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Motivation for the Strategic Partnership

The Middle East and North Africa / Southern Mediterranean Region faces increasing challenges to improve living standards for its rapidly growing population. With nearly three-fourths of the world's energy reserves, a wealth of cultural assets and a rich history, this is a region with significant development potential as well as challenges.

There is growing awareness that major improvements are needed in welfare for all citizens of the Region. The donor's policy response has been to focus more closely on reform issues, to partner with civil society and to engage more broadly with the countries through initiatives such as the EU's Barcelona Process, Association Agreements and Neighbourhood Policy, the World Bank's regional strategy and the EIB's Facility for Euro-Mediterranean Investment and Partnership (FEMIP). At the same time, there have been increased efforts at donor coordination, at all levels from programme implementation to aid programming and overall policies. The experience with these approaches has been positive. The purpose of this Memorandum of Understanding (MoU) is to further enhance, structure and streamline this coordination process.

The signatories to this MoU are natural partners in the Region's development efforts. They are the major providers of external development assistance in the Region as well as economic and sector work underpinning policy reforms. While each of the signatories has its own mandate and domains of policy emphasis, these are very complementary. The countries in the Region would benefit significantly from joint efforts by the donor community to work more closely at the regional, country and sectoral levels. This would also help to prevent duplication and competition of efforts, facilitate focus on respective strengths of the Partners and provide greater potential linkages between policy and investment initiatives. A coordinated approach linking EC grant assistance operations, EIB project financing and World Bank loans and technical capacity may enhance the flexibility of each Partner in responding to the region's needs and offers significant promise for improving development outcomes.



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**Memorandum of Understanding for a Strategic Partnership between
the European Commission, the European Investment Bank (EIB)
and the International Bank for Reconstruction and Development (IBRD)
in the Middle East and Southern Mediterranean / North Africa Region¹**

The objectives of this partnership are:

- To strengthen institution-wide coordination between the partners, to ensure complementarity, cohesion and coordination and promote joint activities;
- To promote joint technical work and policy dialogue and to enhance the link between analysis, policy and investment initiatives at all levels;
- To promote mechanisms for common financing of projects and programmes

To achieve the objectives stated above, Partners agree to the following:

1. Institutional Coordination

Partners agree to an institution-wide commitment for coordination both at the level of headquarters and resident offices/Delegations in the Region. Coordination will focus in particular at the policy and program/project design stage, with the aim to identify joint policy objectives and priorities, taking into account the policies of the respective Partners with the aim to avoid uncoordinated duplicative efforts. The Partners will share information on their Country Strategies, relevant policy and sector work, programs and projects as early as possible. Information sharing will be subject to compliance with existing confidentiality agreements.

A High Level Steering Group (HLSG) will meet twice a year to review economic developments in the region, discuss policy issues, agree on joint work and activities and review progress. A Joint Working Group comprising designated officials in each organisation will provide institutional and operational coordination for this Partnership. It will meet regularly to facilitate institutional coordination, address issues related to the implementation of the Partnership agreement and prepare the meetings of the HLSG. As agreed by the Partners, other participants may be invited to the meetings of the HLSG, notably the IMF, IFC and MIGA. Other meetings under this Partnership may take place at technical and country staff level, whenever appropriate.

The Partners can exchange staff in support of policies and programmes covered by this Partnership, in accordance with the procedures laid down under the respective

¹ This Partnership covers the countries of North Africa / Southern Mediterranean (Morocco, Algeria, Tunisia, Libya, Egypt) and the Middle East (Jordan, Israel, Lebanon, Syria, the West Bank and Gaza) as well as Iran, Iraq, Yemen and the member states of the Gulf Cooperation Council (Saudi Arabia, Oman, Qatar, UAE, Kuwait and Bahrain), jointly called "The Region" in this document. As regards the EIB the country coverage under this Partnership will be limited to those countries included under the Barcelona Process, and for the IBRD, this partnership applies to countries in the IBRD's Middle East and North Africa region. Signatory parties to this partnership agreement can be expanded to other IFIs if appropriate and in their respective fields of competence.

staff exchange agreements. If considered appropriate, staff exchanges can also involve staff in EC Delegations and WB local offices.

