



## FEMIP: concrete support for the common Mediterranean project

As the Union for the Mediterranean (UfM) gradually becomes established, the EIB has vigorously stepped up its support for the partner countries in the region through FEMIP<sup>1</sup>, its financial arm in the Mediterranean. By increasing its business volume to an unprecedented level of EUR 1.6bn in 2009, FEMIP confirmed to its Mediterranean partners its ability to help them modernise their public policies in the face of the global economic crisis and consolidated its position as the leading development investor in the Mediterranean.

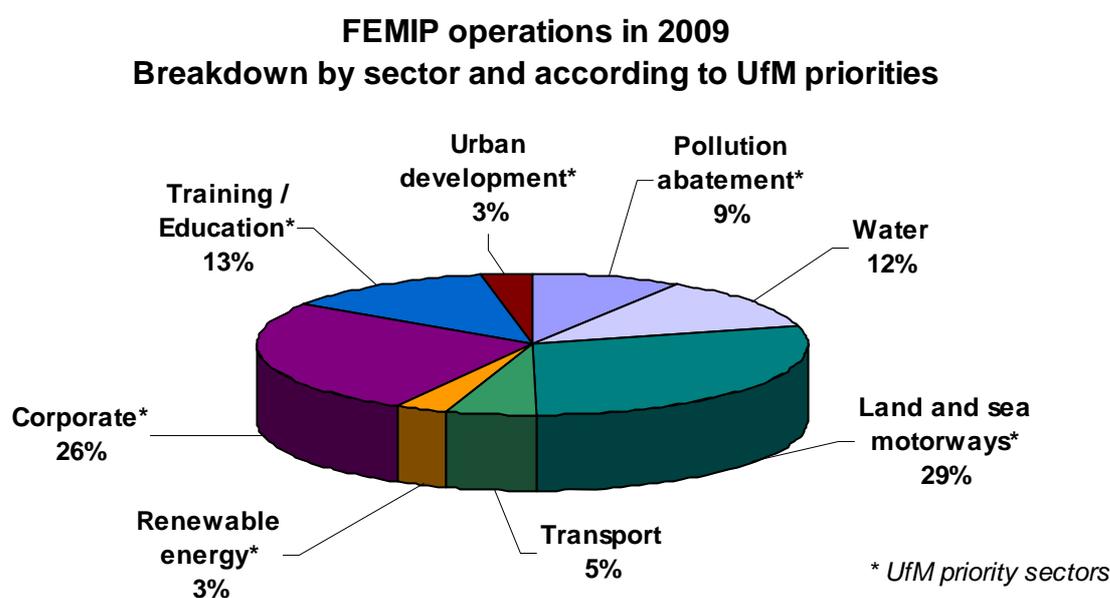
### 2009 - A record year for FEMIP

FEMIP signed loans amounting to EUR 1.6bn to finance 19 large-scale projects and promote SMEs and micro-financing: seven in the Maghreb, nine in the Near East and three regional operations. Since its creation in October 2002, FEMIP has provided more than EUR 10bn worth of financing to support the modernisation of the Mediterranean partner countries and contribute towards creating and safeguarding jobs in the region.

Private enterprises received almost 60% of FEMIP's financing in terms of the number of signed loans and more than 40% of the amount granted. In addition to the growth in lending, FEMIP's activity generated significant value added, in particular by setting up complex financing arrangements (public-private partnerships, project finance, operations with a higher risk profile than that usually accepted by the Bank). Synergies with partner financial institutions were improved, as reflected by the scale of cofinancing operations which totalled more than EUR 1.1bn (almost 70% of the operations signed in 2009).

In 2009, approvals also reached a record level of EUR 2.3bn and disbursements increased sharply to EUR 1.4bn, confirming FEMIP's commitment to supporting the anti-crisis measures undertaken by the partner countries. In this context, FEMIP pushed ahead with its support and technical assistance efforts (some EUR 12m for 17 projects).

### Operational objectives in line with UfM priorities



<sup>1</sup> The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together the whole range of services provided by the EIB in the Mediterranean partner countries: Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia.



In line with the objectives of its 2009-2011 business plan, FEMIP's operations were brought closer into line with UfM's priorities in 2009. Almost 80% of the signed operations corresponded to the priority areas identified in the Paris Declaration (13 July 2008) and the Final Declaration of the Foreign Affairs Ministers (Marseille, November 2008).

