



Facilité euro-méditerranéenne d'investissement et de partenariat

FEMIP

Financing operations in Egypt

FEMIP¹, 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, and provided EUR 14.2 billion of finance between its inception in October 2002 and December 2012.

FEMIP is providing a sustained response to Mediterranean partner countries' needs by supporting projects that contribute to cohesive and economically strong societies. Against this backdrop, FEMIP's objective will be to drive growth and partnerships for and with the Mediterranean.

The EIB has provided financing amounting to over EUR 5.3 billion, through some 70 loans and 50 risk capital operations in both the public and private sectors since the launch of lending operations in Egypt in 1979.



About FEMIP

FEMIP brings together the whole range of services provided by the European Investment Bank (EIB) in the Mediterranean partner countries.

Over the period 2007-2013, FEMIP has EUR 9.7 billion at its disposal to support projects in the nine Mediterranean partner countries. These resources are augmented by EUR 2 billion under the Mediterranean Partnership Facility II and by EU budget resources for technical assistance and risk capital activities. A further EUR 2 billion is available for activities to combat climate change outside the European Union.

Under the European Neighbourhood Policy and in the context of the Union for the Mediterranean, FEMIP encourages the modernisation and opening-up of the economies of the Mediterranean partner countries. Activities are focused on two priority areas: development of the private sector and the creation of an investment-friendly environment.

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¹ 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, Tunisia and soon Libya).

The EIB in Egypt: a multisectoral approach

EIB financing in Egypt goes to the energy, water and environment, industry and transport sectors and to support for small and medium-sized enterprises (SMEs):

- **Energy:** With lending amounting to about EUR 3 billion, this sector has been by far the largest beneficiary of EIB loans. EIB financing in Egypt has contributed to major investment in power generation, transmission and distribution, the storage, export and bulk transmission of natural gas, as well as oil refining. In 2010 the Bank provided EUR 300 million for the construction of a 1 500 MW gas-fired combined-cycle plant in the Nile estuary area northwest of Cairo. The project is expected to contribute to meeting growing electricity demand with a lower environmental impact than other fossil fuel-based alternatives.
- **Water and the environment:** EUR 293 million has gone to finance projects in the water supply and wastewater/sanitation sector, as well as irrigation.
- **Transport:** EUR 650 million has been lent to port projects, highways and the upgrading of air transport (modernisation and extension of the airline fleet) and urban transport.
- **Industry:** EUR 1.1 billion has been provided for industrial projects, including petrochemical plants, a large-scale ceramics factory, an aluminium plant and an integrated flat steel plant.
- **Small and medium-sized enterprises:** Up to EUR 190 million worth of credit lines to local banks has been channelled to private sector ventures in Egypt for capital investment in the industry, agro-

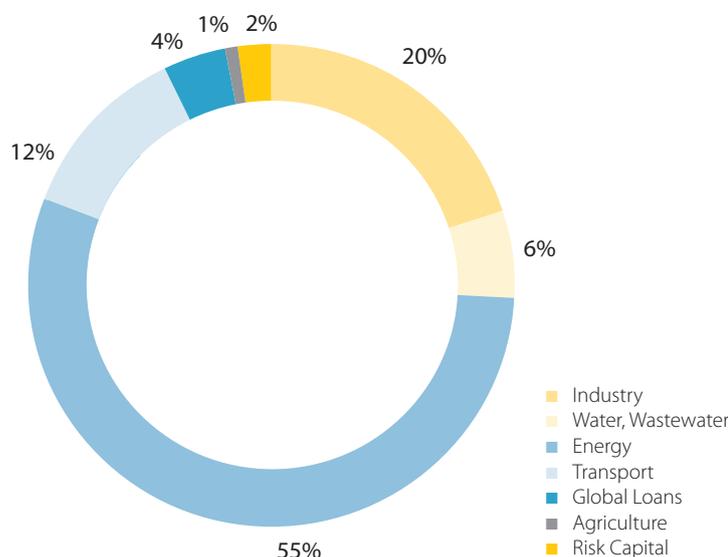
industry, health, education, service and high-tech sectors.

- **Risk capital:** EUR 111 million has been provided to support the private equity operations of Egyptian enterprises, including SMEs undergoing modernisation for enhanced competitiveness. Operations implemented include direct equity investments in mid-sized private companies, investment funds and co-investments with local financial intermediaries. Private equity operations concern the industry, tourism and agribusiness sectors.
- **In addition,** over EUR 7 million of technical assistance grants have been provided to Egypt for consultancy services to support the preparation and implementation of projects, mainly in the financial and environmental sectors.

Contributing to social and community development

In 2012 the EIB signed a EUR 45 million loan with the Social Fund for Development for an integrated Community Development Programme. This programme will help support community development, primarily in urban areas, including social and community services, basic infrastructure, housing improvement, as well as microenterprise and SME development. The programme's objective is to create more sustainable communities, improve standards of living and generate employment for socially disadvantaged segments of the population living in and around urban centres in Egypt.

Sectoral breakdown of FEMIP activity in Egypt (1979-2012): EUR 5.3 billion





Extending Cairo's Metro Network

In 2012 the EIB contributed EUR 200 million to the 17 km extension of Line 3 (Phase 3) of the Cairo Metro to serve the main transportation corridors of urban greater Cairo. The project is expected to greatly reinforce the public transport system, promote a positive shift from private cars and alleviate congestion and associated environmental problems. It will also improve general accessibility for the socially disadvantaged. The project is making a significant contribution to mitigating climate change.

EIB's Cairo Office

The EIB's regional office in Cairo was the first to open outside Europe, in 2003, underlining the Bank's commitment to supporting Egypt and the region. It

- ensures coordination with local authorities, borrowers, the banking sector and lenders;
- helps to identify and pre-screen new projects, especially those focusing on the private sector;
- optimises project monitoring and disbursement activities; and
- facilitates the implementation of FEMIP technical assistance programmes.

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, which brings together once a year the Euro-Mediterranean Ministers of Economy and Finance;
- the FEMIP Advisory Committee, which is composed of representatives of the Member States, the Mediterranean countries and the Commission. This meets several times a year and has the remit of discussing FEMIP's strategy, approving its annual report and issuing opinions on the launch of new financial products;
- the FEMIP Conferences, which bring together twice a year 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.





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Direct loans (with an investment cost of over EUR 25 million) 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 for intermediary banks, which onlend the funds to finance investment undertaken by small and medium-sized enterprises or local authorities
- Support for microfinance institutions through loans, subordinated debt and/or equity
- Risk capital (direct equity or quasi-equity investments in unlisted companies, private equity funds and co-investments with local intermediaries, microfinance)
- Technical assistance to strengthen the capacity of Mediterranean partner countries and promoters and to finance upstream studies and activities focusing on the development of the private sector

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