



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



FEMIP and the development of SMEs in the Mediterranean

Private sector development has been one of the top operational priorities of the Facility for Euro-Mediterranean Investment and Partnership (FEMIP)¹ since it was set up in October 2002.

By 2020, the partner countries will have to create 22 million jobs in order to contain their current rate of unemployment. Developing SMEs and the private sector, and enhancing productive foreign direct investment (FDI) and transnational corporate partnerships are the best means of meeting the socioeconomic challenges facing the Mediterranean countries.

FEMIP remains at the service of the Mediterranean partner countries, particularly to promote entrepreneurship, and job creation, while adapting to the new aspirations for prosperity and growth that are emerging in the region.



¹ FEMIP covers nine Mediterranean partner countries: Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia.

More than 30 000 jobs created in Mediterranean SMEs

- Since it was created in 2002, FEMIP has assisted more than 2 300 SMEs by providing credit lines to local banks, thereby generating 30 000 jobs in the region.
- Between 2002 and 2011, almost EUR 400m was channelled into private equity in the region, helping to unlock the potential of this job-creating tool and of SMEs.
- In 2011 alone, EUR 49m was invested in private equity, to shore up the capital of SMEs in the region.

FEMIP is committed to passing on the EIB Group's experience with SME financing in Europe to the Mediterranean partner countries. It is the leading international source of equity and medium and long-term financing for SMEs and other enterprises in the region and has developed strong operational links with some 80 banks and nearly 40 private equity funds in the countries in question. This financing activity can be supported by technical assistance and studies financed by the FEMIP Trust Fund.

Supporting microfinance in Tunisia

Enda Inter-Arabe – Tunisia

ENDA Inter-Arabe is a microfinance institution providing financial services to almost 190 000 individuals and small business owners with limited access to traditional forms of financing in Tunisia.

Following an initial participation of EUR 0.7m, in 2011 the EIB approved a further financing of up to EUR 4m (in Tunisian dinars) to support ENDA's growth.

The EIB will continue to assist ENDA in its efforts to underpin economic and social reforms with microfinance facilities, while furthering the objectives of the European Union's Neighbourhood Policy.

Boosting innovation through private equity

The Middle East Venture Capital Fund – West Bank

The Middle East Venture Capital Fund is the first fund to target software and telecoms start-up and growth companies in Ramallah and other areas of the West Bank. The EIB has been closely involved in its development, contributing the USD equivalent of EUR 5m to the Fund and actively supporting its managers in their fundraising efforts. These efforts have so far been successful, attracting investors such as the Soros Economic Development Fund, Cisco, the Skoll Foundation, the Google Foundation, Mercy Corps, Basel Asset Management and the Case Foundation.



Improving investment tools for businesses

What are the most appropriate solutions to meet the needs of SMEs in the partner countries?

Following up on various forums (the first roundtable on banking in the Mediterranean, the 11th FEMIP Ministerial Meeting, which was dedicated to SMEs, the Regional Forum on the Mediterranean Investment Climate, etc.), FEMIP has introduced several innovations to boost the banking sector's investment financing capacity:

- it is partnering with the Government of Spain to support the private sector in the Southern Mediterranean by providing EUR 100m on a co-investment basis, together with EUR 200m earmarked for seed funding, to unlock business potential in the region;
- it is examining the possibility of establishing, in cooperation with other IFIs, a guarantee facility intended to fill the gap in the services offered by existing guarantee schemes and to help alleviate the problem of the risk

exposure of local banks when they lend to SMEs;

- in Tunisia the administrative requirements and procedures for financing SMEs have been reduced and the Bank's maximum support raised from 50% to 80% of a project's cost; FEMIP is promoting transnational banking cooperation, which is a powerful tool for modernising banks, and better use of the financial flows from migrants for the development of their countries of origin;
- it is encouraging the opening up of the local capital markets to non-resident borrowers. This will accelerate the modernisation of these markets, tap local savings, facilitate local currency financing of SMEs and of public amenities with delegated management (elimination of exchange rate risk);
- it is supporting the region's microfinance sector by assisting institutions specialising in this area, such as Al Majmouja in Lebanon and ENDA Inter-Arabe in Tunisia. Through its Trust Fund, FEMIP and the Government of Luxembourg are launching a EUR 4m programme to support microfinance in Tunisia.

These measures are being implemented in close cooperation with the bilateral and multilateral development organisations in the Mediterranean, in particular the European Commission and the World Bank Group. Accordingly, the EIB, the World Bank and France have set up a multi-partner technical assistance centre to support the reforms – the Marseille Center for Mediterranean Integration (CMI) — which was founded in 2009 and has so far achieved results in the areas of urban development, logistics and transport, and information and communications technologies.

In January 2011, the Bank signed a memorandum of understanding with the secretariat of the Union for the Mediterranean (UfM), several of whose priority projects it is supporting, including the Mediterranean Solar Plan, the depollution of the Mediterranean and the maritime and land highways.

The Bank decided to sign a Memorandum of Understanding with the Chamber of Commerce of Milan to support the launch of the Euro-Mediterranean Centre for the Development of MSMEs (micro, small and medium-sized enterprises), a technical support centre for MSME development throughout the Union for the Mediterranean.





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