



Flagship energy projects financed by the EIB in the Mediterranean



Renewable energy

Flagship project 1: Hydropower plant in Tillouguit (Morocco)

Energy is the main beneficiary of FEMIP lending in Morocco and the breakdown of these loans also reflects FEMIP's concern for technological neutrality vis-à-vis the projects that it supports. This EUR 150m loan signed in 2007 for the construction by Morocco's Office National de l'Electricité (ONE) of a hydropower plant in Tillouguit is indicative of this approach. This project also encompasses the creation and extension of other hydropower projects, in particular the construction of a pumped storage power station in Abdelmoumen and the extension of the Afourer pumped storage power station. It should be noted that the installation of a remote management system at existing hydropower plants rounds off the project. The purpose of the operation consists of strengthening the distribution system in order to meet growing demand from households and businesses.



Flagship project 2: Tangier wind park (Morocco)

Before the guidelines for the Union for the Mediterranean pinpointed sustainable development and the search for alternative forms of energy as key to Euro-Mediterranean integration, FEMIP had already addressed these issues in its investment projects. Accordingly, the EUR 80m loan granted to ONE in Morocco in 2004 illustrated FEMIP's desire to exploit the region's renewable energy potential. This loan, provided to finance a wind farm between Tangier and Tétouan, goes towards generating electricity for supply to the public grid, thus helping to meet growing demand for power via a source of energy with environmental benefits. FEMIP had already made the

connection between energy diversification and the creation of priority electricity infrastructure. Going forward, it will step up the pursuit of these goals in keeping with the priorities of the Union for the Mediterranean.

Flagship project 3: Gabal el-Zait wind park (Egypt)

In a co-financing operation with KfW and the Neighbourhood Investment Facility (NIF) managed by the European Commission, the EIB provided in 2009 a EUR 50m loan for the design and construction of a large-scale onshore wind farm in the Gabal el-Zait region on the Red Sea coast. This project forms part of a general domestic programme focusing on this region, aimed at boosting power generation in Egypt through renewable energy and helping the country to meet its growing demand for electricity via a sustainable energy source – wind. This is an important loan inasmuch as it is the Bank's first in Egypt in the renewable energy sector. Previously, EIB lending for Egypt's energy sector focused mainly on projects relating to power generation, transmission and distribution and the storage, export and bulk transmission of natural gas.

Energy interconnection

Flagship project 1: Jordanian pipeline (Jordan)

With its regional dimension as a South-South power interconnector, this pipeline project signed in 2004 – Jordan's link in the Arab Gas Pipeline stretching from Egypt to Turkey via Jordan and Syria – illustrates perfectly the catalytic energy role played by FEMIP in the Euro-Mediterranean area and lays the foundations of a unified gas market in the Near East. FEMIP's EUR 100m loan to EGAS (Egyptian Natural Gas Holding Company) to lay a 393 km pipeline between Aqaba in the south and Rihab in the north of Jordan to transport Egyptian natural gas to major power plants, industrial enterprises and other users throughout the country, had a dual effect. In Jordan, FEMIP diversified the supply of energy, improved the overall efficiency of the power grid and helped to substantially reduce the cost of power generation by replacing fuel with gas in existing power plants. Above all, it paved the way for international gas trading between Egypt and Jordan and provided scope for extending that trade to Syria and Lebanon when the pipeline is extended in the future.



Flagship project 2: O.N.E. Interconnexions II (Morocco)

The EUR 120m loan granted in 2002 to Office National d'Électricité had the twin objective of increasing the transmission capacity of power interconnectors between Morocco and two neighbouring countries (Spain and Algeria) and making the existing domestic grid more secure and reliable. By focusing in particular on financing the doubling of transmission capacity between Morocco and Spain (so complementing the first interconnection between these countries in 1995 with the Bank's participation), the EIB aimed to boost the integration of regional energy cooperation via an increased volume of electricity exchange between the Maghreb and Europe along the lines of its previous operations in this field. By improving the reliability of the domestic grid and expanding the capacity of an existing trans-European grid, the project has facilitated the liberalisation of the local electricity market.

Construction and upgrading of national energy infrastructure



Flagship project 1: Upgrading of electricity supply networks in the West Bank

In 2005 the EIB signed with the Palestinian Authority a EUR 45m loan to finance projects aimed at upgrading electricity supplies in the West Bank. The project forms part of a EUR 131m investment programme for the rehabilitation and upgrading of the electricity transmission and distribution network throughout the Palestinian territories. In particular, the EIB loan will finance the construction of four substations in Ramallah, Nablus, Jenin and Tarkumiya through the signature of a turnkey contract with Israel Electric Corporation. The EIB loan thus brings Israelis and Palestinians into contact with

each other on this particular project, which will benefit from technical assistance aimed at supporting implementation and monitoring. The technical assistance will also serve to identify the sector's future investment and organisational requirements.

Flagship project 2: Ghannouch power plant (Tunisia)

The EIB's EUR 114m loan in 2006 went towards the construction of a 400 MW gas-fired combined-cycle power plant in Ghannouch (Gabès region). This project came under the Tenth National Plan (2002-2006) and forms part of the Tunisian Government's priority programme to increase and modernise Société Tunisienne de l'Electricité et du Gaz (STEG)'s generating capacity in order to meet the country's constantly growing demand for electricity. This project also serves to raise the average thermal efficiency of Tunisia's power generation system in the long run.

Flagship project 3: Deir Ali I and II (Syria)

EIB financing in Syria focuses mainly on the energy sector in the form of loans to upgrade and modernise electricity transmission and distribution networks but also, and especially, to build power generation plants. The Deir Ali power plant projects, i.e. the construction and operation of two natural gas-fired combined-cycle power generation units 25 km south of Damascus in 2004 and 2008, represent one of the Bank's greatest achievements in this field. The EUR 475m granted should generate a capacity increase of 1 500 MW and help to reduce greenhouse gas emissions by providing cheaper energy through the use of local gas resources. The loans will thus help to meet growing electricity demand at a competitive cost whilst encouraging Syria to diversify its economy, which remains far too dependent on the oil sector.

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