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FEMIP – Mediterranean Partner Countries

Euro-Mediterranean Investment Partnership activities exceed expectations

Financing activities under the reinforced European Mediterranean Investment Partnership – FEMIP - activities exceed expectations reaching EUR 2.2 billion in 2004. On the tenth anniversary of the Barcelona Process and in its first year of operation following reinforcement, FEMIP is providing strong support for the Euro-Mediterranean Partnership. Grants advance under FEMIP's Technical Assistance Fund in the Mediterranean Partner Countries (MPCs) totalled EUR 13.8 million.

Innovative and proactive financing for private sector development

FEMIP's sector objectives were met in 2004 with over a third of lending – EUR 760 million – going towards supporting **private sector development** in the region. Lending for transport, energy and environment amounted to EUR 660 million, EUR 580 million and EUR 190 million respectively. In 2004 FEMIP signed, in Morocco, its first social housing loan in the Mediterranean Region.

The range of FEMIP's financial instruments has been enlarged with the establishment at the end of the year of the **FEMIP Trust Fund** with an initial pledged EUR 30 million. Its first EUR 200 000 grant operation for a study to improve the efficiency of workers' remittances has been approved.

During 2004, its first full year of operations, the **FEMIP Technical Assistance Fund** signed 20 contracts for a total of EUR 13.8 million in grants with consultancy specialists for studies on increasing the efficiency of investments in environment (EUR 6.7 million, 48%), private sector (EUR 5.8 million, 42%), infrastructure (EUR 1.2 million, 9%) and human capital (EUR 0.1 million, 1%) in the MPCs.

To strengthen local coordination with the authorities, borrowers, the banking sector and lenders in the MPCs, FEMIP inaugurated its **office in Tunis** in December 2004. This is its second office in the region, after Cairo, which has been inaugurated in 2003. A third office in Rabat will be opened in 2005, for which the agreement with the national authorities has been signed in 2004.

Since being set up in 2002, FEMIP lending has consistently increased reaching record levels for the third consecutive year (EUR 2.2 billion in 2004, EUR 1.9 billion in 2003 and EUR 1.8 billion in 2002).

This confirms FEMIP's position as a major player in promoting the region's economic development and stability, and marks FEMIP's contribution to the Barcelona process.

Last year the EIB, through FEMIP, supported:

- investment in private sector businesses including Foreign Direct Investment – FDI (Algeria, Egypt), and Small and Medium-Sized Enterprise (SMEs) financing (Egypt, Lebanon, Morocco, Tunisia and Turkey);
- infrastructure projects, including energy, transport and environment, underpinning private sector development in Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia and Turkey;
- power generation and transport/distribution were financed in Egypt, Jordan, Morocco and Syria;
- improvement of transport infrastructure in Egypt, Tunisia and Turkey;
- water supply and water treatment in Lebanon, Morocco and Tunisia;
- social housing in Morocco.

Background

FEMIP - The Facility for Euro-Mediterranean Investment and Partnership - focuses primarily on financing investment to develop the private sector and social and economic infrastructure in the ten Mediterranean Partner Countries. FEMIP aims to help the European Union's Mediterranean Partner Countries meet the challenges of economic and social modernisation and enhanced regional integration in preparation for the establishment of a Euro-Mediterranean free trade area by 2010.

The Facility provides the business community with access to financial products not easily available in the region – risk sharing finance, long-term loans, risk capital, technical assistance funding. Priority is given to financing private sector ventures, with an emphasis on foreign direct investment and local private sector initiatives. It also supports social sector projects, particularly in the fields of health, education and environmental protection, with the aim of fostering social stability and productive investment.

Through FEMIP, the European Investment Bank reinforces European cooperation in the Mediterranean region (Barcelona Process), advancing some EUR 2 billion annually for investment underpinning the development potential and liberalisation process of the Partner Countries' economies

FEMIP's **Technical Assistance Fund** was established in July 2003 as part of the EIB's reinforced role in supporting the Mediterranean partner countries to help accelerate the preparation and implementation of capital projects in the Mediterranean region. The Fund has a budget of EUR 105 million for technical assistance grant aid over the next four years.

For more information on the EIB, visit the internet site www.eib.org.

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