FEMIP operations can therefore be broken down into the following sectors:

### Clearing up the Mediterranean

The Bank lent EUR 70m to Lebanon for the construction of wastewater treatment plants in the densely populated and touristic Kesrwan region in order to prevent untreated water from being discharged into the sea. This project is included in the priority list for Lebanon under the "Horizon 2010" initiative and is part of the National Action Plan for pollution reduction in line with the Barcelona Convention.

FEMIP also provided EUR 70m to improve access to the drinking water supply and sanitation system for four million people in the Nile Delta in Egypt.

In the water sector in general, Jordan received a loan of EUR 165m for the drinking water supply to the city of Amman and a EUR 25m loan in Israel served to increase the capacity of the Hadera desalination plant.

The "De-pollution of the Mediterranean" project entered a practical phase with the implementation of the "Mediterranean Hot Spot Investment Programme (MEHSIP)" under the "Horizon 2020" initiative, in which a number of multilateral and bilateral financial institutions are participating under the guidance of the EIB and in close cooperation with the European Commission.

### Land and sea motorways

FEMIP granted EUR 234m for the construction of a toll motorway section between Sfax and Gabès in Tunisia and EUR 225m for the widening of the Rabat-Casablanca motorway in Morocco.

In the transport sector as a whole, the Bank lent EUR 70m for the construction of Enfidha international airport in Tunisia, managed under a concession awarded to a Turkish operator, and EUR 15m for the construction of a tramway link between Rabat and Salé.

### Renewable energy

FEMIP advanced EUR 50m to support the construction of a new wind farm in Gabal el Zait in Egypt. Located on the Red Sea coast, this wind farm with a capacity of 200 MW is part of an ambitious programme undertaken by Egypt to further expand power generation from renewable energy sources.

In order to facilitate the development of renewables, the EIB, AfD and KfW set up a tripartite initiative to harmonise their sectoral strategies and project evaluation criteria and thus enable them to combine their financing efforts and mobilise the concessionary funds available for this type of investment.

### Business development

Continuing its pioneering work in the Mediterranean private equity industry, FEMIP provided EUR 27m for equity participations in three Mediterranean regional funds (including the Middle East Venture Capital Fund, the first venture capital fund targeting the Palestinian territories) and a local currency loan for a micro-finance association in Egypt.



The bank of the European Union



In addition, four loans totalling EUR 390m were provided to the industrial sector in Tunisia, Morocco, Israel and Syria to finance the growth of larger enterprises.

### Urban development

As a complement to the Municipal Administration Modernisation Programme initiated by the European Commission, FEMIP provided EUR 50m to Syria to finance urban renewal investment programmes, mainly in the following sectors: transport and traffic, public tourist infrastructure, sanitation, industrial effluent treatment and solid waste management.

### Training/education

FEMIP granted EUR 200m to Morocco, i.e. 40% of the external financing needs for the national schools modernisation programme, to improve access to education for 6 to 15-year-olds.

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### Taking the Mediterranean project forward

Since its creation, FEMIP has closely involved the partner countries in its lending policy through institutional dialogue in the form of ministerial meetings, experts' conferences and reform assistance measures.

The annual meeting of the **Euro-Mediterranean Finance Ministers** was held on 7 July 2009 in Brussels to discuss FEMIP's strategic orientations as prepared by the FEMIP Committee (composed of senior officials of the Member States and partner countries).

Through in-depth exchanges between policymakers, experts and representatives of financial institutions and international organisations, **FEMIP experts' conferences** act as a catalyst, helping to improve the analysis of the partner countries' needs and fostering networking by the major development agencies in the Euro-Mediterranean area. In 2009, FEMIP's initiatives and discussions focused on the following topics:

- in March, the Bank held the fifth FEMIP conference in Rabat on the subject of SMEs;
- in May, the sixth FEMIP conference in Monaco examined sustainable water financing;
- in October, during the "Mediterranean Economic Week" in Marseille, FEMIP brought together almost 200 experts in the "Medinas 2030" initiative, a wide-ranging thinktank on the regeneration of the historic centres of southern Mediterranean cities, aimed at developing an investment programme.

To support the drive to **modernise the public policies** of the partner countries, the Bank has teamed up with the World Bank, Egypt, France, Jordan, Lebanon, Morocco and Tunisia to launch the Marseille Centre for Mediterranean Integration. The Centre will strengthen reform assistance measures in five sectors that are crucial for the socio-economic development of the partner countries: urban development, adaptation to climate change, the knowledge economy, human capital and regional transport.

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

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