



Facility for Euro-Mediterranean Investment and Partnership



Tackling the energy challenge in the Mediterranean

The EIB is an active supporter of key energy projects in the Mediterranean partner countries (MPCs). Investment for such projects accounts for some 40% of our operations to date in the region. The EIB offers both finance and technical expertise in support of projects which help meet the energy challenge in the Mediterranean.

The EIB and energy in the Mediterranean

Reliable and affordable energy is essential for meeting basic human needs and fuelling economic growth. It has long been a major priority for the MPCs and a focus of EIB activity in the region. With EUR 5.4bn since 2002, investment in the energy sector represents almost 40% of the EIB's lending in the Mediterranean.

In the past decade, EIB financing for Mediterranean countries has contributed to major investments in power generation and electricity transmission, as well as in the distribution, export and transmission of natural gas. This has included wind, solar and hydro projects, along with high-efficiency natural gas power plants. The Bank's current pipeline of energy projects amounts to over EUR 1bn. The EIB will remain an active supporter of key energy projects in the region in the coming years.

About FEMIP

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together the whole range of EIB services in support of economic development in the Mediterranean partner countries of Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine and Tunisia. EIB operations in Syria are currently suspended, while in Libya the Bank is awaiting European Commission approval to commence activities.

Operational since 2002, FEMIP has provided financing amounting to over EUR 14bn for operations in the public and private sectors. Alongside lending operations, FEMIP provides technical assistance and advisory services, notably through the FEMIP Trust Fund and the FEMIP Support Fund. These support the preparation and development of projects, with funding amounting to EUR 130m since 2002. In addition, the EIB manages a EUR 2bn climate change mandate which may be used in all countries outside the European Union, including the FEMIP region.

Powering sustainable energy systems

The energy sectors of the MPCs have been characterised by rapidly growing demand, historically subsidised tariffs, and inefficient use. Private investment remains scarce, with important energy projects at risk of delay or not being developed, thereby damaging economic growth prospects. Moreover, the financing capacity of the region's energy utilities, public sector for the main part, has declined due to the decrease in economic activity since the Arab Spring.

The EIB aims to help overcome these challenges. To help meet demand for energy and simultaneously limit environmental impacts, the Bank focuses on:

- Low carbon power generation, including natural gas and renewable energy sources;
- Energy efficiency; and
- Upgrading energy networks.

Our multi-disciplinary services also offer **technical assistance and project advice** for project preparation and implementation based on almost 60 years' experience of support for energy projects worldwide.

The EIB is encouraging the partner countries to move onto a more environmentally sustainable path. This entails a deployment of efficient **natural gas** infrastructure as well as an expansion of **renewable energy** production to address future electricity capacity requirements. Renewable energy currently accounts for a very small share of the total energy provision in the region, but its role is expected to increase substantially in the short to medium term. Potential for developing renewable energy projects, in particular solar and wind, is significant.

Energy efficiency is another key element in assisting the move towards environmental sustainability. Investment in energy efficiency, including domestic,

industrial and public usage, promotes economic competitiveness, improving growth prospects in the Mediterranean. Resource efficiency considerations are incorporated into all EIB projects in the partner countries, not only those in the energy sector.

Investments in energy networks and their upgrades are also required, both to support the integration of renewable sources and to ensure the quality, efficiency and security of supply domestically and internationally. There is considerable scope for investing in improved interconnections between countries around the Mediterranean and the EIB is a catalyst for finance – both public and private – which is required to ensure that essential energy projects are developed

The Mediterranean Solar Plan Renewable Energy and Energy Efficiency Project Preparation Initiative (MSP-PPI), Regional

Technical assistance to improve access to project financing

The EIB led the establishment of the Mediterranean Solar Plan Renewable Energy and Energy Efficiency Project Preparation Initiative (MSP-PPI). This initiative, funded by a grant of EUR 5m from the European Union under the NIF, is designed to support the preparation of energy efficiency and renewable projects, accelerating the implementation of up to 20 related projects in the MPCs.

Our support is based on experience gained over 30 years in the Mediterranean region and is an example of the lasting impact of EIB technical assistance.



The Lebanon Energy Efficiency and Renewables Global Loan, Lebanon

Loans for small businesses to develop energy efficiency in the private sector

In Lebanon, long-term funding and technical assistance are needed to implement energy efficiency and renewable energy projects carried out by industry and service providers of all sizes.

As EIB direct lending addresses only large-scale projects, the Bank has provided a loan of EUR 50m to the Republic of Lebanon via the Central Bank, Banque du Liban, to ensure the development of smaller projects. Banque du Liban will on-lend the funds to private sector businesses, through local Lebanese banks, for investments in renewable energy and energy efficiency improvements, providing a channel through which the EIB can support a large number of small-sized projects. The project will be accompanied by technical assistance for project implementation financed by a grant from the EU NIF grant.

The EIB, as lead financier, is joined by the French Development Agency (Agence française de développement) in this project.



The Ouarzazate I Solar Power Project, Morocco

Blending funds in support of solar energy generation

The Ouarzazate Solar Power complex is the first site under the Moroccan Solar Plan where large-scale solar power production is planned. It is also the largest investment planned to date under the Mediterranean Solar Plan. In 2012, as the lead international financing institution (IFI), the EIB signed a EUR 100m loan with the Moroccan Agency for Solar Energy (Masen) for the initial phase of the Ouarzazate programme, the first of its kind in North Africa. Once fully developed, Ouarzazate I will generate the energy required to power a city of 250 000 inhabitants. It will reduce CO₂ emissions by approximately 150 000 tonnes a year, while developing renewable energy and energy security in Morocco, as well as creating jobs and promoting an integrated local solar industry.

The lending package for Ouarzazate I includes financing from various IFIs and was blended with a EUR 30m grant contribution from the European Union under the Neighbourhood Investment Facility (NIF). This blending of loans and grant resources is a key tool to create sustainable financing packages for key infrastructure projects.

The EIB is now also considering financing for subsequent phases of the programme.



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