



NETWORKING FOR THE FUTURE

Access to Finance Activity

Municipal Investment Opportunities and Available Investors in Jordan, Lebanon, and Tunisia

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EXECUTIVE SUMMARY

This document combines reports 3 and 4 of the list of deliverables under the “Access to Finance” component of the MINARET project. The report includes a summary of MINARET investments in the three municipalities and their estimated financial impact. The report also includes a general list of suggested NEXUS investments relating to water, energy, and food. Some of these investments include water desalination, diverting running water for improved farming, wastewater treatment and reuse, solar PV and wind farms, waste to energy, hydro-generation of electricity, municipal heating, and food production and transformation. The list is followed by investment opportunities at each of the three cities with Karak having opportunities in the development of an industrial cluster or a commercial center, brackish water farming, or using the Karak Castle as a stronger tourist attraction.

Jdaidet El Chouf has the least possibilities of investments due to legal and financial limitations, with only one suggested project; a multi-purpose hall that would bring in rent revenue to the municipality.

Monastir has several investment opportunities including a floating solar farm on salt pans, the development of a beach front area, using the metro line for power generation and service provision, real estate development, and incineration of solid waste.

This document also includes lists of available investors at each of the three countries with focus on potential anchor investors.

BACKGROUND

This report follows a detailed legal review for the three participating municipalities in the MINARET project in Jordan, Tunisia, and Lebanon, which are Karak, Monastir, and Jdaidet El Chouf, respectively.

The legal review, along with discussions with municipal leaders at the three participating municipalities revealed the following:

- The laws in Jordan and Tunisia allows municipal leaders higher autonomy and flexibility in investment-related decisions than those in Lebanon. The Jordanian relevant laws (municipal and public private partnership (PPP)) are expected to be updated early 2020 and will enable Karak to establish an investment fund and become authorized to enter PPP projects. The Tunisian laws allow Monastir to enter PPP projects and potentially establish an investment fund. The Lebanese laws prevent municipalities from using any commercial financing instruments including investment funds.
- The mayor of Karak expressed interest in establishing an investment fund, while the mayor or Monastir said they are not interested in taking this step at this time.
- Several investment opportunities were revealed at the three municipalities which can be pursued regardless of fund creation.

This report also follows a design for a municipal investment fund and a detailed design for the intended investment fund in Karak, Jordan. This report intends to highlight investment opportunities in the three participating municipalities along with potential investors that can be pursued for these investments.

This report benefited from previous work completed by the MINARET team including baseline studies, project implementations, and situation assessments. The report also included the outcomes of meetings we had with leaders from the three municipalities.

BUILDING ON PREVIOUS NEXUS IMPLEMENTATIONS

The MINARET project, through several interventions at the three participating municipalities, has been able to improve the financial situation at these municipalities either by savings resulting from project implementations, or by revenue-generating projects.

Karak

In Karak, MINARET has developed in Lajoun a decorative plant nursery using treated water, composting and solar pumping. The nursery will save the municipality the cost of procurement of trees it uses for roadside erosion prevention (\$120,000-\$150,000 a year). The project uses treated water from a treatment plant (300 cubic meters of treated wastewater used daily) to irrigate the decorative plants at the nursery. Solar power is also used to pump the water to the nursery. The intervention uses municipal land for the nursery. This nursery will become a revenue generator through selling saplings and young trees to neighboring municipalities, which would avail additional funds to be used for service improvements and/or other investments. The project will also help reintroduce plant species native to the area which will help protect the Karak ecosystem. It is estimated that a good percentage of the annual budget for tree planting will be saved by this nursery (~US\$85,000).

Monastir

The Monastir street lighting project which replaced conventional lamps with LED lamps at the main municipal building, the central market, and other streetlights is expected to save the municipality around 254,000 kilowatt hours (kWh) per year (around US\$27,170). Monastir plans to use the savings for continuation of this project until all streetlights are replaced with LED lamps, and use the savings for service improvements and/or investments.

