

## FEMIP:

Financing in Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and Turkey

Lending for transport in the Mediterranean partner countries • Lending for transport in the Mediterranean partner countries

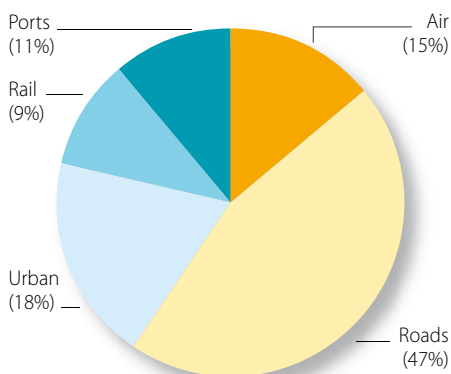


# Transport in the Mediterranean partner countries

Since ancient times, transport has been an important factor in the Mediterranean region in facilitating communications and, in particular, trade. Today, the economic development of the Mediterranean area still depends to a large degree on expanding and strengthening infrastructure and transport services between the Mediterranean partner countries themselves and the neighbouring European Union with its internal market of some 450 million con-

## Lending for transport

1995-2004: EUR 2.7 billion



## FEMIP

Since October 2002, the European Investment Bank (EIB)'s operations in the Mediterranean partner countries<sup>1</sup> have been brought together under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP).

FEMIP represents a milestone in the financial partnership between the European Union and its Mediterranean neighbours, which goes back more than thirty years and was intensified in the 1990s to underpin the Barcelona Process. In line with the Wider Europe-Neighbourhood Policy, FEMIP aims to help the Mediterranean partner countries meet the challenges of economic and social modernisation and regional integration, particularly in the run-up to the creation of a customs union with the European Union by 2010.

Against this backdrop, FEMIP gives priority to financing private sector ventures, whether local initiatives or foreign direct investment. In order to create an enabling environment for the development of private enterprise, FEMIP also supports infrastructure projects, investment in human capital and schemes specifically targeting environmental protection.

To this end, FEMIP operations primarily involve three types of product: loans, investment capital (equity and quasi-equity) and technical assistance grants.

FEMIP also endeavours to promote greater dialogue with all those involved in the Euro-Mediterranean financial partnership, both on the institutional front and with the representatives of the private sector and civil society.

<sup>1</sup> Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and Turkey.

sumers. Such development will be crucial for the establishment and ultimately the smooth operation of the free-trade area in the region planned for 2010.

Using methods tried and tested in the context of European integration, FEMIP funds the creation of the necessary physical links in the Mediterranean region - national and regional infrastructure facilitating trade, movement of persons and the utilisation and distribution of common resources. Likewise it works actively to extend trans-European networks (TENS) for transport, telecommunications and energy to the Mediterranean region.

Against this backdrop, FEMIP is financing a study analysing the logistics platform requirements of the Mediterranean partner countries. This will make it possible to determine the “catalytic” role that these platforms can play in diffusing logistical expertise and, through the development of a network, to achieve better integration of intermodal transport chains in the Mediterranean region.

Since 1995, lending for the transport sector in the region has reached EUR 2.7 billion, i.e. 21% of the total FEMIP loan book.

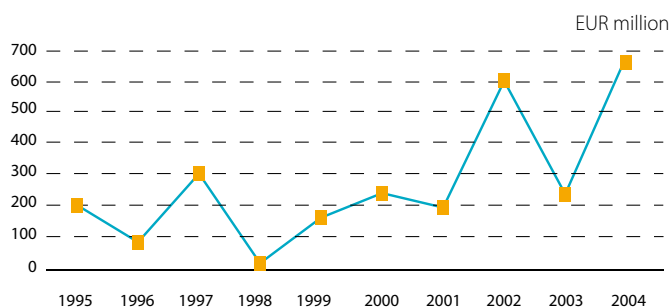
Transport projects supported include road, rail, air and maritime links.

Road development has been the main focus of financing in this ten-year period, attracting more than EUR 1 billion in total or 47% of aggregate lending in the transport sector. Most of the large projects co-financed are sections of the South-South road network and links to TENS. Examples are to be seen in Algeria (trans-Algerian East-West motorway), Egypt (North African highway), Jordan (Amman-Aqaba highway), Lebanon (section of Beirut-Tripoli motorway, Taanayel-Masnaa stretch on Beirut-Damascus trunk road and ring road west of Tripoli), Morocco (Rabat-Fez, Settat-Marrakesh and Autoroute du Nord motorways), Tunisia (M’saken-Sfax motorway) and Turkey (Adapazari-Bozuyuk and Ankara-Samsun priority roads). FEMIP finance has also been channelled into improvements to national and interregional road transport links.

With the aim of improving the quality of urban life, EUR 473 million of financing has gone towards transport projects in Mediterranean cities since 1995. Examples of such projects include schemes in Algeria (Algiers ring road), Jordan (Amman ring road), Tunisia



## Growth of lending for transport



(ring roads in large conurbations and Tunis light metro) and Turkey (Bursa and Eskişehir light metros).

