TUNISIA-LIBYA INFRASTRUCTURE INVESTMENT FORUM

Djerba. Tunisia Feb. 18-19

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Dear Mr.

We are sending you this Executive Summary of the Tunisia-Libya Infrastructure Investment Forum held in Djerba on Feb. 17, 18 and 19 2012.

By all accounts the forum highlighted the important economic opportunities of Tunisia and Libya. The Tunisia-Libya conference marks the beginning of the Djerba Process where private sector investment and cooperation can overcome issues that divide us and thwart economic development.

Following feedback from participants and government representatives, Safe Harbor Global is now working on organizing the Tunisia-Algeria Energy Investment Forum to be held in June at the Tunisian sea-side resort of Tabarka near the Algerian border.

The conference will focus on electricity generation, transmission and distribution and renewable energy (including wind and solar power). As in Djerba, we will have important panels on Project Financing and Compliance.

The conference will also include regional players from Libya and Morocco and international operators and investors from the United States, Canada, Italy, Russia, France, Switzerland and Korea.

The forum will also set the stage for the planned follow-up to Djerba, the Libya Infrastructure Investment Forum to be held in Libya in September or October 2012,

The LIIF will be an opportunity for all to meet the newly elected government of Libya and explore the exciting economic opportunities of the new Libya.

We will be sending all of you more information on both conferences and all future initiatives. However, please do not hesitate to contact me directly at pksemler@safeharborglobal.com or my Tunisian event partner Mediatique at mediatique@planet.tn for more information.

Yours truly,

Peter K. Semler
Chairman
Safe Harbor Global
Washington, DC;Tunis, Tunisia; and Amman, Jordan.

Doing Business in Transitioning Economies

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 will have to overcome the fear of "cannot do" inherited from old regime policies. A clear and straightforward statement from both countries that they are indeed open for business is a prerequisite to the success of the Tunisia-Libya Infrastructure and Investment Forum.

Having faced a GDP decline of 1.8% in 2011 and seeing even more difficult prospects for 2012, the main preoccupations for the moment, according to Mr. Tarek Cherif, President of the Confederation des Entreprises Citoyennes de Tunisie (CONECT) are:

1. Keep available jobs secure from the threat of the deepening economic crisis in Europe, a situation created by Tunisia's almost total reliance of its export sector on the old continent (70%).
2. Stop parallel trade, which takes, according to World Bank estimations, up to 40% share of total trade in Tunisia.
3. Set free an economy which has been hampered for decades by obsolete regulations and restrictions.

It is of utmost importance that Tunisian authorities reconsider their economic policy, working to make trade conditions within the Maghreb region equal to the conditions prevailing in vertical trade with Europe. This will mean reducing the custom tariffs down to half the present levels. At the same time, legislative efforts should be focused on introducing new measures to lift barriers that hamper free enterprise within Maghreb countries.

Discussing what new investment framework is necessary and what sectors offer the best opportunities, Mr. Jalel Tebib, Advanced Technologies Promotion Director of the FIPA, highlighted a number of Tunisia accomplishments:

- Tunisia ranks 1st among African countries in terms of global competitiveness, and 40th worldwide.
- Despite its small size, Tunisia is a leading exporter of manufactured goods to Europe (Textile and leather exports from Tunisia to the EU are second only to China).
- A frequently praised education system with 400,000 registered university students, 35% of whom are specialized in computer science, adding to the county's skilled labor force.
- Tunisia currently has 9 technical operation technology hubs and 14 new hubs that are in various stages of development.
- Tunisia is only 1 to 2 hours by plane from major European cities. There are as many as 587 Flights per week between Tunisia and France, with departures from its 7 international airports.
- Tunisia also offers a wide range of luxurious residential areas and foreign language schools.3012 foreign companies operate in Tunisia employing 324,730 workers, due to a well-adapted legal frame-work which ensures:

o Equal treatment of foreign and local investors
o Up to 100% capital contribution for foreign investors (in the industry sector)
o Free transfer of capital and profits
o10 year tax-bonuses for foreign companies

There are important opportunities for investment in utility companies such as the STEG. Mr. Mohammed Ridha Ben Mosbah, Chairman and CEO of the Société Tunisienne d'électricité et de Gaz, pointed out that the expectations stemming from the revolution, such as freedom, dignity, and democracy, have combined with a growing need for good governance, better social conditions, and regional parity. This is creating challenges that need to be addressed by both the public and private sectors.