A second MINARET intervention targeted rainwater harvesting by erecting tanks for use in municipal gardens and farms. The project includes the excavation of a well and installation of a tank within the well with a capacity of almost 750 m3 for the purpose of rainfall collection. In the Monastir municipality, a local soccer stadium roof contains a rain catchment system that is not utilized in any manner, and currently releases collected water onto the streets eventually reaching the ocean. The tank will be filled using rainwater at least twice a year. The municipality currently waters the stadium lawn with clean potable water, costing it around \$2000 a month for a total of \$24,000 a year. The intervention will install a solar water pump at the tank to pump the collected rainwater to the stadium, saving \$24,000 a year for the municipality for a system payback period of 2 years. Using the monthly savings, the municipality will begin applying the same project in other areas and facilities in Monastir, among them a large swimming pool that uses a large amount of water resources.

Jdaidet El Chouf

In Jdaidet El Chouf, the MINARET intervention included the following several components:

A water/energy intervention to install a solar powered water pump at the Barouk River next to the canal, which will provide water to 25 different farms using a 3-kilowatt PV system pumping around 12 cubic meters per hour of water from a stream multiple times per week to 25 different tanks, totaling 150 cubic meters in volume. This intervention will allow farms in the area to have constant access to water benefiting at least 80 farmers.

A second project was completed to replace inefficient lighting at the main building of Jdaideh Municipality and street lighting with efficient LED lamps resulting in annual savings of 10,000 kWh for the municipal building and 94,000 kWh from street lighting (a total cost of around US\$13,500).

A third project installed a solar system for municipal water pumping along with a filtration station. The system produces 31,000 kWh per year and provides 24 hour access to water (up from 12 hour per day) and reaches 22,000 people.

The interventions at the three municipalities have proven that investing in NEXUS-related projects can yield very positive results.

Building on this theme, and through discussions with leaders at the three municipalities, we have developed a list of potential NEXUS investments and prioritized them based on their investment-worthiness and threshold.

TYPES OF POTENTIAL NEXUS INVESTMENTS

Following the mandate of municipalities, which focuses on service provision to residents and continuous improvements to their lifestyles, the following types of investments leveraging innovative NEXUS approaches are typical:

- Water-based investments, which aim to efficiently use water resources for revenue generation and/or provision of improved services, these may include:
 - For coastal cities, water can be desalinated using renewable energy. Desalinated water can be used for agriculture, tourism (offered at preferential rates to hotels and resorts), entertainment (e.g., water parks), municipal services, or as cheaper input to industry. Using solar water pumping for water desalination should yield a competitive freshwater cost that can help generate feasible projects and help attract local and international investors.
 - Mountainous areas with running water sources (e.g., rivers and streams) can use water for improved farming away from river and stream basins, by pumping water to those locations. The cost of pumping can be reduced using renewable energy. This availability of fresh water can support industry and year-round farming (traditional, fish, livestock, etc.), especially since land tends to be cheaper the further it is from river basins. A municipality can create industrial and agricultural clusters with ongoing running water at reduced rates (factoring the free continuous water flow and the cheap operations and maintenance of solar farms), which would attract investors in these sectors.
 - Treated wastewater can be used for industry and agriculture. Again, using renewable energy for treating wastewater can yield relatively cheap treated water that can attract investors due to improved feasibility. Renewable energy sources can include sludge-fueled and solar photovoltaic energy.
- Energy-based investments, which focus on revenue generation through renewable sources. These projects include:
 - Solar PV and wind farms within municipal zones. Municipalities can participate by land lease or using land towards equity in project special purpose companies, which would help generate long-term revenues. Municipalities can be good partners to investors not

only by availing land resources, but also by lobbying to offer tax incentives, services, permits, and other project requirements.

- Waste-to-energy projects, which generate electricity and heat from incineration or by other means. These projects can yield considerable returns and tend to be long-term (25 years or longer). Municipalities can also make good partners to private sector investors by facilitating concessions, power purchase agreements, access to required land, and other service provisions.
- Hydro-generation, which can leverage running water to generate electricity. Municipalities with access to year-round running water sources can attract investors to such projects by availing the required licenses and land, noting that such projects do not need to be in the mega scale and can be feasible even at relatively small scale.
- Municipal heating using available energy sources. This falls under the umbrella of innovative projects, and it entails municipal investments into one or more combined heat and power (CHP) generation plants that can use solar, hydro, waste, geothermal, or fossil fuel, followed by zoning and possibly building industrial clusters adjacent to these plants, thus offering reduced electricity rates and heat sources to industries that require such heat. The availability of CHP plants is considered a big plus to heat-intensive industry, and this can generate long-term revenues to municipal (and possibly private) investors.
- Food-based investments, which tend to leverage existing water, energy, markets, distribution channels, municipal support, and other resources to build sustainable profitable businesses. Examples include:
 - Farming based on smart crop selection matching local soil and water properties. For example, aloe vera can be grown using brackish water, and can yield high returns if farmed on relatively cheap land and using relatively cheap water.
 - Relatively cheap food processing using renewable energy and potential cheap municipal water sources. This would also benefit from municipal locations close to ports or land transportation networks and would leverage local skilled labor forces.
 - Processing of natural resources including salt and other minerals, which could include sea or land salt production.

