FEMIP financing operations in Lebanon

FEMIP, the European Investment Bank’s Facility for Euro-Mediterranean Investment and Partnership, is the key player in the financial partnership between Europe and the Mediterranean, providing almost EUR 14.8 billion of financing in the Mediterranean partner countries between its launch in October 2002 and December 2013.

FEMIP’s aim is to promote growth and foster partnerships in the Mediterranean region. It provides a balanced response to the Mediterranean partner countries’ needs by supporting projects that contribute to social cohesion, job creation and the smooth functioning of the economy.

Lebanon is one of the main recipients of EIB funds in the Near East. Its economy, which is essentially based on financial services and tourism, is one of the most business-friendly in the region.

A long-standing partner of Lebanon, the EIB has provided financing of nearly EUR 1.4 billion to support projects in the country since 1978.

FEMIP concentrates its support on key infrastructure projects in the energy, water, environment and transport sectors and on small and medium-sized enterprises (SMEs). It also fosters new initiatives in the financial sector, such as investment funds:

- **Microfinance**: numerous Lebanese microenterprises and SMEs do not have access to financial services. FEMIP facilitates the financing of microenterprises, for example by supporting the development of the Lebanese NGO Al Majmoua, which specialises in microfinance, with a second loan of EUR 4 million.

- **Private equity**: in 2011, FEMIP subscribed USD 6.75 million to the Lebanon Growth Capital Fund. This fund, which targets equity and quasi-equity investments in privately held SMEs achieved a first closing at USD 30 million, attracting quality co-investors such as Cisco. The Bank has also invested in four regional private equity funds (Euromed, the Euromena I, II and III Funds) that have made several investments in Lebanese SMEs.

- **Water and the environment**: the Barcelona Convention requires Lebanon to have secondary wastewater treatment plants for all coastal population centres of 100 000 people or more. As part of this commitment, the EIB has provided EUR 351 million to finance wastewater projects in Tripoli, Beirut, Tyre and Kesrwan.

- **Transport**: the EIB has lent EUR 335 million to support the construction of Beirut International Airport, the modernisation and extension of the ports of Beirut and Tripoli, and the construction of

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*The Mediterranean partner countries are Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and soon Libya (following the sanctions imposed by the EU in November 2011, the EIB suspended all loan disbursements and advisory services in Syria).*
motorways connecting Beirut to Damascus and cities along the coast.

- **Energy**: the EIB has provided over EUR 100 million to support the extension of the Jieh and Zouk power stations and electricity transmission and distribution.

- **Advisory services**: contracts have been entered into for operations totalling EUR 7.35 million to support the preparation and implementation of projects in the financial, infrastructure and environmental sectors.

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**Loans totalling EUR 265 million between 2012 and June 2014**

**Fostering private sector development**
The EIB lent EUR 50 million and provided advisory services in support of private sector development via credit lines targeting energy efficiency and renewable energies. These funds are channelled through the Lebanese Central Bank (Banque du Liban). The project will contribute to the reduction of greenhouse gas emissions.

The EIB provided EUR 15 million in the form of credit lines to Société Générale de Banque au Liban (SGBL) for financing projects carried out by SMEs.

A EUR 90 million EIB loan will help to promote the private sector, develop local businesses with fewer than 500 employees and create jobs via loans channelled through the networks of ByblosBank and FransaBank. These will be made available to firms in the sectors of industry, technology and services, including tourism, health and education.

The EIB also provided USD 15 million to First National Bank to support private sector development in Lebanon by helping to finance SMEs and thereby job creation.

Lastly, the EIB invested EUR 20 million in the Euromena III Fund to promote SME development in the FEMIP countries, especially Lebanon.

**Support for microfinance**
The Bank lent EUR 4 million to the Lebanese development association Al Majmoua, a not-for-profit NGO that provides financial services to individuals and entrepreneurs who have limited access to the usual credit channels in Lebanon.

**Improving inter-urban roads**
A EUR 75 million EIB loan to the Council for Development and Reconstruction, acting on behalf of the Government of Lebanon, will help to rehabilitate and widen the highway connecting Beirut to the second largest city of Lebanon, Tripoli. The project will add one lane and a service lane to the dual carriageway section of the highway. It also entails the construction of two major interchanges in Beirut. The proposed project will increase the capacity of the corridor and connect the population of the Metn villages in the direction of Kesrwan. It will also link the town of Jbeil and surrounding areas to the urban areas and infrastructure of the capital.
FEMIP – a forum for dialogue

FEMIP involves the Mediterranean partner countries in its lending policy guidelines through constructive discussions on economic, financial and sectoral matters. This dialogue operates at three levels:

• the FEMIP Ministerial Meeting brings together once a year the Euro-Mediterranean Ministers of Economy and Finance;

• the FEMIP Advisory Committee meets several times a year and has the remit of discussing FEMIP’s strategy and issuing opinions on the launch of new financial products. It is composed of representatives of the Member States, the Mediterranean countries, the European Commission and the European External Action Service;

• the FEMIP conferences and workshops, which periodically bring together representatives from the private and public sectors and civil society, academics and experts to discuss topics relating to regional integration and economic development in the Mediterranean partner countries.
How to apply for financing?

Direct loans 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/femip).

FEMIP products

- Long-term direct loans for large-scale projects (costing more than EUR 25 million);
- Credit lines to intermediary banks, which on-lend the funds to finance investment undertaken by small and medium-sized enterprises or local authorities;
- Credit lines to microfinance institutions;
- Private equity (direct equity or quasi-equity investments in unlisted companies, private equity funds and co-investments with local intermediaries);
- Advisory services to strengthen the capacity of Mediterranean partner countries and promoters, to finance upstream sectoral studies and provide support for institutional reforms aimed at improving the economic environment.

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