Public-private partnerships will play a crucial role toward the increasing investment and integration of new renewable resources, currently at a low rate of 4%. For instance, the STEG relies on gas and oil for more than 90% of its production capacity (4000 MG watt). Higher levels of production are needed to meet the growing energy demand from Europe to Algeria and Morocco, as well as for the Middle East and Libya. As a consequence, the rapid development of an adequate transmission grid as well as new power plants will be crucial investment and business.

Because investors see a number of opportunities but expect decisive reaction, the newly-elected transitional government has been sending alarming signals through its "wait and see" attitude. The present situation in Tunisia is quite confusing: critical policy decisions have to be taken immediately because investors need clarity and transparency. Tunisia needs to maintain important linkages to Mediterranean Basin countries and attract foreign capital as rigid economic model relies mainly on its industry and tourism sectors.

Compliance Challenges in a Changed Environment

Compliance may become on the principle driver for economic growth both in Tunisia and Libya. The Tunisian revolution was triggered by rampant state sanctioned corruption that was seen to be slowing economic growth in the country while the Central Bank of Libya is currently undertaking a compliance review of 18,000 outstanding contracts.

For Mr. Janvier K. Litse, Acting Vice President for Operations, Country & Regional Programs & Policy at the African Development Bank (AFDB), compliance plays a key role in the Bank's decision whether or not to invest in proposed infrastructure projects. For the AFDB, compliance is seen as a tool to ensure long-term viability and sustainability for investment and at the same time help institute a regime of best practices for both local and foreign companies.

For multi-nationals, strict adherence to compliance can give a company competitive advantages against those who do not obey international standards, said Mr. Zyad Benaissa, General Manager for Africa at Carestream Health. He said while working at a US multinational his company lost short-term deals due to compliance, often the issues raised lead the company to win more important and significantly more lucrative contracts in the longer-term.

Ms. Amel Makhlouf, International Expert EIA/SEA/Sustainable development at the Tunisian Engineers Order and Former Regional Coordinator for METAP-EIA for MENA countries at the World Bank, said she actively works to ensure that environmental compliance is respected. Ms. Makhlouf also said that she saw her work help enable investment in the area by allowing investors such as the AFDB and the World Bank's International Finance Corporation to have the necessary environmental impact studies to green light important investments.

Following Libya's popular uprising in 2011 and continuing regime instability, it is premature for regulators to consider overhauling its financial services industry, or even to examine regulation of Islamic financial services, foreign licenses, or specific banking models. The current Banking Law No. 1 of 2005 and the Stock Exchange Law No. 11 of 2010 will continue to regulate all banking and security activities until they are amended.

Prior to the uprising, the government was transitioning toward a more open economy, and opening its banking industry to foreign investment. The Banking Law established the Central Bank of Libya (CBL) to supervise commercial banks, ensure the soundness of their financial positions, and regulate the foreign exchange market. In 2006, the Libyan Stock Market (LSM) was established to supervise and regulate the securities industry and allow for the creation of supplementary financial products.

In 2009, the Banking Law created regulations that allowed foreign investment in Libyan banks, free currency deposits and exchange as well as local and international transfers. To operate in Libya, foreign entities can either invest in local banks or establish a branch office. Investment in local commercial banks must lead to an increase in their capital of no less than 70 million dinars (around US$ 56 million). Furthermore, foreign participation must not exceed 49% of the total shares of the local bank. Branch offices of foreign banks must have a minimum capital of US$ 50 million.

The high entry costs for foreigners could be deemed excessive, particularly if the foreign venture has simple activities or operations. Foreign players will play an important role in technology transfers and developing a more skilled workforce, as well as improving the range of available products and services, thereby enhancing competitiveness and market efficiency.

