

# Syrian refugee crisis: the EU's bank calls for an ambitious response

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Today at the Supporting Syria & the Region London 2016 Conference, the President of the European Investment Bank (EIB) Group Werner Hoyer will lay out how the EIB will support international efforts in Turkey, the Middle East and North African countries affected by the refugee crisis. Werner Hoyer will add that the activities of the EIB Group could be increased in partnership with donors and provided the right conditions to underpin loans with grants are in place. This would support the goals of the conference and international efforts to provide economic opportunities, jobs, and education in the region.

The EIB, whose shareholders are the 28 governments of the EU, is the largest international financial institution active in the Mediterranean and the Middle East region, with unparalleled experience of more than three decades investing in both public and private sector projects in the region, from energy, transport, and health and water supply infrastructure, to support for small business, youth employment and microfinance.

Speaking ahead of the conference, hosted in London by the UK, Germany, Norway, Kuwait, and the United Nations, EIB President Werner Hoyer said,

*“Our response must be ambitious. It must also be concerted among all partners. The EIB is ready and perfectly placed, thanks to our three decades of experience, to support the efforts of Europe and the international community as a whole in tackling this grave and urgent crisis. This is why today, as the largest financial institution active in this region, we have announced our readiness to work closely with our partners to further increase our already substantial activities. In light of the urgent need and its importance for the European Union, the EIB – as the EU bank – can step up its efforts over the next five years in Turkey and the Middle East and North African countries provided the necessary conditions are in place.”*

*He added, “These countries in the frontline urgently need our support. We need to do more to help them. It is in everybody’s interest that families fleeing violence and persecution are not pushed farther and farther from home, forced to risk dangerous journeys and an uncertain future. For them, for us, for the stability of this region and for the European Union, the EIB has a major role to play. If we get further grant resources we can do more of what we do best. We can help mobilise private capital for the economic development of the region in a number of ways, for example by supporting services now under intense pressure such as water supply, schools and education and health services and in increasing opportunities for jobs and entrepreneurship.”*

In the coming five years the EIB plans to lend over EUR 15 billion (over USD 16.5 billion) in its ten Mediterranean partner countries and in Turkey.

Increasing this further could be done, in partnership with donors and partner countries, combining EIB expertise and ability to leverage scarce resources with grant funding. The EIB – as the EU bank – is ready to step up its efforts even further by offering to lend an additional EUR 3 billion (of which about EUR 2 billion in Turkey, Lebanon, Jordan and Egypt alone) over the course of the next five years within its current mandates and own balance sheet. Depending on the availability of additional resources, including trust funds and grants, and on the basis of new mandates, the EIB could still do substantially more.

*President Hoyer said, “Beyond an additional EUR 3 billion, I would like to make an even more ambitious proposal to our shareholders, the EU member states, to step up activities in Turkey and the MENA region further by a further EUR 5 billion between now and 2020. That would mean a total additional amount over five years of up to EUR 8 billion, an increase of more than 50% compared to our current plans. We would need our governing bodies to agree, and success would depend on a number of factors, including the availability of further grant money pledged by partners and the capacity by these countries to absorb new loans and financing through new projects. But this long journey can only begin if we outline a bold vision”.*

Any increase in the EIB Group activity beyond current plans requires approval by the EIB’s governing bodies. The grant-loan ratios would need to be significant given the indebtedness and expectations of the countries in question as well as the likely risk of the transactions involved. If this were provided, backed by the necessary grants loans and guarantees, total EIB Group financing to Turkey and the MENA region over the next five years could be up to EUR 23 billion.

The EIB Group believes that it will be essential to partner with other international financial institutions including the World Bank Group, national development banks, donors and international organisations as well as private sector specialists and NGOs, in order to build on the respective strengths of each partner and collectively ensure maximum impact of donor funds for the benefit of refugees and local host-country populations.

The core economic challenges for the region will be to enhance economic resilience and boost employment opportunities in the respective countries. The efforts of EIB will therefore focus first and foremost on private sector support to these countries (SME, corporate, microfinance) as well as support for education and improvements to basic services and essential infrastructure.

### **Background and more information:**

The European Investment Bank (EIB) is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

In the wider region affected by the Syrian conflict, EIB loan signatures in 2015 in non-EU countries were 4 billion EUR (Turkey, Jordan, Egypt, Israel, Morocco, Tunisia, Serbia, Montenegro, Kosovo). This corresponds to approximately half of the EIB lending outside of the EU.

#### **Committed EIB loan exposure end 2014 in EUR million**

<b>Turkey</b>	<b>18,352</b>
<b>Jordan</b>	<b>400</b>
<b>Lebanon</b>	<b>753</b>
<b>Egypt</b>	<b>3,299</b>
<b>Sum of all countries above</b>	<b>22,804</b>
<b>Tunisia</b>	<b>3,691</b>
<b>Algeria</b>	<b>453</b>
<b>Morocco</b>	<b>4,499</b>
<b>Sum of <i>all</i> countries above</b>	<b>31,447</b>

The table below shows EIB lending in Turkey, Lebanon, Jordan and Egypt between 2011 and 2015 in million EUR. Total EIB lending over those five years exceeded EUR 13 billion.

Sector	TURKEY	EGYPT	LEBANON	JORDAN	TOTAL
Agriculture, fisheries, forestry	520	-	-	-	520
Energy	1,022	805	-	119	1,946
Industry	614	-	-	81	695
Services	544	-	10	11	565
SMEs	5,108	270	185	-	5,563
Solid Waste	58	-	-	-	58
Telecommunications	520	-	-	-	520
Transport	1,735	450	75	-	2,260
Urban development	500	45	-	-	545
Water, sewerage	244	134	-	50	428
<b>TOTAL</b>	<b>10,865</b>	<b>1,704</b>	<b>270</b>	<b>261</b>	<b>13,100</b>

#### Flagship EIB projects/activities:

- **Jordan:** EIB loan blended with EU investment grants, in favour of the **Wadi Al Arab Water System II project** aimed to address water scarcity in the fourth most water-scarce country in the world, further exacerbated by the significant influx of Syrian refugees in the country.
- **Turkey: Greater Anatolia Guarantee Facility (GAGF)** launched as an EIB Group product in partnership with the **Republic of Turkey and the EU Commission** to enhance access to finance for SMEs and micro-enterprises in the less developed regions of Turkey. EIB loans and EIF guarantees are matched by own resources of partner local banks.
- **Egypt and Lebanon:** Based on EU funds' risk capital resources, the EIB is the cornerstone investor in the **Euromena Fund** which, amongst others, invested in an Egyptian company that provides IT solutions. It has developed an e-learning solution for the Syrian refugees that has been successfully implemented under a pilot phase in a refugee camp in Lebanon.
- The EIB is also preparing a EUR 71.5 million microfinance facility for its Southern Neighbourhoods region, which would emphasise projects in Jordan and Lebanon. It will be financed with a contribution from the European Commission and EIB's own resources. The project should be ready to go ahead as of April 2016.

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Speech of EIB President Hoyer