

THE EIB IN THE SOUTHERN NEIGHBOURHOOD

OVERVIEW

ECONOMIC RESILIENCE

PRIVATE SECTOR

INFRASTRUCTURE

CLIMATE ACTION



The Southern Neighbourhood faces economic challenges and obstacles. It also has immense potential. Whether it is an innovative start-up in Egypt, a state-of-the-art university in Morocco or solar panels on school rooftops in Palestine, the European Investment Bank (EIB) is improving the lives of millions of people across the region.

We back projects through **lending and technical assistance** in the public and private sectors, from economic infrastructure to boosting local business and creating jobs. The Bank’s technical assistance for project preparation and implementation helps strengthen the companies that receive our funding.

We support the interests and the policies of the region, fostering security and prosperity. **Our investments** in the Southern Neighbourhood total **€35 billion since our first operation in 1979**.

We bring together the European Union and the Mediterranean countries to encourage sustainable development and economic growth. We work hand in hand with the EU Member States, the European Commission and other international financial institutions and agencies.

Lending in the Southern Neighbourhood by sector

PRIVATE SECTOR

45%



* The EIB's negotiations for an agreement with Libya are on hold. Following EU sanctions in November 2011, the EIB suspended all work in Syria.

** This shall not be construed as recognition of a state of Palestine and is without prejudice to the positions of each EU country.

2.6 million people with improved sanitation facilities

121 381 jobs sustained

12.3 million trips per year on improved public transport

1.12 million households with clean electricity

630 000 people using upgraded or new urban infrastructure and services

WHAT WE OFFER

Our engineers and economists have a wealth of experience in designing, planning and developing successful projects. The EIB is **AAA-rated** and offers attractive interest rates and loan maturities. The Bank **finances up to 50% of the cost of a project**. It also provides grants through partnerships with the European Union and other donors, and technical assistance to promoters.

In the Southern Neighbourhood, we follow EU policies and make a **concrete impact on the ground** through the External Lending Mandate. For example, we provided a €300 million loan to the Jordan-based Arab Bank, which supported 18 000 businesses in Jordan, Egypt, Lebanon, Morocco and the West Bank.

INFRASTRUCTURE

35%

CLIMATE ACTION

20%

BOOSTING GROWTH AND JOBS

Launched in 2016, the Economic Resilience Initiative (ERI) offers a significant scale-up of loans and innovative financial instruments for infrastructure and private sector projects in the Southern Neighbourhood.

The Economic Resilience Initiative **blends funds from donors with EIB financing**. It is designed to help the region respond to crises such as refugee migration, economic downturns, political instability, droughts, flooding and earthquakes. This initiative is also focusing on creating employment and enhancing economic growth.

54 projects worth €4.9 billion so far and an additional €15 billion in investment expected by 2020.

EGYPT

Unemployment is still high in Egypt and local banks often consider it risky to provide loans to small Egyptian companies. Access to finance is a major constraint for small businesses. Under ERI, a €20 million credit line to the local EG Bank **helped sustain 3 470 jobs in small businesses and create 420 new jobs**. EG Bank is also receiving ERI technical assistance to help start-up companies and young entrepreneurs develop their businesses in a sustainable way.

NORTH AFRICA

Sawari is a venture capital fund investing in early and growth-stage innovative businesses in Egypt, Tunisia and Morocco. Thanks to a key regional accelerator, offering seed money in exchange for equity, the fund helps small businesses grow and become more competitive. **Sawari expects to create around 2 000 technology jobs**.

This is the first operation supported by ERI's Risk Capital Facility, which is part of the EU Initiative for Financial Inclusion launched by the European Commission, the European Investment Bank and other European financial institutions. The facility blends the Bank's own funds with money from donors.



MOROCCO

In Fes, the state-of-the-art university buildings have solar panels for energy efficiency, new research facilities and administrative offices. **The eco-campus hosts 6 000 Moroccan and international students.** It also provides scholarships to deserving students from low-income families. The EIB backed the construction of the buildings with a €70 million loan under ERI and a €13 million grant from the European Union's Neighbourhood Investment Facility. The operation also helped to lower tuition fees.

SUPPORTING BUSINESSES OF ALL SIZES

A vibrant private sector drives economic growth and jobs. Private sector development is one of the EIB's priorities. We support businesses through local banks, financial institutions and equity funds.

An example is the Bank's €500 million loan to MISR bank in Egypt for private sector investments in manufacturing. The 500 projects that received financing have created more than 4 700 new jobs so far.

Backing the private sector also fosters **inclusion, especially for women** who need loans. Women often work together as guarantors for each other. The loans help women pull themselves out of poverty and encourage them to create their own businesses, leading to more jobs.



MOROCCO

Improving package production, beverage processing and distribution are the goals of Diana Holding, a local food and drinks business. This is expected to create **325 direct and 400 indirect jobs in rural areas**, helping local farmers and improving Morocco's trade balance. A €35 million EIB loan is supporting this ambitious project.

Shua'a is a skilled Syrian dressmaker who has made Jordan her home for more than 20 years. "I went to the Microfund for Women and told them I had a sewing machine and wanted to expand my business," she says. Thanks to a loan from Microfund for Women (MFW), now Shua'a reinvests her profits to buy more fabric and sell more dresses.