There has been little foreign penetration in Libya's industry as Libya remains a cash-based society – for instance, credit cards were only introduced in 2008. Potential for growth and development are important; however, security and political stability will be essential to ensuring greater investment. The introduction and regulation of further financial products is needed, including Islamic products, leases, and securitization. However, the current Banking Law does not allow for the introduction of Islamic financial services in the Libyan market. New or amended legislation is needed to integrate Sharia-compatible products.

The policy on whether to grant foreign banks further access to the Libyan market has yet to be formulated. Regulatory reforms should aim to meet international standards through greater transparency and corporate governance requirements in order to attract foreign banks to set up and operate in Libya. This requires creating a skilled and more educated workforce.

Project Finance : Ensuring the Efficient Mobilization of Needed Resources

Mr. Antoine Courcelle-Labrousse, Principal Country Officer for Tunisia at the International Finance Corporation (IFC), clearly acknowledges the large potential for the rapid creation of PPPs (Public Private Partnerships). The IFC is already involved in this process, bringing with it US$ 350 million in capital as well as technical assistance to support private sector involvement in fields such as: infrastructure development, healthcare, manufacturing and trade, along with technical assistance. For the completion of Enfida Airport alone, the IFC has allocated US$ 550 million, confirming the Tunisian government's need for assistance in defining, developing and executing its projects and avoiding over-indebting itself.

Advisory service will play a crucial role in realistically assessing the needs and the goals of future projects. No less than 165 projects in various countries have been completed by IFC to date, but none in Tunisia or Libya due to obsolete infrastructure and skilled resources. The glaring absence or ineffective presence of private investors is of even great concern. Private investment has been totally neglected in Tunisia and Libya and laws and regulations are needed to encourage the development of PPPs. Governments need help to develop adequate legislation, a task which IFC can support, allowing for the necessary integration of private investments in all sectors of development.

The "Jasmin Plan" is an example of a viable and readily implementable project finance that has been created recently by Mr. Jaloul Ayed, Former Tunisian Minister of Finance. The project would relieve the government of some of its financial infrastructure investment burdens by pushing increasing private sector investment through funds such as the Deposits and Consignments Fund (CDC) and Generation Fund (GF). A similar concept has been adopted in Morocco with considerable success. 50,000 Dinars need to be invested to create each new job. Having registered a 4% budgetary deficit for 2011 and forecast to have a 7% deficit in 2012, the Tunisian government rapidly practicable alternative solutions. The CDC could use available public funds – such as 2.5 billion dinars from its Telecom sale– to finance small projects that would employ a minimum of 30 people. Complete autonomy would be given to project leaders, thus limiting interference from publicly managed investments funds.

The revolution in Tunisia was driven by a desire for freedom, dignity, and prosperity. Its only political ambition was the need for democracy which would in turn lead to economic prosperity. To achieve this, certain conditions have to be fulfilled such as:

- A government strong enough to enforce security and maintain stability
- The establishment of the "Rule of Law" which has been undermined by decades of dictatorship
- Strong civil society institutions
- Solid and reliable government institutions focus on transparency and elimination of corruption

Singapore is the same size as the island of Djerba (514 square km), but has a GNP five times Tunisia's (US$ 220 billion). It has succeeded in developing its investment plans and has favored private investments. The private sector has increased its competitivity while the public sector remains bogged down less responsive bureaucratic institutions.

Tunisia's economy is running a systemic risk through its heavy dependence – 80% – on regional trade with European Union countries whose markets are in deep crisis. If measures are not taken, its trade deficit will rise to 15%, at which point Tunisia would lose its investment-grade credit rating. It has to diversify its economic links and exchanges with Maghreb countries, Sub-Saharan Africa and the broader Middle-East. It must also diversify its export sources by placing less emphasis on transformational products and by developing a more technology-based economy. The government should help stimulate the economy by encouraging private sector initiative while it addresses its own financial reforms. The Central Bank will its role of financial regulator but should also support currency exchange loss in favor of private investors if it is incurred.

Addressing the Key Priorities of Regional Development: What policies? What partners?

