

FEMIP:

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

Facility for Euro-Mediterranean Investment and Partnership • Facility for Euro-Mediterranean Investment and Partnership



FEMIP for the Mediterranean 2006 results

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

Operational since October 2002, FEMIP is the key player today in the economic and financial partnership between Europe and the Mediterranean, with financing operations worth almost EUR 6 billion mounted between 2002 and 2006.

As part of the Barcelona Process, and more recently within the European Neighbourhood Policy, its objective is to encourage the modernisation and opening-up of the Mediterranean partner countries' economies.

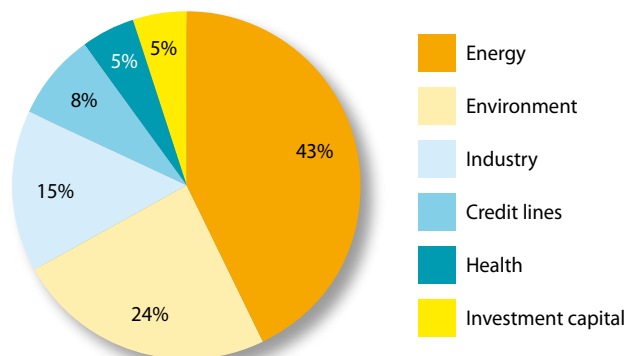
It focuses its activities on two priority objectives: support for the private sector and the creation of an investment-friendly environment. FEMIP also applies itself to promoting a sustained dialogue with all those involved in the Euro-Mediterranean financial partnership, both on the institutional front and with the representatives of the private sector and civil society.

On the operational front

In 2006, FEMIP provided finance totalling more than EUR 1.3 billion. The bulk of the finance was directed towards the energy infrastructure sector (EUR 594 million or 43%). Environmental protection accounted for EUR 325 million (24%) and industry EUR 200 million (15%). Lines of credit to financial intermediaries to support SMEs absorbed EUR 115 million (8%) and risk capital operations – also for SMEs – EUR 65 million (5%). Lending to the health sector amounted to EUR 70 million (5%).

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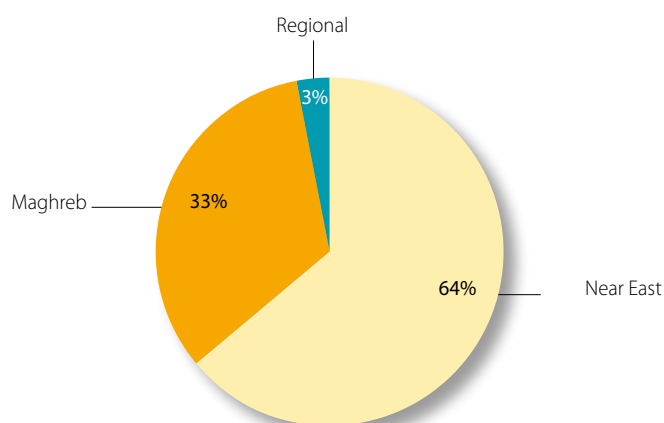
FEMIP operations in 2006
(breakdown by sector)



In terms of geographical distribution, 64% of the total volume went on projects in the Near East (nine projects worth a total of EUR 870 million), 33% to the Maghreb (seven projects worth a total of EUR 444 million) and 3% (four projects worth a total of EUR 40 million) to regional projects.

FEMIP operations in 2006

(Breakdown by geographical region)



With an active portfolio of EUR 380 million of risk capital operations committed to the private sector in the Mediterranean partner countries, the EIB has become, thanks to EU budgetary funds, the most active international financial institution in terms of private equity investment in the region. The product range includes direct investments, investments in funds and co-investments with local intermediaries (equity and quasi-equity instruments). Eight operations totalling EUR 65 million were mounted in 2006¹.

Under its technical assistance window, FEMIP financed 22 operations amounting to EUR 12.3 million in 2006. These operations are a key instrument for improving the quality of lending operations and increasing their impact on development.

Finally, seven operations totalling EUR 4.3 million were approved in 2006 under the FEMIP Trust Fund. These operations took the form of sectoral studies or equity and quasi-equity finance for seed capital funds. In 2006, they concerned primarily the promotion of renewable energy sources and the development of the services (tourism, trade) and financial sectors.

Some key projects in 2006

• Energy in Egypt

A EUR 260 million loan was provided for the construction of two natural gas-fired combined-cycle power plants in El Atf and Sidi Krir and a EUR 50 million loan for the construction of a gas pipeline section between Abu Qurqas and Asyut in southern Egypt.

With financing worth EUR 1.3 billion put in place since 2002, energy ranks as a priority sector for FEMIP in Egypt. FEMIP's objective is to help to improve access to energy sources for local people, to support the integration of the Euro-Mediterranean energy markets and to promote the diversification of sources of supply.

