

**Annual Press Conference 2008****Briefing Note No 09****The Bank promoting European objectives**

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**FEMIP, serving our neighbours to the South****FEMIP stepped up its support for private enterprises in the Mediterranean region in 2007**

FEMIP is the EIB department responsible for the Euro-Mediterranean area. Of the finance totalling EUR 1.4bn provided in the nine southern Mediterranean countries in 2007, 68% went to the private sector. This unprecedented figure is in line with the priorities of the European Neighbourhood Policy.

The European Union has formulated a policy involving preferential relations with the countries on its borders to the south and east, the European Neighbourhood Policy. Accordingly, the European Council granted the EIB a new lending mandate for its activities outside the European Union, the largest ever. This EUR 8.7bn mandate – which covers the period 2007-2013 – is roughly double the amount of the previous mandate.

FEMIP's remit is to promote the development of nine countries: Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and Gaza/West Bank. Its two investment priorities are: support for the private sector, the driving force behind sustainable growth, and the creation of an investment-friendly environment by means of efficient infrastructure and appropriate banking systems. FEMIP has established itself as the main financial partner of the Mediterranean region, with more than EUR 7bn invested since 2002. It also encourages dialogue between the two shores of the Mediterranean, at the institutional level but also with the representatives of the private sector and civil society.

**Significant support for small businesses and infrastructure improving everyday life**

While the total volume of operations carried out in 2007 (EUR 1.4bn) was slightly higher than in 2006 (EUR 1.2bn), the type of project supported was very different, with 68% of that amount going to private enterprises, compared with 30% in 2006. This proportion of support for the private sector had never been achieved before by FEMIP and reflects its strategy, in line with the recommendations of the European Council.

Between 2002 and 2006, more than 1 600 **small businesses** received FEMIP loans via local banks. In 2007, this approach was maintained, with EUR 627m (44% of the total volume) being provided to support small businesses in Jordan, Lebanon, Syria and Tunisia. Also promoting the private sector, 3% of the total amount consisted of equity stakes in companies, as in Algeria, or in investment funds, in Lebanon, Morocco and Tunisia.

FEMIP also continued to support major **energy, transport and water infrastructure** projects to improve everyday life in the regions and develop the conditions for economic growth. Thus, FEMIP loans helped finance the construction of two natural gas-fired power stations in Egypt, the increase in hydroelectricity generating capacity in Morocco and the extension of the Transmed gas pipeline, which carries Algerian gas to Sicily via Tunisia, bringing its support for the energy sector to EUR 465m (32% of the total). With regard to transport, FEMIP lent EUR 180m for the construction of a section of motorway linking Fez and Oujda in Morocco. It also helped to improve the quality of drinking water in Israel by lending EUR 120m for the construction of a new desalination plant north of Tel Aviv.

With regard to the geographical breakdown, 51% of the total volume was allocated to the Maghreb region (eight projects, totalling EUR 728m), 47% to the Near East (seven projects, amounting to EUR 680m), while three projects had a regional dimension. For instance, the Altermed investment fund, in which FEMIP invested EUR 8m in December 2007, is dedicated to small businesses in both Tunisia and Morocco.

## More sophisticated operations

In qualitative terms, 2007 was also a year of new initiatives. For the first time, FEMIP was involved in designing and financing a project bringing together a public and a private partner, the desalination plant in Hadera, near Tel Aviv, in Israel. Here, it was able to bring to bear the expertise the EIB has gained in the field of **public-private partnerships** within the European Union.

FEMIP also initiated and promoted the first investment fund specialising in business start-ups, managed by a private team in Tunisia. Dubbed the "Phenicia Seed Fund", this **seed capital fund** is devoted to innovative Tunisian companies that are in the process of being set up or have been established for less than five years.

## Mediterranean States closely associated with the management of FEMIP

Every year FEMIP invites the Finance Ministers of the EU and Mediterranean States involved in its activities to discuss together the guidelines for the following year. In order to further increase Mediterranean States' involvement in FEMIP, a new consultative committee was launched in 2007, which now brings together high-level representatives of the two shores of the Mediterranean three times a year.

## A study and a conference to provide a better understanding of the challenges facing the Euro-Mediterranean area

In 2007 FEMIP also financed a study on **Promoting private saving in Morocco**, which is available on its website ([http://www.eib.org/attachments/country/femip\\_epargne\\_maroc\\_fr.pdf](http://www.eib.org/attachments/country/femip_epargne_maroc_fr.pdf)). Providing a better understanding of the challenges facing the Euro-Mediterranean area is also part of the role of FEMIP, which sees itself as a platform for dialogue and discussion. Accordingly, it organises one or two conferences a year, dealing with key topics. In March 2007, it brought together representatives of civil society and the private sector in Paris to discuss the subject of remittances made by Mediterranean migrants working in Europe to their countries of origin, which had been dealt with in an earlier study, also available on its website ([http://www.eib.org/cms/htm/en/eib.org/attachments/country/femip\\_migrants\\_en.pdf](http://www.eib.org/cms/htm/en/eib.org/attachments/country/femip_migrants_en.pdf)).

In 2008, FEMIP will be holding a conference on tourism in the Mediterranean region on 6 March in Berlin and another on the subject of microfinance on 5 May in Tunis.

For further information on the EIB, visit its website [www.eib.org](http://www.eib.org).

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