For Mr. Jamel-eddine Gharbi, Tunisian Minister of Regional Development and Planning, there are four fundamental problems that need to be addressed when promoting regional development:

o Regional discrepancies
o Uncomfortable economic situations
o Unemployment
o Poverty

To escape this vicious circle, he says, Tunisia needs to: identify comparative advantages between regions and translate these into competitive advantages, no longer attracting investors solely through the fiscal advantages that it offer but also by developing consistent and sustainable economic projects through alliances between Public Private Partnerships and civil society. A national discussion has already been launched to assess the situation in each Governorate, develop a global strategic vision and enact specific projects. Investment channels are numerous in areas such as highway and railway construction, water desalinization and distribution, modernization of existing harbors and airports and their integration into a new economy. New phosphate fields at Sra Ouartan and Tozeur can be exploited with the notion of creating a "value chain" rather than using it purely are an export port.

A knowledge-based economy is characterized by the availability of highly-educated youth and workforce as well as the proliferation of R&D centers. The "Borj Cedria Center is one such center which specializes in the study of energy production. New manufacturing projects can and must be set up with Libya and Algeria. While there are good intentions between the three neighbors, timely follow-up action will be crucial.

REAL OPPORTUNITIES SHORT AND MEDIUM TERM PRIORITIES

"Railway infrastructure"

Assessing the gains brought by the Tunisian revolution such as freedom, dignity and equity; Mr. Abdelkarim Harrouni, Tunisian Minister of Transport, advocated more economic and commercial interaction with its neighbors and to replace the political slogans which were brandished by the old regime. Political union can be attained through common economic projects such as "Maghreb Highway", which was for decades used to manipulate public opinion but can now be concretized. Another such project would be the construction of a rail line from Cairo to Nouakchott. However, the important gaps in the railway networks need to be filled in order to make future construction and connections with neighboring countries. Harbors and airports will have to be linked with the improved terrestrial grid, integrating the isolated hinterland and preparing for wide and unlimited international junctions: Africa, Asia, China and the two Americas. Tunisia can easily become a world hub provided it attracts the necessary investments capable of meeting its infrastructure needs.

A major infrastructure component in need of development is the Tunisian railway system. For Mr. Mohammed Nejib Fitouri, President Directeur General of Société Nationale des Chemins de Fer Tunisiens, the sector must consider the following facts:

- The Tunisian railway grid is barely 2,165 km long and is sectioned by 1200 railway crossings
- 11 million tons of goods are transported by rail per year, 8 million tons of which are raw phosphates
- Only 5% of population uses the railway system, while 65% use their private vehicles and 25% use private or public transport vans (Louages) and 10% use public bus transport.

At least 162 million dinars are needed for the renovation of the ageing railway network, 35 million dinars in the operating of stations and warehouses, and 550 million dinars in extension projects from Enfida to Sousse, from Sousse to Kairouan and from Kairouan to Sidi Bou Zid. An RFR project with an estimated cost of 1,600 million dinars is also being planned for the greater Tunis area.

Many projects have never been carried through to completion due to insufficient funding from the government. Mr. Manish Vasistha, European Bank for Reconstruction and Development, pointed out that EBRD, which was first stationed in Eastern Europe and has recently entered into Turkey, has launched a total of 57 railway projects investing over €3 billion and is hoping to begin operating in Tunisia. EBRD can help in all sectors of transportation infrastructure, from rails to signalization, station and wagon improvement. It can assistant in articulation the reforms needed for the railway companies, help develop successful Public Private Partnership, its efficient set of advisors, and good incentives.