JORDAN

MFW is one of the largest microfinance institutions in Jordan, serving mainly women, who constitute 70% of people living in poverty, and young people. Under ERI and through MFW, the EIB provided a €5 million loan in local currency to **help around 8 000 women entrepreneurs**. Our partnership with the European Commission is key to make this support a reality.

TUNISIA

One Tech is a local, family-owned company producing printed circuits, connectors, cabling and other electronics. The company received a €21 million loan from the EIB to finance a €43 million initiative including improvements to production processes, and research and development activities in electronics and engineering. This financing operation is part of the InnovFin programme, an EU initiative for innovators. **The project created 720 jobs, half of which went to women.**

ISRAEL

The European Investment Fund (EIF), part of the EIB Group, made **its first equity investment in Israel** in the ICV III FUND. The fund supports **seed and early-stage companies** developing innovation software, hardware and infrastructure that enhance resource efficiency and sustainability. It is targeting companies that develop new technologies and use new business models. This investment is a direct result of Israel's participation in Horizon 2020, the EU Framework Programme for Research and Innovation, running from 2014 to 2020.





BRINGING PEOPLE TOGETHER

The EIB puts infrastructure at the top of its agenda. This includes **transport connectivity**: airports, roads, bridges, railways and telecommunications. For example, in Egypt we backed the Cairo metro, serving around four million passengers per day. In Algeria, we financed the East-West motorway and the Port of Bejaia, a key transport route and hub.

Infrastructure also means **energy facilities**, such as power generation and distribution networks. And last but not least, in one of the world's driest regions, the EIB supports **access to clean water**, which is vital for good health and a better quality of life. We back projects in **water and sanitation, solid waste disposal and treatment, pollution abatement and irrigation**. For example, a €214 million EIB loan in Egypt will support the Kitchener Drain depollution project to improve sanitation and solid waste services in the Nile Delta region.



MOROCCO

A second 17-kilometre tram-line in Casablanca is **servicing over one million people**. Passengers, in particular women and young people, can now travel comfortably and safely. Backed by a €60 million loan from the EIB, the project is reducing CO₂ emissions by 16 700 tonnes a year. This is equivalent to taking 3 500 cars off the road for one year.

TUNISIA

A housing rehabilitation and integration programme will **improve the lives of Tunisian people in 146 precarious neighbourhoods**, especially in medinas. The plan includes road paving, water and sewerage connections, electricity network upgrades, sports fields, gyms and industrial buildings. A €77 million EIB loan is backing the project together with contributions from other international institutions and the Tunisian government.

EGYPT

A wastewater expansion project will provide **sewers for the first time to 940 000 people in the Fayoum Governorate**. The project will also contribute to the depollution of Lake Qarun, one of Egypt's important natural landmarks. The EIB is providing a €126 million loan for this operation, also backed by a €37 million EU grant. The project will bring much needed employment to an area where over 30% of the population live below the poverty line.

PALESTINE

Fresh water is scarce in Gaza. The only available source is a coastal aquifer, where water is insufficient and unsafe. A desalination facility will provide **clean water for more than two million Palestinians**. This will contribute to the regeneration of the coastal aquifer, reduce pollution in the eastern Mediterranean Sea, boost local economic development and create jobs. Institutions from around the globe are working together to make this project a success. The desalination facility received a €7.1 million grant from donors' contributions under ERI.

HARNESSING THE POWER OF THE SUN

Droughts, heatwaves and water scarcity are key concerns in the Southern Neighbourhood. The region is facing more severe and frequent extreme events, including heavy rain and flooding.

The EIB has made climate action a priority. We are channelling more financial resources where the need is the greatest. **20% of our financing in the Southern Neighbourhood goes to climate action**, including the Tafila windfarm in Jordan and the Gulf of Suez windfarm in Egypt.

The EIB also manages the **Climate Action Envelope (CAMENA)**, covering the Middle East and North Africa. CAMENA provides grants for technical assistance and helps structure the financing for climate projects. The envelope was created with the support of the UK Department for International Development.

MOROCCO

The Noor Ouarzazate solar power complex will provide **electricity for more than a million people** in Morocco. It will **reduce CO₂ emissions by at least 730 000 tonnes a year, the equivalent of 2.5 million tonnes of imported oil**. The project received a €250 million loan from the EIB and support from other international institutions. Morocco aims to generate more than half of its power from sustainable energy by 2030.

PALESTINE

500 public schools in the West Bank will have **solar power rooftops, generating 35 megawatts of energy, enough to power more than 16 000 houses**. The company installing the rooftops will sell the remaining electricity at a competitive price to four electricity distribution companies operating in the West Bank and east Jerusalem.

Each year, the project will **reduce CO₂ emissions by 31 000 tonnes, which is equivalent to the electricity demand of 5 400 houses**. The EIB is financing the operation with an USD 18 million loan under the Economic Resilience Initiative and the External Lending Mandate.





The EIB Group consists of the European Investment Bank and the European Investment Fund.

About the European Investment Bank

The European Investment Bank is the European Union's bank, owned by the EU Member States. In 2018, the EIB Group provided nearly €80 billion for investments in and outside Europe. We are the world's largest multilateral borrower and lender.

About the European Investment Fund

The European Investment Fund supports small businesses by improving their access to finance in Europe and in a number of countries outside Europe. The EIF designs and develops venture and growth capital, guarantees and microfinance instruments to promote innovation and employment.



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