

Record EIB Lending in Mediterranean Partner Countries : EUR 1.5 billion in 2001

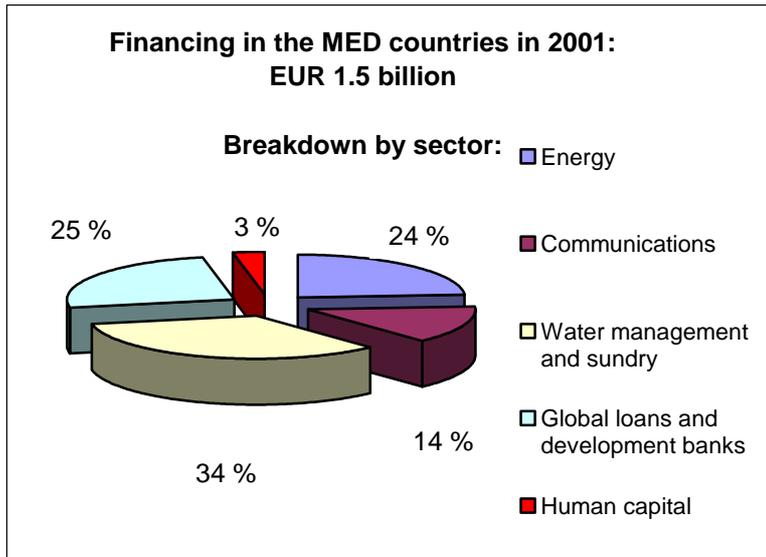
In 2001, European Investment Bank (EIB) lending in the Mediterranean Partner Countries, including the Accession Countries in the Mediterranean region, rose to a record figure of EUR 1.5 billion, confirming the European Union's financing institution as a major player in the economic development and stability of the region.

These results have been posted against a diverse backdrop marked by renewed political tension in the region and the need to revitalise the Euro-Mediterranean Partnership launched in Barcelona in 1995. The EIB is committed to supporting a shift in the direction of the Euro-Mediterranean Partnership towards increased economic and financial cooperation between the European Union and the countries of the region, while deploying new financial instruments.

ENHANCED PRIORITIES

Under the Euro-Mediterranean Partnership, there are four complementary aspects to Bank activity in support of the beneficiary countries' policy of development and openness:

- the first is to provide beneficiary countries, on optimal conditions, with essential long-term financing to encourage them to modernise and liberalise their economies, with a view to the progressive creation of a free trade area with the Union by 2010. Such backing for private enterprises is made available in close cooperation with the local financial sector, so contributing to its modernisation.
- at the same time, EIB loans help to bolster and expand economic infrastructure – communications, energy and environmental – laying the foundations for development. The EIB focuses in particular on financing the establishment of physical links, i.e. regional infrastructure facilitating "South-South" cooperation and trade, the movement of persons and the use and distribution of common resources;
- the third aspect is to support the Union's action to promote an area of peace and stability throughout the Mediterranean region. In 2001, the Bank's most important operations were in Algeria where it elected to underpin investment directly targeting populations in difficulty through implementation of a large-scale programme to improve drinking water supplies. In addition, for a number of years the EIB has been making a substantial contribution towards fostering the economic development of the Mashreq countries; it has especially focused on financing basic infrastructure in Gaza/West Bank, SMEs in Jordan and the West Bank, energy infrastructure in Syria and the reconstruction of Lebanon.
- fourthly, the EIB contributes "value added" through its role as a financial catalyst, associating its name with projects that it supports and providing financial engineering tailored to project requirements. Thus, apart from long-term loans, the EIB also mounts venture capital operations, financed from EU budgetary resources and geared to strengthening the capital base of companies.



As part of the new Euro-Mediterranean Partnership, the Bank is to make available EUR 7.4 billion between now and 2007, i.e. EUR 6.4 billion under the "Euro-Mediterranean Mandate" conferred by the Union and EUR 1 billion deployed at the EIB's own risk in support of regional cooperation projects in the communications, energy and environmental sectors.

2001, A RECORD YEAR

- In 2001, lending to these countries was marked by the priority accorded to safeguarding the environment (water sector), which attracted 34% of the total amount advanced. In particular, the EIB granted loans for improving drinking water supplies in Morocco (70 medium-sized municipalities), Tunisia (Sahel region) and Greater Algiers, as well as for modernising wastewater management in Turkey and Egypt. EIB lending for projects aimed at rectifying environmental degradation receive a 3% interest subsidy, financed from EU budgetary resources.
- The Bank's second priority is to fund both large and small private enterprises via lines of credit. These received 25% of total lending. In particular, numerous financial intermediaries established in the Mediterranean Partner Countries benefited from EIB credit lines to assist small and medium-scale ventures carried out by SMEs. These lines of credit also play a role in developing the domestic financial sector in the countries in question by bolstering their technical and financial capacities.
- As far as other basic infrastructure is concerned, loans in favour of energy sector projects accounted for 24% of total lending and included large-scale schemes in Egypt, Morocco and Syria. Communications projects attracted 14% of EIB financing and schemes in the health sector, 3%.

PROJECTS FINANCED IN 2001

Loans provided by the EIB in 2001 in this region break down as follows:

Algeria: EUR 225 million for construction of a drinking water supply network between the Taksebt dam and Algiers.

Cyprus: EUR 50 million for equipping a new hospital in Nicosia.

Egypt: a total of EUR 180 million for construction of a natural gas-fired combined-cycle power plant in Cairo (EUR 150 million) and financing small and medium-scale ventures (EUR 30 million: global loan to the Export Development Bank of Egypt).

Malta: EUR 25 million for financing small and medium-scale ventures (global loan to the Bank of Valletta plc).

Morocco: a total of EUR 280 million for construction of a pumped storage power plant, south-east of Casablanca (EUR 90 million), construction of two motorways between Sidi El Yamani and Tangier and between Casablanca and El Jadida (EUR 100 million), improvement of drinking water supplies in 70 Moroccan towns (EUR 50 million) and rehabilitation of hydro-agricultural equipment (EUR 40 million) for irrigated areas in the south of the country.

Tunisia: a total of EUR 225 million to improve and develop the road network around Lake Bizerta, north of Tunis (EUR 30 million), upgrade drinking water supplies to the eastern coastal regions of Sahel and Sfax (EUR 95 million) and finance small and medium-scale ventures mounted by Tunisian enterprises via ten Tunisian banks.

Turkey: EUR 370 million in total for wastewater treatment and sewerage networks in the city of Mersin on the Mediterranean coast (EUR 60 million), urban development in Eskisehir (EUR 110 million), reconstruction of industrial facilities in earthquake-damaged regions (EUR 75 million) and EUR 125 million for financing small and medium-scale ventures through global loans (Turkiye Vakiflar Bankasi Tao, Turkiye Sinai Kalkinma Bankasi AS and Sinai Yatirim Bankasi AS).

Syria: EUR 115 million for upgrading medium-voltage power transformer and distribution facilities.

MED Group: a conditional loan from risk capital resources for EUR 6 million to EFG-Hermes Middle East Technology Fund Ltd to finance participations in investment funds supporting small and medium-sized enterprises (SMEs) in the high-tech sector.