The above list is not exhaustive and only offers an indication of the wide variety of potential NEXUS investments that can be pursued or led by municipalities, especially after proper assessment of available resources and potential competitive advantages.

INVESTMENT OPPORTUNITIES AT KARAK

Given the expected amendments to both the local government and PPP laws of Jordan, Karak will be well-positioned to take advantage of several local investment opportunities which can bring the municipality considerable financial returns.

In order to be able to invest, though, the expected amendments must pass, which is expected to happen before mid-2020. These amendments will include municipalities as entities that can enter PPP projects, and will allow municipalities to directly invest, borrow, use assets towards project equity, and use blended and direct financing instruments to the benefit of municipal residents.

In addition to the previously listed NEXUS investments, below are some suggested investments based on discussions with Karak municipal leaders.

Industrial Cluster

Building an industrial estate as a PPP project seems to be one of the priorities highlighted by the Karak Municipality investment committee. This project entails municipal participation by offering prime municipal land and securing all required approvals for this industrial estate.

The required investment will be offered to institutional and private investors along with a feasibility study that shows potential returns.

This project would be a good showcase if successful as other cities can take advantage of the experience Karak Municipality would get securing the required permits and attracting industrial tenants to participate, which is experience that would include logistical and legal support for these tenants.

The project can benefit from a CHP plant as highlighted in the NEXUS investment opportunities above. A CHP plant would reduce the cost of manufacturing and attract a larger base of investors.

Commercial Center

A second real estate project proposed by the investment committee, this center is already in an advanced stage with feasibility studies completed and potential investors identified. The center would be built in a prime location in downtown Karak and would benefit both businesses and residents by availing retail services to local consumers. The project also entails using municipal land as equity into the project and as a PPP project (when allowed by law).

Brackish Water Farming

The boundaries of Karak extend to the Jordan Valley, where there is abundant agricultural land and a lot of brackish water. Since fresh water is a precious resource in Jordan, the idea of selecting high-value crops that can grow using brackish water is an interesting investment concept being evaluated by the Karak Municipality. This concept entails land selection, crop selection, accessibility of brackish water at the right salinity levels, potential transformation for improved value, and a detailed technical, feasibility, and market study.

Crop examples include aloe vera, fodder (different types), and medicinal herbs. All these crops can benefit from some industrial transformation and can easily find export markets for the final products. The municipality is considering all options for this concept and will move forward if the required elements prove available and feasible.

The Karak Castle

The Karak castle is a national treasure and attracts a good number of tourists. The largest Crusader castle in the Levant, with an area of 24,000 square meters, Karak Castle is a “dark maze of stone-vaulted halls and endless passageways”, according to the Jordan Tourism Board’s (JTB) website. The Crusader castle’s best-preserved passageways are underground. In the Castle Plaza, 19th century Ottoman administrative buildings have been redesigned to house a tourist center, with restaurants, a crafts center and other facilities grouped around the central plaza, the website said. While the castle essentially dates back to the 12th century, Karak has been a fortress since Biblical times.

The castle is only partially accessible as several floors have been filled with dirt over the centuries and are deemed inaccessible. One idea floated during our meeting with the municipal team is to study the availability of cleaning up those lower floors and possibly using part of the castle as a premium hotel facility, which would be a first in the region and would boost the number of tourists coming to Karak, thus further supporting the local economy.



This project will require a lot of work including:

- Securing approvals from the Ministry of Tourism and other relevant authorities.
- A detailed civil and structural study to ensure that removing dirt and debris from the lower floors would not pose any risk to the structure of the castle.
- A detailed study of Karak's and the region's touristic offerings and a related study of the attractions and potential tourist traffic to this new facility.
- A feasibility study showing the potential returns from such a project.