In an economic and political environment not yet conducive to significant growth of regional trade by rail, funding totalling EUR 250 million has been provided for this sector since 1995. This has especially contributed to the development of several national railway lines, including the Marrakesh-Casablanca main line and Sidi Kacem-Fez line in Morocco and the Tunis-Sfax-Gabès line in Tunisia.

With about half of passenger movements recorded by the Mediterranean partner countries being to or from the European Union, the airline sector is experiencing considerable growth. Funding provided has amounted to a total of EUR 395 million since 1995, assisting projects in Algeria (air traffic control system), Egypt (renewal of the Egyptair fleet) and Lebanon (air traffic control system).

Ports are a major source of potential expansion for the Mediterranean countries. Financing over this ten-year period has amounted to a total of EUR 310 million, i.e. 11% of FEMIP's transport lending. Major projects are in Lebanon (port of Tripoli), Morocco (nine ports - Agadir, Casablanca, Mohammedia, Jorf-Lasfar, Kenitra, Nador, Mehdiya-Kenitra, Sidi Ifni and Tangiers), Syria (port of Tartous), Tunisia (major port infrastructure rehabilitation) and Turkey (container handling equipment in Haydarpasa-Istanbul, Mersin and Izmir).

Since 2002, the FEMIP technical assistance fund, financed from MEDA resources, has underpinned lending operations, notably through the establishment of project management units (PMUs), aimed at strengthening the institutional capacity of promoters and amplifying the impact of projects. Over the period 2003-2006, EUR 105 million is available for technical assistance in identifying, preparing and implementing projects. The transport sector is expected to absorb some 20% of these resources.



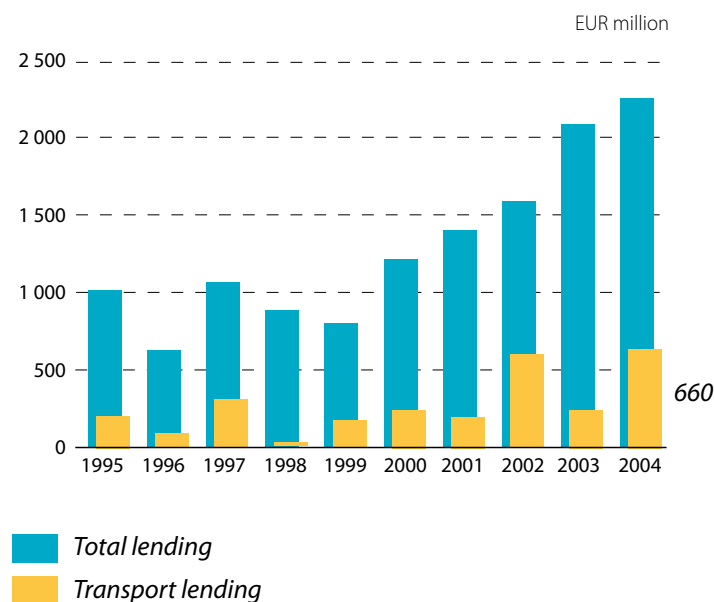
# Transport is an important factor in the Mediterranean region in facilitating communications and trade

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## Total lending for transport

(as a proportion of total lending in the region)



### Contacting FEMIP:

#### Operational contacts:

Claudio Cortese  
 Director, Mediterranean (FEMIP) Department  
 ☎ (+352) 43 79 68 36    📠 (+352) 43 79 68 98  
 ✉ c.cortese@eib.org

#### General information and press contacts:

Helen Kavvadia  
 ☎ (+352) 43 79 31 34    📠 (+352) 43 79 31 88  
 ✉ h.kavvadia@eib.org

#### European Investment Bank

100, boulevard Konrad Adenauer  
 L-2950 Luxembourg  
 ☎ (+352) 43 79 1    📠 (+352) 43 77 04

[www.eib.org/femip](http://www.eib.org/femip) – ✉ [info@eib.org](mailto:info@eib.org)

#### FEMIP's Headquarters

4, rue Lou-Hemmer  
 L-1748 Findel

#### External offices in the Mediterranean partner countries:

##### Egypt:

6, Boulos Hanna Street  
 Dokki, 12311 Giza  
 ☎ (+20-2) 336 65 83    📠 (+20-2) 336 65 84

##### Morocco:

Riad Business Center, immeuble S3, Aile sud, 4<sup>e</sup> étage  
 Boulevard Er-Riad  
 Rabat  
 ☎ (+212) 37 56 54 60    📠 (+212) 37 56 53 93

##### Tunisia:

70, avenue Mohamed V  
 TN-1002 Tunis  
 ☎ (+216) 71 28 02 22    📠 (+216) 71 28 09 98