Doing Business with the New Libya

Libya's endeavors to recover stability and recoup from the turmoil following its revolution will eventually be successful as the will to move forward is strong and noticeable. An estimated US$ 13 billion dollars of investment will be required in the short term. However, many potential investors are waiting for the political situation to stabilize and want to know whether the old rules will prevail and what role there is for foreign investors

According to Mr. Jamal Essouisi, Investment Director of the Libyan Privatization and Investment Board, the relevant institution is the "General Committee for Property Assignment and Investment" which is legally mandated to guarantee fiscal advantages and exonerations to foreign investors. Certain conditions have to be fulfilled by applicants:

o Ensure knowledge transfer
o Concentrate on backward areas in all development schemes
o Insist on transformational manufacturing of local products to avoid imports
o Offer regular and sustainable workforce training

Advantages granted to foreign investors include: total exemption from taxes for materials and tools which are imported to set up their project, the same exemption is renewed in case of reinvestment. A 5-year income tax exoneration is also extended foreign investors in all sectors excluding petroleum research and mining. Laws No. 5 and 6 and 9 provide legal guarantees for both local and foreign investors. The latter of the tree has been enacted but yet to be enforced and increase efficiency. This "trial and error" position seems to perfectly suit Mr. Mohammed Bahri, CEO of Libya Hub Consortium and Chairman and CEO of Bahri Consulting Overseas, who has operated in Libya for over 20 years. His advice is to ignore existing laws and get-down to work straight away. He strongly believes that the absence of visibility is characteristic of both transitional regimes in Tunisia and Libya, and to sit back and complain about the situation will not help unblock the situation.

There are numerous attractive opportunities, ranging from creating an oil and gas supply base in southern Tunisia, setting up a supply-chain for consumer products, manufacturing spare parts for oil drilling, opening mobile maintenance workshops, constructing accommodation camps and prefabricated housing for oil and gas workers. Along the same line, healthcare in Libya could be provided through at least 100 ambulatory units benefiting from highly qualified Tunisian paramedical personnel. Another field of intervention is capacity building in Libya and qualification and skills upgrading in sectors such as administration, security, environment (recycling), and search-rescue ambulance air service.

Offering the largest Tunisian frontier with neighboring Libya, the province of Medenine is a perfect example of regional inequity according to Governor Nabil Ferjani. Citing Cicero's Treatise on the Laws, he says the "Law in Rome, as in Athens, shall prevail everywhere", Mr. Ferjani remains confident that the future in continuing to develop cross-border relations, especially in the case of Medenine which is accessible by air, land and sea. A 1000 hectare free trade zone in Zarzis, a second one in Ben Guerdane, a science park in between are among the infrastructure projects which need be developed as soon as possible. Further opportunities are available in the agricultural, ceramics, chemical and electro-mechanic industries. A growing and skilled workforce is being created due to the 35 job training centers spread throughout the province providing 3800 workers. 134 high standard hotel units mainly concentrated on the beautiful island of Djerba provide a perfect logistic back up for investors willing to host seminars, forums and workshops.

The situation in Libya is not as bad as one may think. Over 1.2 million barrels per day are currently being produced and multinational companies have come back to relatively stable operating conditions. The governments need to begin amending the legal framework and regulations in order to allow businesses continue to contribute to the economy with new ideas and development driven proposals.

“The Power Sector: New Opportunities Ahead”

Cooperation between Tunisia and Libya in the energy sector has been economically productive and beneficial for the last 2 decades. Mr Ezzeddine Khalfallah, President of the Association Tunisienne de Petrole et de Gaz (ATPG), underlined the importance of the sector in strengthening ties between the two countries. ETAP (Entreprise Tunisienne des Activités Pétrolières) and LOHL (Libya Oil Holding) merged to form Joint Oil which have been operating on the Continental Shelf with Canadians as well as ensuring the transportation of 1 billion cubic meters of Libyan gas through the Mellita-Gabes pipe line. This has come to a halt due to recent events in Libya. Libya Oil, through the purchase of Exxon Mobil Tunisia, is nevertheless still operating in the country with 200 oil stations. Opportunities of future cooperation exist in the following areas: extension of joint drilling operations, establishment of a refining pool in La Skhira, laying a pipeline network from the Libyan border fields to the TRAPSA pipeline, investing in renewable energy with projects such as the Solar Plan, Desertec and Medgreen. These projects will help establish a platform for production and export to Libya.