Added elements to this project include solar photovoltaic power generation and rainwater harvesting using an ancient pool which would need to be rehabilitated.

We believe the Karak Castle project, although ambitious, to be the best project for the municipality due to the following reasons:

- The castle is a Karak heritage site and Karak should be allowed to benefit from it.
- The idea of a hotel inside an ancient castle that has many labyrinths and passageways would be an intriguing concept Karak can use to bring in investors and tourists alike.
- Karak can become a leader in tourism attraction to surrounding areas including the King's Highway attractions, eco-tourism sites in and around Karak, and even as far as Petra and Wadi Rum, which can easily be accessible to residents of the Castle hotel.
- The macro-economic benefits Karak would reap from increased tourism may surpass the project direct benefits.

INVESTMENT OPPORTUNITIES AT JDAIDET EL CHOUF

Given the current political situation in Lebanon, and legal constraints preventing municipalities from participating in profit-generating projects, potential municipal investments are unfortunately limited to a few possible service-based projects, including:

Events Hall

During a recent meeting in Amman with the mayor of Jdaidet El Chouf, the Mayor indicated the intent by the municipality to use an available piece of land (land area: 5000 sqm) to build a hall that can be used for local events including weddings, conferences, condolences, and other events. The hall would have two sections to allow for two adjacent events to take place.

Due to legal constraints, the municipality can only lease the land so this project would bring in rent revenue and cannot unfortunately allow the municipality to be an equity owner and benefit from any increase in profits beyond rent income.

Other possibilities for investment in Jdaidet El Chouf are unfortunately rare due to the lack of substantial assets owned by the municipality, the deficit in the municipality budget due to delayed central government transfers of municipal dues, and because of legal constraints.

We hope the new Lebanese PPP law will result in some easing of conditions that may allow Lebanese municipalities to invest and utilize financial instruments to their and their residents' benefit. Until then, our assessment is that Jdaidet El Chouf does not have many investment opportunities and should focus on cost reduction through NEXUS and other approaches similar to those implemented by the MINARET project.

INVESTMENT OPPORTUNITIES AT MONASTIR

Several baseline studies have been conducted by the MINARET team including a water assessment and an energy assessment and baseline. Based on the water assessment, Tunis "is facing urgent challenges, the most serious concerns being severe shortages in the available water resources, ground water over-exploitation, and poor institutional management." The study recommended that "the national water strategy [should] be updated to include; the mobilization of non-conventional resources such as the desalination of seawater and the increased use of treated wastewater. It is also recommended to develop a new governance scheme for water operators which can help assist in decreasing financial burdens on the water sector. It was clear that investing in more complex studies are needed to help improve the advancement technology usage. Major water shortage challenges can be faced if a network for transferring water from northern Tunisia to southern Tunisia is upgraded." These findings and recommendations clearly go in-line with the municipal investment concepts shared in this report.

The energy baseline study conducted by MINARET also revealed investment opportunities related to utility-scale solar PV generation, which can achieve considerable savings for the municipality and beneficiaries/investors.

In addition to conventional NEXUS investment opportunities, below are the main investment opportunities revealed by our research and during meetings with Monastir stakeholders.

A Floating Solar PV Farm

Monastir has several salt pans (called Sebkhas) that have been used for decades to produce salt. These salt pans are also a national treasure in that they attract migrating birds including flamingos. More than 22,000 flamingos are [expected to nest at the Sahline salt pans](#) in 2019 alone.



This attraction to migrating birds makes the concept of a floating solar plant a sensitive matter that will need to be studied from all aspects including environmental and touristic economic risks. If the investment idea passes these tests, we believe Monastir can benefit from clean generation and the salt pans will increase in value both for being “greener” and due to the income generation potential this project brings with it.



The design of this project will follow standard project development norms and is expected to include the following steps:

1. Investors will be sought out most probably under the PPP law ratified in 2017. Suggested investors include owners and operators of the tourist resorts in and around Monastir. Private investors and international developers.
2. Required high-level approvals will be sought from government entities including the national electricity company, the environmental agencies (after a detailed environmental and social impact study is concluded), and potentially other regulatory bodies.
3. If initial approvals are received, technical and feasibility studies will follow to identify the best location and ensure feasibility of the project.
4. Upon confirmation of feasibility, the lead developer (which could be the Monastir municipality) will engage technical, legal, and financial experts to fulfill the needs of potential equity and debt investors. This will result in a detailed project study and the selection of the preferred Engineering, Procurement, and Contracting (EPC) partner.
5. The required agreements will be signed by the project company with the relevant government entities including a power purchase agreement, sovereign guarantee, among others.
6. Project EPC work will commence and continue until commercial operation.
7. The project lifespan is normally 20-25 years.

