

## **14<sup>th</sup> FEMIP Conference**

Tools for growth: driving investment in the Mediterranean region

*Thursday 30<sup>th</sup> October, 2014 - Naples, Italy*

### **Opening remarks**

Werner Hoyer, President, European Investment Bank

Dear Minister Padoan,

Minister Ghonim,

Secretary General of the Union for the Mediterranean,

Your Excellencies, ladies and gentlemen,

Minister Padoan, thank you very much for these opening remarks, and for the warm welcome you have given us in Italy.

We are delighted to be here in Naples and to be hosting the 2014 FEMIP Conference in partnership with the Italian Presidency of the Council of the European Union today.

This is, as you say, an undoubtedly difficult time for the Mediterranean region, a region deep in transformation, a region that is facing tremendous political, social and economic challenges.

It is therefore of utmost importance that, gathered here in Naples, together with the Italian Presidency, we voice one message: that we believe in the Mediterranean, we believe in its huge potential, we believe in its people.

There are so many beautiful stories from the Mediterranean: they ought to be heard. And I am not talking about myths and tales, but about tangible facts. The peaceful, democratic election in Tunisia this Sunday tells us for example the story of a population reaching towards its dream, reinventing its reality.

Another example is Egypt's success in raising USD 8.5 billion for infrastructure investment via bonds subscribed by its own population in only 8 days. This impressive achievement tells us how much the Egyptians are ready to invest in their own country. It tells us also about a renewed trust in the country and belief in long-term stability.

And I can only agree with Christine Lagarde's comment who, at the IMF annual meetings two weeks ago in Washington, stated that she was "very impressed" with the reforms being implemented in Egypt.

My bottom line is that there is so much going on, many ideas, projects, and achievements that help shape a better future for the region. And I am here today as President of the EIB to confirm that you can continue counting on us, your long-standing financial partner for over 36 years now.

Allow me a brief look into the future.

At the start of the new 2014-2020 programming period, the Bank has been entrusted with a new External Lending Mandate, providing us with almost EUR 10 billion guaranteed by the European Union to invest in the Mediterranean region.

In addition to that, we are in the process of finalising a renewed partnership with the European Commission, which will provide at least EUR 100 million of risk capital investment to support private sector businesses, and we will actively seek to match this initial amount with other contributions including from third parties willing to support SMEs in the region.

In addition, the EIB's Board of Governors approved earlier in the year a new Facility of up to EUR 3 billion, at the Bank's own risk, for investments across the Mediterranean and Eastern neighbourhood regions.

So how can we ensure these resources continue to go where they are most needed? This is what we came to discuss with you today.

Our strategy, or Roadmap 2020, was approved by the Finance and Economy Ministers of the region at the FEMIP Ministerial Meeting held in Athens earlier this year.

The Ministers have agreed that while the Bank needs to maintain its role as the large-scale financier of the region, it needs to do more and better.

They have asked us to keep financing key infrastructure projects across the region, while at the same time improving the identification and preparation of quality projects through advisory services.

They have also asked us to continue supporting private sector enterprises, but also expand our range of products – whether local currency lending, trade facilitation or loan guarantees – as you will hear later today.

And they also asked us, in all of these activities, to maximise our support for three cross-cutting objectives: job creation, climate action and regional integration.

This is our ambition and we are already working to implement it. Already this year, we have signed over EUR 1 billion of operations, ranging from energy generation in Egypt<sup>1</sup> to road upgrades in Morocco<sup>2</sup>. We're delivering advisory services to develop new projects, such as the EUR 15 million facility to encourage private sector participation in PPPs<sup>3</sup>. And later in the year, I shall be in Tunisia to sign an innovative operation linking a credit line for SMEs with coaching to help entrepreneurs to develop their businesses<sup>4</sup>.

Of course, none of this can be achieved without our partners. In this respect, it is my pleasure to announce to you today that the Bank has recently accepted the nomination to chair the Coordination Platform of international financial institutions under the Deauville partnership next year, in close collaboration with Germany as chair of the G7.

I draw particular attention to the growing need for the private sector to act as a partner for regional development.

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<sup>1</sup> El Shabab Power Plant; Egypt; EUR 205m

<sup>2</sup> Programme de Modernisation Routière; Morocco; EUR 150m

<sup>3</sup> Med5P – Public-Private Partnership Project Preparation Advisory Facility for the Southern Neighbourhood; NIF and FEMIP Trust Fund; EUR 15.35m

<sup>4</sup> Partenariat BEI-BTK-Réseau Entreprendre; Tunisia; EUR 20m

A fiscally constrained public sector can no longer by itself provide the growth and job opportunities which the region's growing population requires.

To fill infrastructure gaps and enhance access to finance, we must mobilize private sector financing in far greater amounts than we do now.

In Europe, we have extensive experience of “blending” – using budgetary funds to back higher risk loans to projects, which will be discussed extensively in one of today's sessions. Such “blending” of development assistance for private sector projects is also taking shape in the Mediterranean region and should be further encouraged.

We see this in a recent project we are developing which, via financing channeled through local commercial banks, aims to finance pollution abatement investments promoted by public and private industrial companies in Egypt.<sup>5</sup>

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<sup>5</sup> Egyptian Pollution Abatement (EPAP) III; Egypt; EUR 70m

This is simply accepting that good business can also be good for development, and that we will not be moving to the next stage unless all actors, including the private sector, are engaged.

Minister Padoan,

Ladies and gentlemen,

The Mediterranean has been the centre of our part of the World for many centuries. The Mediterranean, like Europe, is today in the centre of the attention of the entire World, facing important economic and political challenges. Europe and the Mediterranean have a common history and have a common future – let's build it together and we should start today!

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