

European funding opportunities for N. Africa

There is a huge demand for investment in North African countries, from infrastructure and technology transfer to human resources training, business community development and consumer goods. And Malta is well placed to provide them, not just geographically but also in terms of abilities.

But one issue that sticks out like a sore thumb is the challenge of access to finance. While we are slowly recovering from the recent economic crisis, accessing finance – particularly for investment or trade in relatively unstable regions is not easy. The political risk typically translates into a financial risk, so private capital is not flowing smoothly.

This is where the international institutions' intervention comes into play, making available various financing support programmes to encourage and facilitate the transformation of numerous collaboration ideas and opportunities into common projects and joint ventures that will ultimately lead to socio-economic stability, development and growth in North Africa. As an interested neighbour, the EU is structuring and allocating various financial instruments such as grants, loans guarantees to act as a conduit to attract and leverage private capital.

This is being done in the context of the Union of the Mediterranean focused on promoting economic integration and democratic reform across the 15 members neighbouring the EU on the southern and eastern Mediterranean, namely Albania, Algeria, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Monaco, Montenegro, Morocco, Palestine, Tunisia and Turkey, with Syria being currently suspended and Libya having an observer status.

The different strands of the European Neighbourhood Policy – trade and economic development between the two blocs, the need for political reform, advancing the peace process and increasing regional security (particularly controlling migration) – are being implemented through various programmes supported by the European Neighbourhood and Partnership Instrument. Particularly relevant to highlight are its contributions to the Neighbourhood Investment Facility (NIF), the Erasmus+ and the Cross-Border Cooperation in the Med Programme.

The NIF assistance for the Mediterranean partners (Libya will soon be covered) is being provided to create an investment-friendly environment by kick-starting key infrastructure improvements in sectors like energy, such as power generation, transmission and distribution and renewable energies; transport and telecoms, such as airports, air transport, roads and motorways, bridges, railways and telecoms; environment, such as water and sanitation, solid waste disposal and treatment, pollution abatement and irrigation, and human/social capital such as building/refurbishing hospitals, schools, social housing.

Direct support for the private sector is also available, particularly SMEs in tourism, services and the industrial sector in general. The type of support can take the form of grants to cover expenditure for technical assistance, interest subsidies, direct or intermediated loans and even direct equity investments.

The NIF assistance is undertaken by the European Investment Bank working in conjunction with other European public finance institutions like the European Bank for Reconstruction and Development, the Council of Europe Bank, French Agency of Development, Nordic Investment Bank, Spanish Agency for International Cooperation and Development. Kreditanstalt für Wiederaufbau and the Società Italiana per le Imprese all'Estero.

To benefit from the NIF, a project has to be submitted by such a financial institution. Bearing in mind Malta's position and the strength of its banking and financial sector, it might be opportune to have a NIF 'eligible' bank also in Malta.

The Mediterranean neighbouring countries of Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, Tunisia can also participate as partner countries in the Erasmus+, particularly in its higher education and youth mobility actions.

Moreover, these MENA countries have also been associated countries to the FP7 Framework Programme, hence being expected to continue their involvement in the current Horizon 2020 Framework Programme for Research and Innovation. This can surely serve as an excellent platform for technology transfer, further product development and innovation across Europe and North Africa. And this not just through the collaborative projects that can now benefit of up to 100 per cent EU funding for research and innovation or coordination and support actions, but also by applying under the brand new instruments aimed at supporting SMEs to develop viable innovative products and services with a truly international commercialisation potential.

A significant 70 per cent EU co-financing rate is being offered to such SMEs, while the budget of such projects is envisaged to be in the order of €1 to 3 million.

Furthermore, a number of European business angel networks and venture capital funds are looking towards increasing their cross-border activities, and Malta could serve as an excellent home jurisdiction. Of course, more needs to be done to improve the framework conditions for the establishment, operation and development of such risk-capital investment services in Malta. But we definitely have a solid base to work upon, so let's do it!

Let's deliver on our potential as the stepping stone to North Africa and the bridge to Europe!

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