Based on the baseline assessment, this project is expected to bring a relatively lucrative internal rate of return on equity. If the municipality chooses to invest in the project either by cash investments or by leasing the saltpans to the project against an equity stake, we believe this would be a lucrative investment. In addition, funds for initial studies can be secured from donors and/or development banks which would benefit from extending debt if the project is deemed possible and feasible.

Development of La Falaise Beach Area

La Falaise beach area is owned by the Monastir Municipality and is partially rented out to retail outlets. The area attracts hundreds of thousands of tourist ([around 450,000 in 2017](#)) and has potential to generate substantial revenues for the municipality if properly invested. Ideas of investment include a cable car (telefrique), green areas, a water park, and additional retail outlets. The municipality may choose to invest through the traditional means of land leasing, however, we believe using the land in lieu of an equity share in any project would bring in higher returns and will also actively engage the municipality in supporting the projects and ensuring their success to increase the value of its equity share.

The municipality plans to conduct one or more townhall meetings to seek input from residents and stakeholders, before deciding on the best ideas for investment in La Falaise.

Covering the Electrified Metro with Solar PV Panels

Monastir is on the electrified metre-gauge Sahel Metro line with trains serving Sousse and Mahdia. Other services run to Tunis. The metro line goes below ground level for a stretch of seven kilometers inside the boundaries of Monastir. The idea is to cover this area with solar panels to generate electricity which can benefit the municipality as a revenue or cost reduction source, and also use the sides of the line as walking, biking, and activity areas.

Real Estate Investments

The municipality intends to also study the possibility of investing in a real estate development project to avail residential units for sale or rent. This project will utilize municipal land and debt from a national fund.

Energy Generation from Solid Waste

Monastir, along with 30 other municipalities dump their solid waste at the Al-Qazzah landfill. This landfill is becoming a hazardous location with liquid organic waste seeping into the Mediterranean, which poses a serious risk to tourism and marine life. The suggested project entails using the solid waste from the landfill as incineration fuel for electricity and heat generation. The project will use the latest environmentally safe technology and should bring in considerable returns to the investors. This project also requires multiple levels of approvals and should go through the following steps:

1. We expect all affected municipalities to be interested in investing in the project. Other investors need to be identified and engaged.
2. Approvals from the French company currently managing the landfill and a concession for taking out the solid waste need to be received.
3. An agreement with the Tunisian electricity company needs to be reached for the off take of the electricity at a reasonable price.
4. Engagement of technical, legal, and financial experts is needed to build high-level designs and financial models.
5. An environmental and social impact assessment will be needed to fulfill the requirements of local authorities and lenders.
6. Once all assessments and plans are complete, project execution will commence with EPC, equity, and debt providers selected and construction commencing.
7. Once the project is commissioned and becomes operational, it is expected to employ tens of skilled workers, in addition to the network on waste collection agents around the area.

We believe this project should take precedence as a regional and national priority due to the high risk the landfill poses to the area both from a health perspective and as potential risk to tourism in the region.

LIST OF POTENTIAL INVESTORS

Each of the three municipalities have access to multiple potential investors. Identifying these investors and pitching project ideas to them requires localized research and preparing the right investment pitches. The following types of investors have been identified for each of the three municipalities.

Anchor Investors

These are typically institutional or government-owned investment funds that have a political incentive to invest in municipal projects. They may also include development banks. Any type of investor may become an anchor investor, but some are designed to be anchors. We list some of these investors below:

Jordan: Jordan has several potential anchor investors including:

- The Cities and Villages Development Bank (CVDB), which is a publicly held development bank with a declared vision of “having the leading role in local development,” and a declared mission stating that the bank “offers required financing and advanced banking services to municipalities intending to establish development and investment projects and encourage public private partnerships.” The law regulating the bank is currently being amended and is expected to be ratified by mid-2020. The updated law will allow the bank to enter profit-making investments as an equity shareholder, in addition to being a lender. The bank is active in offering syndicated facilities and loans and, according to the bank CEO who we met for the purpose of this assignment, plans to offer blended financing products to municipalities. As an example, the bank signed a 45 million Euro facility with the European Investment Bank to be used for energy efficiency projects. The bank is expected to become an anchor investor in several municipal projects in Jordan.
- The Innovative Startups & SMEs Fund (ISSF), which was “established in response to the first recommendation of the Jordanian Economic Policy Council and is a private sector managed fund making investments in innovative startups and early stage SMEs. The World Bank has invested USD 50 million in the Fund which was complimented by the Central Bank of Jordan with an additional USD 48 million bringing the total working capital of the ISSF to USD 98 million. The ISSF will promote entrepreneurship and contribute to job creation in Jordan by increasing private, early stage equity finance for innovative small and medium enterprises (SMEs). In addition to early stage financing, the ISSF will encourage entrepreneurship across Jordan with outreach programs to entrepreneurs from lagging regions, underserved sectors and underserved groups such as youth and women entrepreneurs.” The ISSF is expected to also be an anchor investor in newly established municipal projects, especially those involving entrepreneurs.
- The SME Investment fund, which was funded by many Jordanian commercial banks with a US\$180 million capitalization. This fund focuses on small and medium investments, which can also be municipal investments.

Lebanon: In Lebanon, anchor investors tend to also be serial investors, and invest more along political lines, especially in areas outside the main cities. For Jdaidet El Chouf, we view His Excellency Sheikh Walid Jumblatt as a potential anchor investor as his presence in any project in the Chouf area is deemed to help attract other investors. Sheikh Jumblatt is an avid investor with his portfolio spanning cement

manufacturing, oil importing, marine transportation, contracting, financial portfolio management, and media.

Due to the legal limitations on direct municipal investments, we believe anchor investors like Sheikh Jumblatt can support a larger investment portfolio at Jdaidet El Chouf.

Tunisia: With the new 2014 constitution, municipal law, and PPP law, Tunis is well-positioned to attract investors. Several countries including the United States and France offer their companies intending to invest in Tunis export credit financing that can be used towards project investments. We believe these funds will act as anchor investors until the time when Government-owned facilities start actively investing in municipal projects.

Tunisia is undergoing several changes, including a paradigm shift in municipal management, which used to be conventional, and has been strongly empowered under the new constitution. Financing will follow success stories, and we believe Monastir to be a prime candidate for creating such stories and incentivizing the creation of government funds.

Individual Investors

These are typically high net-worth individuals and family offices intending to invest in their home-towns and cities. Karak, Jdaidet El Chouf, and Monastir can attract families that have shown interest in investing their funds in their cities. Investment decisions made by these investors range from emotional to highly professional. Municipalities can leverage the experience of this type of investors and their strong emotional attachment to their cities to ensure that projects are well-studied and sustainable.

These investors also tend to take higher risks than conventional investors, which is why a prudent investment strategy should depend on individual, along with other types of investors to de-risk projects.

Development Banks

These include several large institutions including the European Bank for Reconstruction and Development (EBRD), the Agence Française de Développement (AFD), the Islamic Development Bank (IDB), the Africa Development Bank (ADB), and others. These banks believe in municipal investments and their strategies call for offering debt, equity, and grants to municipal projects that meet their criteria.

The banks also offer blended financing facilities to help de-risk municipal projects. These facilities include loan guarantees and first-loss investments, among others.

For the suggested projects above, we believe development banks would be most interested in the larger scale projects, especially those requiring investments in the range of US\$50 million and above.

International Development Agencies and Donors

Export credit financing falls under this category, which includes the US Trade Development Agency. Other agencies include the USAID, DFID, the European Union, JICA, and others. These agencies usually provide grants, but sometimes provide financial instruments such as first-loss or loan guarantees that can support municipal investments. They can also provide free technical support that can help reduce operational costs and improve the bankability of projects.

These agencies are active in all three countries, and we believe municipal leaders can attract funds in the form of grants, technical support, or investments if they are proactive and engaging with their local staff.

Institutional Investors

This is the most sophisticated group of investors and includes large funds of funds, large investment banks, corporations, insurance companies, venture capital funds, and pension funds.

Commercial banks having investment arms also fall in this category. Institutional investors tend to be repeat investors and they also tend to follow successful investments, which is why the first investment project at each municipality should be well-studied and successful.

We list below some of these potential investors.

