

Boosting Investments in the Mediterranean

Opening session

Cairo, 13 September 2017

Intervention by Dario Scannapieco

Your Excellency Dr. Sahar Nasr, Minister of Investment and International Cooperation

Excellency's

Honourable guests

Ladies and Gentlemen

It gives me great pleasure, indeed, to welcome you at the conference of the European Investment Bank on “Boosting Investments in the Mediterranean” here in Cairo.

Let me begin by thanking the Ministry of International Cooperation and Investment, the Union for the Mediterranean (UfM) and the EU delegation in Cairo for their collaboration in the organisation of this event.

As we start, I would like to take a moment to reflect on our long-standing partnership with the Mediterranean region.

During the last decade (2007- 2017 to date), we invested over 15 billion euro in support of projects in transport, water & sanitation, social infrastructure and energy with a focus on energy efficiency and renewable energy projects in the region. Also, our investments have supported private sector development by financing Micro, Small and Medium Enterprises and Mid-Caps as well as the corporate sector in the region.

When thinking about this figure, it is important to remember that the EIB is not only the largest multilateral lender in the world; it is also the bank of the European Union. Our lending activities in the Mediterranean region are based on a Mandate from the European Union currently covering the period 2014/2020 – through which we work together with the EU and the Mediterranean partner countries to support socio-economic development in the region.

This work is enhanced by EIB's close cooperation with the EU External Action Service, and financing partners including other

European / International Financial Institutions, with which we work hand in hand to support economic development in the region.

As you know, the region needs to boost public and private investments in order to respond to the aspiration of its citizens.

For this, the European Investment Bank developed, on the request of the 28 EU Member States, an initiative to rapidly mobilise additional financing in support of growth, vital infrastructure and social cohesion in the Southern Neighbourhood and Western Balkans countries; countries that were affected by the refugee crisis.

We developed the “Economic Resilience Initiative” which was approved by the European council and was launched last year.

Under the Economic Resilience Initiative, the EIB aims to deploy additional lending of 4.5 billion euro until 2020 in the Southern Mediterranean region. This will bring the total expected support by the EIB to the Region, to a total of around 13-14 billion euro for the period 2014-2020.

This will entail 1.5 billion euro of additional lending to the public and private sector within existing frameworks; 900 million euro additional lending on especially favourable terms to the local public sector; and 2.1 billion euro for higher risk, higher impact financing to support the private sector.

The EIB's commitment under the ERI will activate additional investments for a total of 11.25 billion euro that will add-on to the ones already foreseen. As a result, the total amount will reach approximately 27 billion euro of enabled investments in the southern neighbourhood by 2020.

Boosting public and private investments is a priority on our agenda to improve the Economic Resilience of the region. In the past two years, we stepped up our support. For example, we invest every year more than 1 billion euro in the private sector in the region.

We are providing wide-spread support to companies through loans at favourable conditions from Morocco to Lebanon, accompanied by Technical Assistance where required.

To give you all a better idea of the impact of private sector finance; in 2016 more than 700 companies employing some 130,000 individuals received finance either directly or through our local partners; banks and funds.

Under the Economic Resilience Initiative, we have recently approved loans with partner banks that are set to benefit over 600 smaller businesses and midcaps, thereby helping to sustain more than 40 000 jobs in the region spanning from Egypt, Jordan, Lebanon, to Morocco and the West Bank.

However, we need donors support to finance activities with a strong social impact and to provide Technical Assistance.

The EIB has committed 90 million euros from own resources and is currently raising the donor funding still required to allow the ERI to reach its ambitious targets. I can anticipate that the first results are quite positive.

In Egypt, our host country today, loans to SMEs and Mid-Caps have constituted some 30% of all EIB lending during 2010 – 2016. During this period 700 million euro of funding has been allocated to over 200 private companies, creating over 7,500 new jobs, not including many

more thousands of jobs sustained. We are committed to continue the funding of small and medium businesses with new loans signed in 2017 and in the future pipeline to both state owned and private banks.

The EIB is also investing equity funds. These funds represent another way for our financing to reach thousands of small and medium-sized businesses that need investment to grow, create jobs and meet the demands of evolving populations.

Recently, we invested 15 million dollars in the Egypt Mid-cap fund, a generalist private equity fund targeting growth capital investments in small and medium sized private companies located in Egypt. This is the first EIB operation signed in Egypt under the Risk Capital Facility for the Southern Neighborhood Countries and the first investment in an Egyptian fund since 2011.

The EIB Risk Capital Facility is part of the "EU Initiative for Financial Inclusion" which has been developed jointly by the European Commission and several European Financial Institutions, among them the EIB. The initiative is a comprehensive programme to help micro, small and medium sized businesses in the southern and eastern Mediterranean region to become more competitive and grow.

It provides finance and know-how to boost development and create jobs. In this way, it contributes to job creation and economic growth in the Southern Neighbourhood Countries.

We also provide advisory services to help young people. Over a period of two years the Technical Advisory to Support Seed Accelerators Program undertook five workshops and two study tours. The workshops as well as the study tours allowed the participants from Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia to experience many different start-up ecosystems including Istanbul, Berlin, Amman, Dublin and Paris while the study tours were to London, Copenhagen, Malmo and Stockholm, some of the most dynamic ecosystems in Europe and globally.

We have been financing the socio-economic infrastructure of the region in the past forty years. In the last decade we invested almost 1 billion euro to renewable energy, energy efficiency, urban transport, education, telecommunication, and manufacturing sectors in the region and we have a strong pipeline of projects.

I am delighted to announce that today I will sign an agreement to provide technical assistance for the implementation and operation of

Kafr El-Sheikh wastewater plant project as well as a joint declaration to intensify and widen cooperation on high priority areas [such energy, transport, water wastewater and waste, urban development, information and communication technologies and education, and private sector development].

Moreover, we will soon be signing a number of projects including Fayoum, Alexandria West and Kitchener Drain. The signatures are the result of an efficient cooperation between the authorities of the Arab Republic of Egypt and the project teams at the EIB and the European Union.

The Fayoum project will provide first-time access to such infrastructure for 800 000 people in rural areas, thereby improving living and health standards, as well as benefiting regional economic activities. Also, agreement to provide technical assistance to start feasibility studies on Alexandria wastewater treatment plant will be signed very soon.

Ladies and gentlemen,

We are honoured to have you here today to discuss and consider the challenges and prospects in the Mediterranean region. Our conference today aims to identify and address key obstacles in the region,

focussing on how to boost public and private investments to promote job creation, especially for young people and women, and to raise living standards in the region.

Let me finally wish you a successful conference and fruitful discussions. I am confident that your analysis will provide good food for thought in improving ways to boost investments in the region.

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