For Mr. Sjaak Antheuntnisse, Middle East Energy Market Leader for Alcatel-Lucent, high-tech knowledge is the key for future development. It improves efficiency, guarantees security and ensures rapid transition through network integration. Alcatel-Lucent is ready to invest and help building infrastructure to adapt to the new technologies that it is developing, whether it be smart grid or smart health. Its policies aim at investing and helping develop a skilled labor-force. The company already has 200 employees in Tunisia and 25 in Libya. It is investing and expecting on the youth in emerging countries to adopt new technology.

There is a clear correlation between economic progress, living standards and energy consumption said Mr. Goekman Topuz, Deputy General Manager of Investments at Zorlu Energy Group. In Tunisia's case, peak consumption is around 1197 Kwh per person. A sustainable investment climate based on strong institutions, transparent legislation and social as well as political stability are essential prerequisites to any improvement in Tunisia's standard of living.

Public Private Partnerships for Mr. Khaled Tubaileh, Director of Business Development at Kharafi National can be productive and efficient, provided that local governments keep to their regulatory role and leave the rest for private sector initiative and exploiting their know-how. Since 2000, Kharafi National has three dimensional projects under management involving ADWEA (Abu Dhabi Water & Electricity Authority), KHARAFI and CONTRACTORS. Such Balanced Offer Transactions are nevertheless only viable if certain provisions are taken, such as: total independence of the technical bureau in charge of laying out necessary regulations, elaboration of a project guidebook and the availability of world class advisors serving the project leaders.

Another area of cooperation with neighboring Libya that will be crucial is oil and gas development. Mr. Habib Mlouah, Directeur du Central Exploitation et Commercialisation des Produits Pétroliers à AGIL, highlighted the local market's growing needs due limited refining capacity: 40% of gasoline stocks are imported to compensate the meager production of 80,000 barrels per day. AGIL has adopted a strategy based on preserving achievements already attained before focusing on AGIL International's future activities and branch creation Libya. Parallel projects include: oil blending, the production of light weight gas bottles and setting-up of a platform for ship bunkering. The latter would provide an alternative to similar facilities in Malta or Italy which are often difficult of access due to bad weather conditions.

Developing Healthcare Infrastructure: A New Investment Opportunity

Since Tunisia's independence, much emphasis has been placed on developing the nation's healthcare infrastructure. While healthcare was exclusively public at the beginning, an important private sector has developed over time. Mr. Ridha Kechrid, Former Tunisian Minister of Health, and Mr. Hassen Ben Brahim, Director of Studies and Planning at Tunisia's Ministry of Health, highlighted the giant leap achieved in Tunisia's healthcare system over the last 50 years. In 1960, there were 300 registered doctors registered –there are now 12,000. Public healthcare is provided through a chain of units classified as follows:

o Basic health services provided by 2088 units
o Advanced health services provided by 33 provincial hospitals
o Clinical-level health services provided by 22 University Hospital Centers (CHU)

Regional imbalance between East and West, obsolete infrastructure and the mismanagement of private, public and semi-public sectors interaction, are shortcomings for which adequate solutions need to be formulated. As much as 2.5 million dinars will be needed to upgrade regional hospitals, set up inter-regional hubs and provide continuous medical training.

Mr. Maher Ben Ahmed, General Secretary and Executive Committee Member of Amen Santé, is well aware of the responsibility incumbent on the private sector due to demand for its services by local wealthy patients, Libyan citizens, and even Europeans trying to combined affordable quality medical treatment with tourism. Amen is will be setting up the first private hospital in Tunisia by 2014, with a capacity of 300 beds and 20 operating suites, at a total cost of 52 million dinars.

Comparing the state of healthcare in Tunisia with that of Libya, Mr. Samir Ben Yahmed, Head of the Libyan Country Office for the World Health Organization, pointed out that Tunisian system is far more sophisticated that the Libyan healthcare system which is in fact in a primitive and deplorable state. For instance, 1500 medical units completely deserted, their personnel scattered and are in need of retraining. It will likely take 10 years and significant amounts of investment in order to redress the Libyan system. The immediate next steps are the assessment of real needs, feasibility and priorities. By the end of March, a list of such needs will be published by the WHO and in few months a Forum will be held in Libya. However, the immediate and medium-term concern is to preserve the current workforce and to find ways to finance and run a compromised but essential sector.