Jordan:

- [The Social Security Investment Fund](#), with a US\$14.5 billion fund size, is the largest fund in Jordan. The SSIF is unique in that 98% of its investments are in Jordan and it tends to invest in long-term projects and can accept lower returns than other investors.
- [Jordan Enterprise Development Corporation \(JEDCO\) - Governorate Development Fund](#), with a Euro 150 million fund size, this fund focuses on manufacturing, tourism, telecom, information technology, media, and healthcare.
- [Foursan Capital Partners](#), which invests in oil and gas, telecom, energy, financial services, and aviation. The fund size is US\$200 million.
- [Riyada Enterprise Development](#), which invests in information and communication technology, consumer media, telecom, healthcare, education, finance, cleantech, entertainment, and specialty manufacturing, and has a fund size of US\$500 million.

There are several other funds active in Jordan including the Hajj fund, the Saudi Jordanian Investment Fund, and others. There seems to be sufficient access to finance in Jordan, which will be beneficial to municipalities when the new PPP and Local Government laws are ratified.

Lebanon:

Like Jordan, Lebanon has many approved investment funds (foreign and domestic), but unlike Jordan, these funds tend to mostly invest in stock and mercantile instruments. When the laws are amended to enable municipal project investments, we believe Lebanon will not have any issues accessing these funds. Some of the approved domestic funds include:

- Beirut Preferred Fund
- BLOM Growth Fund
- Global Properties Securities Fund
- Libank Global Balanced Fund
- Magallanes Value Investors UCITS
- Optimize FI Fund

Tunisia:

Several private equity and donor-supported funds focus on small and medium enterprise including entrepreneurial ventures. Some of these funds include:

- Entrepreneur First Fund
- [Tunisian American Enterprise Fund](#), which is a US\$100 million fund focusing on growth investments in small and medium companies across Tunisia. The fund mandate also focuses on investments that create jobs, including investments in remote cities and villages.
- [United Gulf Financial Services North Africa](#) is a 100 million Tunisian Dinars (US\$35.7 million) private equity and investment fund.
- [Tunisia Innovative Startups and SMEs project](#) is a US\$75 million World Bank facility launched in 2019 to support innovative start-ups. The project can invest in any opportunity that promises to be profitable and to create jobs, which fits some of the project ideas suggested for Monastir.

In addition to the above, most development agencies are active in Tunisia and offer direct and blended financing facilities that can be accessed by Monastir and other municipalities.

SUMMARY AND RECOMMENDATIONS

This report includes investment opportunities that can be pursued by the three participating municipalities (Karak, Jdaidet El Chouf, and Monastir). The report includes a summary of investments made by the MINARET project in each of the three cities and the impact of these investments.

Possible NEXUS investments are listed from the perspectives of water, energy and food, with examples of projects that can benefit municipalities with different resources and locations.

A deeper dive followed for each of the three cities highlighting potential opportunities and suggested priorities for them. In Karak, an industrial cluster, a commercial center, brackish water farming, and a hotel at the Karak Castle are listed as possible investment opportunities, which can be better pursued once the new local government and public private partnership laws are ratified (expected mid-2020).

In Jdaidet El Chouf, the only possible opportunity that can be pursued is a multi-purpose hall built on municipal land against rental fees. Any other opportunities will have to wait until the municipality is allowed to use financing instruments, which will require a change in the municipal law and an active effort from the Lebanese Government to empower municipal investments.

Monastir is able and willing to invest in profit-making projects. The laws allow these investments and the push to empower municipal leaders favors them. The opportunities listed in Monastir include a floating solar photovoltaic electricity generation farm on local salt pans, the development of the La Falaise beach front, covering the metro line with solar panels along with other services, real estate investments, and a waste to energy project to solve the challenges posed by the regional landfill. All these projects can be lucrative investments and require further studies to show feasibility and to secure the required permits and approvals. Monastir seems to view the waste to energy project as a priority and will work with our team to push it forward.

The report closes with lists of available investors in each of the three countries. Jordan and Lebanon seem to have sufficient potential investors with Jordan having more local funds than Tunisia. Lebanon also has tens of operating investment funds, but they mostly focus on conventional investments in stocks and currency, and rarely invest in local projects. In Lebanon, anchor individual investors like Sheikh Walid Jumblatt seem to be easier to invest in Jdaidet El Chouf than those investment funds.