2. Technical work

Joint policy dialogue: in order to develop a common understanding and coordinated action, partners agree to coordinate their policy dialogue with countries in the Region on the basis of this work and, where appropriate, to conduct joint dialogues.

Country level programming: Given the differences in planning cycles with regard to preparation of CSP/NIP and CAS/CEMs, and the project-based approach in EIB activities, there is a need to discuss country priorities and programs regularly. The practical modalities of such discussions will be defined by the Joint Working Group.

Sectoral and technical dialogue: Where appropriate, the Partners will engage in joint sectoral and technical dialogue. They will endeavour to move towards sectoral strategies and develop stronger linkages between policy and investment initiatives.

Joint project monitoring and evaluation: Cooperation will also be expanded in the monitoring of ongoing programs and projects. Joint evaluations of co-financed operations are recommended.

Joint Analytical work: Partners agree to share, and where appropriate to conduct joint analytical work in areas of priority determined by the HLSG. Possible areas of priorities for Partners include but are not restricted to: successful -regional and world-wide- integration of the countries; good governance; private sector development; infrastructure; human development, including gender and environmental sustainability. Mechanisms will be developed to ensure wide dissemination and discussion of this joint work in the countries and among the beneficiaries.

3. Financing

A number of jointly financed projects already exist between the Partners. Such arrangements are encouraged, wherever feasible and appropriate. The Joint Working Group may propose new or specific financial arrangements under this Partnership. Appropriate financial arrangements will be explored to facilitate joint initiatives between the Partners.

4. Regular review of progress under the partnership

Progress on implementing this partnership will be reviewed regularly in accordance with the provisions of this MoU. The present MoU may be reviewed and amended upon agreement among the three Partners.

The present Memorandum does not supersede, nor prejudice, other forms of cooperation between the Partners².

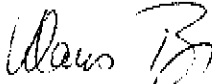
² In particular, framework agreement of November 2001 between the World Bank and the EC on co-financing and trust funds; the EIB - Commission Convention on the management of financial assistance, signed 17 December 1992 and subsequently amended 20 January 1997 and 23 October 2003

Brussels, 3 May 2004,

EUROPEAN COMMISSION

EUROPEAN INVESTMENT BANK

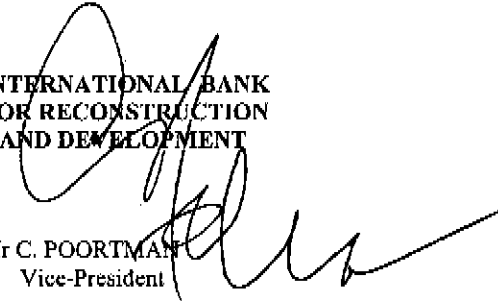
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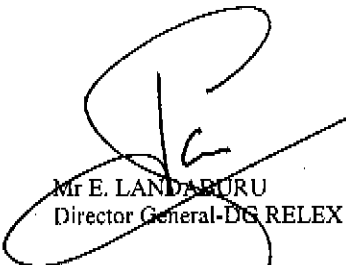
Mr K. REGLING
Director General-DG ECFIN



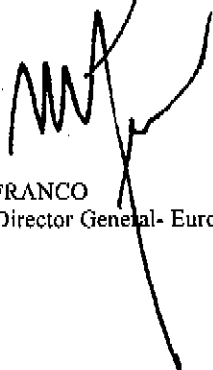
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Vice-President



Mr C. POORTMAN
Vice-President



Mr E. LANDABURU
Director General-DG RELEX



Mr M. FRANCO
Acting Director General- Europe Aid