Road and highway infrastructure : What priorities for the short and medium term?

For Mr. Salem Miladi, Former Tunisian Minister of Transport, investing in infrastructure should be the new government's first priority. Tunisia has not invested enough in the transport sector, underestimating the positive impact of investment on economic growth. Investment of 1% in national infrastructure gives 0.25% growth in private sector product. During the last 25 years,
the investments in the transport sector, although amounting to 25% of total investments, formed only 06% of GIP against 14% in France and an average of 10% in the EU. The average national density of road infrastructure in Tunisia is of 121 Kms per 1000 square Kms (EU: 1239 Kms/1000 square Kms). Extending the existing network will need significant investment, considering that the cost-per-km is estimated at between 4 and 5 million dinars, and 10 times greater when constructing in the mountainous areas in northwest Tunisia near the Algerian border.

Tunisia will benefit from recent innovation and the use of advanced technologies as they have generated deep changes in national transportation systems. The new transport world model has promoted logistic inter-modality, quality and rapidity of information – for instance, just in time inventory management. Tunisia's proximity to the European markets gives it a competitive advantage of reactivity for time-sensitive business, compared to distant lower cost countries.

Along those same lines, Mr. Carlo Ferretti, President of International SMEs Group for the Association of Italian Construction Companies (ANCE), emphasized the strong historical and geographical ties between Tunisia and Italy, once decision makers in the Mediterranean basin. Today, with more transparency in international interaction brought about by the "Jasmin Revolution," these ties must be strengthened through infrastructure development projects. ANCE is composed of around 20,000 construction companies with an annual turnover of over US$ 100 billion. Fields of intervention range from road and subway construction to the development of power plants in renewable energy. Another operating sector of ANCE is the relocation of European manufacturing units, which can absorb the growing number of unemployed unskilled workers, and with Italy serving as the natural bridge for Tunisia to Europe.

The CDC has a solution to attracting the much but sometimes elusive infrastructure investment. Mr. Jameleddine Belhadj Abdallah, Directeur Genéral de la Caisse de Dépots et Consignations, points out that by following a contra cyclical strategy, the CDC goes where other investors do not. This strategy is shared by over 20 CDC Funds worldwide. Unlike banking systems, investments are made with private sector partners to encourage greater participation. With 3 billion dinars available, it can also partly relieve public operators from the burden of their growing debt. It has done so with the STEG (electricity), the SONEDE (water) and the Tunisie Autoroutres, and has circumvented government limitations on debt levels.

In the days of Rome, a straight, paved road once ran from Carthage to Leptis Magna, connecting the modern cities of El Djem, Sfax, and Gabes. This road can exist again, according to Mr. Issam Ben Youssef, General Manager Libya for Groupe Soroubat. Founded 40 years ago, the Group has operations in Cote d'Ivoire, Burkina Faso, Algeria and, since 2005, Libya. The situation in Libya today is better adapted to the groups planned projects. In the recent past, projects used to be allocated as gifts to political favorites, whereas today investors need to focus on developing a concrete project. There are serious impediments facing foreign investors, however, such as the lack of transparency, speed of information, capital market deficiencies, and the obligation imposed on foreign investors to hire at least 30% of their workforce from the devastated local labor market.

Ultimately, opportunities exist for investors in the new world economy, where the fast evolution of manufacturing and product distribution as well as the growing use of advanced information technologies have generated profound evolutions in the transportation system. The Maghreb region has to adapt to the new multimodal service essential to maximum efficiency and cut down on regional travel distances. Quality and rapidity of information should be promoted to meet challenges and keep pace its economic partners. The World Bank's Logistic Performance Indicator (LPI), an interactive benchmarking tool created to help countries identify the challenges and opportunities they face in their performance on trade logistics, ranks Tunisia 60th.

Aviation and Logistics Infrastructure: What are the short- and medium-term projects?

