Mediterranean partner countries are in this respect facing two major challenges: the creation of jobs for a young population and the diversification and adaptation of their areas of activity. RDI in terms of its impact on industrial conversion, education through its capacity to strengthen human capital and ICT as a means of broadening access to information are vital levers in this process. Moreover, the regulatory framework is now conducive to the firm establishment of the knowledge economy within the productive and educational systems.

Through its financing operations and technical assistance measures for the private sector, education, RDI and innovative businesses, FEMIP lays particular emphasis on the knowledge economy as a key to sustainable development in the Mediterranean region. It is also keen to support the development of entrepreneurship and the transfer of technologies that are essential for RDI and its progress. It draws on the experience accumulated by the EIB through its implementation of the Lisbon strategy and the "Innovation 2010" initiative.

About FEMIP

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together the whole range of services provided by the European Investment Bank (EIB) in Mediterranean partner countries.

Operational since October 2002, it is now the key player in the economic and financial partnership between Europe and the Mediterranean, providing almost EUR 10bn of financing between October 2002 and December 2009.

Over the period 2007-2013, FEMIP has EUR 10.7bn at its disposal to support projects in the nine Mediterranean partner countries.

In line with the European Neighbourhood Policy and the Union for the Mediterranean, FEMIP encourages the modernisation and opening-up of the economies of the partner countries. Its activities are focused on two priority areas: the development of the private sector and the creation of an investment-friendly environment.
Concrete and made-to-measure technical assistance

In addition to its lending activity, FEMIP provides Mediterranean partner countries with technical assistance for projects at the preparation, implementation and monitoring levels. Examples in the RDI sector include assistance with the development, strategic positioning and synergies between the five Tunisian science and technology parks. FEMIP also finances technical studies conducted independently of loan and private equity operations in order to support the private sector and the creation of a favourable environment for the development of promoters’ and investors’ initiatives.

FEMIP also brings its technical assistance upstream of projects through its Trust Fund. In Tunisia, the EIB assisted with the establishment of the first network of business angels in support of new innovative enterprises. Business angels provide a solution to the financing problems encountered by such enterprises during their setting-up and start-up phase. The operation also includes an environmental analysis and the definition of proposals regarding incentive measures. Médibtikar, a partner of the EIB, is responsible for the operational aspects of identifying the network’s members, while the EIB conducts a series of events to coordinate and disseminate the results.

Leverage through private equity investment

The Trust Fund conducts private equity and guarantee operations to finance SMEs and innovative entrepreneurs. In Tunisia, where FEMIP already supports the creation, expansion and modernisation of businesses in the food processing, industrial and tourism sectors, the Tunisian Seed Fund, in which the EIB is the majority shareholder, injects capital into innovative companies that are in the process of being set up or have been established for less than five years.

In the Palestinian territories, the Middle East Venture Capital Fund received a EUR 5m loan for investing in export-oriented start-ups in the services, software and communications sectors.

The EIB has also launched an operation designed to enhance the professional skills of the Morocco Incubation and Spin-off Network (RMIE) members. Composed of over ten business incubators, the RMIE benefited during its pilot phase from a Franco-Moroccan cooperation measure facilitating its set-up. Technical assistance is being provided on three levels: coordination, incubators and project promoters. This operation that aims at professionalising and making the entrepreneurs’ projects bankable will contribute to ensuring the long-term future of incubators.

FEMIP lending for the knowledge economy

Since its creation in 2002, FEMIP has provided several loans for the knowledge economy aimed at furthering the national investment policies of Mediterranean partner countries and assisting their operators and support and financing structures.

In the RDI field, FEMIP has granted a series of loans totalling EUR 290m since October 2002. For instance, EUR 80m was channelled into Tunisia for the construction, development and fitting out of five specialised science and technology parks for the ICT, electronics, textiles, food processing and biotechnology and to maximise the synergies between them. The objective of the project is to foster the creation of a national scientific and technological research network designed to bring Tunisian industry and agriculture up to the latest standards and to speed up the development of high value-added services.

A number of projects have been launched in the educational sector, where FEMIP loans total almost EUR 270m. In Morocco, for example, a EUR 200m strategic plan for the development of the education system aimed at creating and extending some 30 training centres in the fields of tourism, textiles and ICT to enhance the quality of vocational training. In Jordan, several loans have been provided by the EIB to support the reform of the general education system, including EUR 100m for the construction and fitting out of 337 new public schools and the refurbishment of 1877 existing ones.

Furthermore, in the ICT sector, FEMIP advanced EUR 100m in Syria for the development of telecommunications infrastructure in rural areas.

The EIB is also a minority shareholder in the Tunisian Seed Fund. In Jordan, several loans have been provided by the EIB to support the reform of the general education system, including EUR 100m for the construction and fitting out of 337 new public schools and the refurbishment of 1877 existing ones.

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A Trust Fund for the Mediterranean

The FEMIP Trust Fund was created in 2004, following a decision by the ECOFIN Council to establish a fund dedicated to Mediterranean partner countries. The purpose of the Fund is to direct resources to operations in certain priority sectors in order to foster private sector development in the Mediterranean region. To attain this objective, two components were defined: upstream technical assistance and support for private equity.

By December 2009, 15 EU Member States and the European Commission had together contributed EUR 34.5m. The FEMIP Trust Fund plays a key role in financing upstream studies, presenting a comprehensive and strategic overview of the region’s economic and financial issues.

Breakdown by sector of FEMIP operations in support of the knowledge economy

<table>
<thead>
<tr>
<th>Sector</th>
<th>Investment (EUR)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>RDI</td>
<td>290.5m</td>
<td>44%</td>
</tr>
<tr>
<td>ICT</td>
<td>100m</td>
<td>15%</td>
</tr>
<tr>
<td>Education</td>
<td>269.7m</td>
<td>41%</td>
</tr>
</tbody>
</table>

Events and the Centre for Mediterranean Integration (CMI)

From 14 to 16 March 2010, FEMIP will host a high-level conference in Tunis on “Research, Development and Innovation, Keys for Sustainable Development in the Mediterranean” aimed at initiating a discussion between experts on both the institutional and operational fronts and an exchange of experience with respect to the knowledge economy.

Another conference is also in the pipeline on the problems of “technopolitan” projects in the Near East over the period 2010-11, as a follow-up to the “Innovative Metropolitan Territories: Technology Parks and Competitiveness Clusters” workshop held by the World Bank and FEMIP in June 2007.

In parallel with these events, the EIB is currently a leading player in the Centre for Mediterranean Integration (CMI) in Marseille, where it guides the “Knowledge Economy, Innovation and Technology” cluster programme alongside other institutions such as the World Bank and the AFD. In addition to intellectual cooperation, the objective of this programme is to underpin any initiatives to develop the skills of entrepreneurs and other innovation protagonists and to mobilise the financing facilities available in this field.

A guidebook for policymakers and economic players, published in 2010, should also facilitate the planning and management of a technology park in the Mediterranean region. Besides, FEMIP intends to conduct a study on facilities for financing innovation and organise a series of specific workshops to ensure the success of these programmes.
Contacting FEMIP

Direct loans (with an investment cost of over EUR 25 million) and private equity financing can be requested directly from the EIB. Applications for the financing of smaller-scale projects should be addressed directly to the financial institutions or commercial banks to which the EIB has granted credit lines. A list of the partner institutions in Mediterranean countries and other information on lending can be found on the Bank’s website (www.eib.org/intermediaries).

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