• Microcredit in Tunisia

For the first time in Tunisia, the EIB granted a loan to an NGO, Enda Inter-Arabe, which has been providing microcredit services since 1995. This EUR 750 000 loan, made under FEMIP's risk capital envelope, will serve to strengthen the capital of Enda Inter-Arabe and enable it to extend its operations in the country's most disadvantaged areas. Currently, 30 000 micro-entrepreneurs – of whom more than 85% are women – have a loan outstanding with Enda Inter-Arabe, and the repayment rate on microcredits is 99.6%. The EIB loan is accompanied by technical assistance financed through budgetary resources.

• Health in Morocco

A EUR 70 million loan was granted to improve the health sector in Morocco, supporting the hospital reform initiated by the Moroccan Ministry of Health. This ambitious project of reconstruction, rehabilitation and equipping of hospital facilities will involve 17 hospitals and is intended to improve the quality of the buildings and equipment and provide better hospital services across Morocco.

On the institutional front

FEMIP meetings

The year 2006 was interspersed with a series of meetings which carried forward the process of Euro-Mediterranean dialogue through FEMIP.

The 4th meeting of FEMIP's Committee of Experts was held in Vienna on 21 and 22 March 2006. Around a hundred representatives of the EU Member States and the Mediterranean partner countries took part and discussed how to improve the investment climate in the Mediterranean and develop energy markets

Combined for the second time with a meeting of the Euro-Mediterranean ECOFIN, the 6th meeting of the Ministerial Committee was held in Tunis on 26 June 2006. It provided the Euro-Mediterranean ministers with an opportunity to take stock of FEMIP's achievements and its future prospects.

The 2006 FEMIP Conference brought together some 250 participants on 9 and 10 November 2006, including Transport Ministers, business leaders, experts from the academic world and representatives of institutions operating in the region, to focus on regional integration in the Euro-Mediterranean area through transport networks.

¹ Plus EUR 1.2 million provided under very small-scale operations, in the form of co-investments.



Over the period 2007-2013, FEMIP will have EUR 8.7 billion at its disposal, equivalent to twice the volume earmarked for the nine Mediterranean partner countries under the previous mandate.

FEMIP partnerships

2006 saw close cooperation between the EIB and the other development finance institutions operating in the Mediterranean region, pursuant to the memoranda of understanding and letters of intent signed during the previous two years.

This cooperation took the form of the co-financing of projects – particularly in support of environmental protection – in Egypt, Morocco, Syria and Tunisia. Numerous coordination meetings were also held to define the priority sectors for joint operations. Coordination was also supported in connection with technical assistance programmes.

Charting the course for 2007-2013

In November 2006, the Member States of the European Union agreed to set the indicative ceiling for EIB lending to the Mediterranean countries for 2007-2013 at EUR 8.7 billion, thereby doubling resources available for lending under the previous mandate.

Within this framework support for the private sector, which tripled in absolute terms during the period 2003-2005 compared to 2000-2002, will remain a priority for FEMIP, which will also back partner countries in their quest to create a favourable environment for the development of the private sector by investing in infrastructure. Support for integrated transport, energy and telecommunications networks, including the extension of Trans-European Networks to the Mediterranean, and investment in human capital will be two areas for action.

Dialogue at the institutional level will be organised on three levels:

- the FEMIP Ministerial Council;
- the FEMIP Committee of representatives from the European and Mediterranean countries and the Commission, which will discuss FEMIP strategy and provide guidance to Ministers on sectoral issues and FEMIP's financing conditions and instruments;
- the FEMIP Conferences, which will bring together private and public sector representatives, academics and practitioners to discuss economic and financial issues concerning the region.

Reconstruction in Lebanon

As announced in January 2007 at the "PARIS III" International Conference, the EIB will support the Recovery, Reconstruction and Reform Plan drawn up by the Lebanese Government by providing EUR 960 million over the next six years for key projects under the Public Investment Programme but also for investment in the private sector.

As a long-standing partner of Lebanon, the Bank will continue its commitment to infrastructure projects, mainly in the transport and wastewater sectors, and provide new EIB financing to:

- support SMEs whose activities have suffered from the recent conflict;
- underpin sector reform, notably in the power sector;
- encourage private sector investment.

Additionally, technical assistance resources will help to facilitate the preparation and implementation of projects, as well as the privatisation process.

A strong financial partnership



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Contacting FEMIP

Direct loans (for projects with an investment cost of over EUR 25 million) and risk capital financing involving equity or quasi-equity 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 with which the EIB has concluded global loans. A list of the partner institutions in Mediterranean countries and other information on lending may be found on the Bank's website (www.eib.org/femip).

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