



Euromed 10th Anniversary Summit

Barcelona

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THE BARCELONA FACILITY IN 10 QUESTIONS

1. What is FEMIP?

Since October 2002, the European Investment Bank (EIB)'s operations in the Mediterranean partner countries have been brought together under the Facility for Euro-Mediterranean Investment and Partnership (FEMIP). The creation of FEMIP represented 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.

2. What are its priorities?

FEMIP aims to help the Mediterranean partner countries meet the challenges of economic and social modernisation and enhanced regional integration, especially with a view to the creation of customs union with the European Union by 2010. To this end, it accords priority to financing projects undertaken by the private sector, whether local initiatives or foreign direct investment. In order to foster an enabling environment for the development of private enterprise, FEMIP also supports infrastructure projects, investment in human capital and dedicated environmental protection schemes.

3. What forms do its operations take?

FEMIP deploys three main types of instrument: loans, investment capital (equity and quasi-equity) and technical assistance grants (for feasibility studies, sectoral studies, support for project implementation, etc.).

4. What is the volume of its operations?

In 2004, the volume of finance provided by FEMIP reached EUR 2.2 billion (1.5 billion excluding Turkey) compared to 800 million five years earlier. Over a third of this amount served to finance private sector initiatives (rising to 80% if projects contributing to the creation of an environment conducive to private sector development are included).

5. What resources does FEMIP deploy?

Loans are granted under the Euromed II Mandate (EUR 6 520 million over the period 2000-2007). These resources are augmented by the Euro-Mediterranean Partnership Facility (also called the Nice Facility), amounting to EUR 1 billion (to be deployed between 2001 and 2007) for projects of mutual interest to the European Union and the Mediterranean partner countries, especially in the energy and communications sectors.

Investment capital is financed from the Community budget (EUR 200 million over the period 2001-2006) and by the FEMIP Trust Fund (33.5 million contributed directly by 15 of the Member States and the European Commission) set up this year.

Technical assistance is financed from the Community budget (EUR 105 million over the period 2003-2006) and by the FEMIP Trust Fund.

6. Why create a Barcelona Facility?

FEMIP has in a way been a victim of its own success, and the rapid depletion of its lending resources was threatening its initial dynamic. However, the new envelope allocated to the Mediterranean for the period 2007-2013 under EU policy will not be in place until the first half of 2007; furthermore, its amount remains contingent upon agreement on the Union's new financial perspectives.

To keep up FEMIP's momentum and allow the facility to maintain its activity at a level commensurate with both the Member States' undertakings and the partner countries' needs, it has therefore become necessary to establish a supplementary envelope as a transitional measure. At its meeting on 27 October 2005, the EIB's Board of Directors signalled its agreement in principle to such an envelope. It is now up to the Heads of State or Government meeting at the Euromed 10th Anniversary Summit to confirm their wish that this "Barcelona Facility" be set up.

The creation of the "Barcelona Facility" will also raise the profile of the Euro-Mediterranean Partnership, in which FEMIP is the lead player in financing the investment necessary to achieve the priority economic objectives.

7. The Barcelona Facility: what amount?

To enable FEMIP to fulfil its current remits up to mid-2007, supplementary resources of EUR 1 500 million are considered necessary. These will be additional resources earmarked for financing projects pending actual establishment of the new 2007-2013 mandate.

8. The Barcelona Facility: for financing what?

To stand in for the mandate as a transitional measure, the new facility must be made available on terms meeting market demand. In order to ensure that the mechanism is viable while remaining within the EIB's risk management rules, it is envisaged that the Barcelona Facility will be deployed primarily to finance projects presenting an adequate loan grading.

9. The Barcelona Facility: what timetable?

Once the Heads of State or Government's invitation to set up a new financing facility has been confirmed, FEMIP will submit to the EIB's Board of Directors a detailed proposal including in particular the corresponding operational procedures. Following endorsement of the facility by the EIB's Governors (the EU Finance Ministers), the supplementary resources will be fully available to maintain the pace of activity in 2006.

10. After Barcelona, what will be the next milestones in the Euro-Mediterranean Partnership?

In accordance with the decision of the Brussels European Council in December 2003, at the end of 2006 the Member States will, in consultation with the Mediterranean partner countries, evaluate the performance of the reinforced FEMIP and "assess the incorporation of an EIB majority-owned subsidiary dedicated to the Mediterranean partner countries". The meeting of the FEMIP Ministerial Committee (which will once again be paired with a Euro-Mediterranean ECOFIN Council) to be held on 25 and 26 June 2006 in Tunis will constitute the forum for carrying out an in-depth assessment of FEMIP's achievements so far and the prospects for its development.

In the meantime, the celebration of the 10th anniversary of the Barcelona Declaration provides an ideal opportunity to bear witness to the European Union's full and unequivocal commitment (as expressed via the EIB and FEMIP) to the Euro-Mediterranean Partnership, especially by establishing the Barcelona Facility.