On January 24, TunisAir Express launched its first flight from Tunis to Misrata in post-revolutionary Libya. For Mr. Hatem Motemri, Managing Director of TunisAir Express, the flight hailed in the beginning of a new era for both countries. Tunisia has a highly educated and ambitious youthful workforce and Libya is a large country rich with natural resources but lacking the necessary human resources to develop them. Increase in cross-border air traffic will difficult in the short run due to Libya's underdeveloped ICT system. In the meantime, we can concentrate on increasing inland air transportation to promote tourism and to connect future transportation hubs in order to facilitate economic development.

Mr. Karim Mhirsi, Private Sector Department Investment Officer in Infrastructure Finance for the African Development Bank, also favors this integrated approach, citing the recent investment made in Senegal. In this project, an airport and a toll road were constructed, and a power plant was set-up. This combined integrated approach is critical to balanced development, and must engage a chain of diverse modes of transport starting from and leading to Logistic Activity Zones (ZAL). The AFDB offers assistance to governments in developing infrastructure (ex: Enfida Airport, Tunisia) and helps build regulations to support and secure investment. The AFDB has its 2nd largest office in Tunisia and its fifth largest in Libya.

Another example of an integrated approach to infrastructure investment was discussed by Mr. Khaled Tubaileh, Director of Business Development at Kharafi National, Malakal Airport in South Sudan is a project which provides training, employment, education and healthcare and community services . Kharafi National is quite intent on investing in Tunisia because of the AFDB's presence and the high level of education and expertise in the nation's workforce. While Libya has important natural resources there is an important absence of expertise. Kharafi National is interested in long-term investments, not in "hit and run" investments, and therefore needs stability and partners on the ground.

Risk Assessment and Management in Times of Transition

Tunisia's reputation for political and economic instability after the revolution does not reflect reality, says Mr. Sean Jacobs, Chief Strategist and Trader at DRW Trading. Lack of information and contradictory news stories are a plausible cause of uneasiness for foreign investors. Expert assistance is therefore needed to clarify the situation, improve transparency, and generate standards of coverage and reporting. Improving the flow of information will help investors identify the real values and real risks in Tunisia. Identifying the value and studying the risk incurred is imperative to secure success in trade. DRW believes in generating superior risk adjusted returns and steady earnings growth, promoting transparency and innovation.

Mr. Nazeh Ben Ammar, President of Mami Group and Founding Member of CONECT, has seen risk management become the "daily bread" of Tunisian businessmen in a country once known for stability. The country, after all, has gone through five upheavals in the last year: the 14th of January revolution, two provisional governments, the elections of the Constituent Assembly and finally the "Second Republic." These sudden changes caused serious damage to both the social and industrial fabric of Tunisia. Along with the risk of growing unemployment, the country is faced with social disquiet in the existing workforce: men vs. women, veiled vs. unveiled women, and even tribal risk in certain areas of the country. A strong government, new legislation and more involvement by the Ministry of Interior Affairs are urgently needed to allow business to deal with their day to day operations and their risk-prone sectors such as: the supply chain, the financial system, and a possible currency collapse due to the Eurozone crisis.

“ OVERALL CONCLUSION ”

We had about 17 hours of discussion in two days from which a considerable number of viable projects in many fields emerged. The lack of visibility, obvious as it may look to expert eyes, should be no excuse for inaction. It is the nature of life to deal with problems and face challenges and we should only try to go for the next turn on the ground, thus diminishing risks and considering opportunities where others see obstacles.

The need for projects has been strongly linked with the integration of internal areas in the economical activities. Equally explicitly declared, dynamic and innovative financing mechanisms must be activated and new sources of funding created (CDC, IFC and others). The integration of Tunisia in the Maghreb scheme is undoubtedly of vital importance, a matter of “do or die”. Isolated, countries like Libya, Algeria, Tunisia or Morocco do not have enough weight. Together they can be strong. However, integration will not come from governments’ own initiatives. They are too entangled in dealing with day to day problems. Let business drive integration, like in Asia. Throughout the Forum sessions, a “want to do” attitude was omnipresent. But to have real growth, “WANT TO DO” has to step towards “CAN DO.”

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