



# FEMIP for the Mediterranean

## Financing water supply and sanitation

Access to water and energy resources has always been a major issue for developing countries. Water management and sanitation-related projects help to protect and safeguard public health and the natural environment. Such investments are essential to promoting regional development and economic and social cohesion. Along these guidelines and under the umbrella of the EIB water sector lending policy <sup>1</sup>, water has become one of the hallmarks of FEMIP's action in the Mediterranean region.

### About FEMIP

The Facility for Euro-Mediterranean Investment and Partnership (FEMIP) brings together the whole range of services provided by the European Investment Bank in the Mediterranean partner countries.

Operational since October 2002, it is now the key player in the economic and financial partnership between Europe and the Mediterranean, providing over EUR 8.5 billion of financing between October 2002 and December 2008 to finance 125 capital projects in the Mediterranean region.

Over the period 2007-2013, FEMIP has at its disposal EUR 10.7 billion to support projects in the nine Mediterranean partner countries.

Within the European Neighbourhood Policy and the Union for the Mediterranean, FEMIP fosters the modernisation and opening-up of the economies of the partner countries. Activities are focused on two priority areas: development of the private sector and the creation of an investment- friendly environment.



<sup>1</sup> In 2008, the EIB developed a new lending policy for the water sector, which is available at [www.eib.org/publications](http://www.eib.org/publications).

## FEMIP loans to water projects in Partner countries

In particular, in water-stressed Mediterranean Partner Countries<sup>2</sup>, FEMIP has played a very pro-active role in the water sector. Between 2003 and 2008 FEMIP has provided EUR 692 million in loans to support projects that ease population's access to water resources. In 2007, the water sector received FEMIP finance amounting for EUR 120 million, out of a total of EUR 1.4 billion provided to the region in the same time-frame.

FEMIP water-related projects contribute to improving the day-to-day living conditions of the populations in the Mediterranean Partner Countries. Moreover, they also promote economic development through the provision of basic services, the availability of water as an economic resource as well as employment creation by stimulating rural development and tourism-related activities. FEMIP financing to water-related projects takes into due consideration climate change effects on both water quantity and quality standards. Emphasis is placed on energy efficiency and renewable energy, protecting and enhancing biodiversity, safeguarding the environment and health and promoting the sustainable use of natural resources.

<sup>2</sup> Algeria, Egypt, Gaza-West Bank, Israel, Jordan, Lebanon, Morocco, Syria, and Tunisia.



## Technical Assistance

In addition to loans, via its Technical Assistance Support Fund, FEMIP supports the water sector by providing technical assistance for the preparation, implementation and monitoring of projects. The FEMIP Support Fund has contributed to the Horizon 2020 Initiative, aimed at reducing the level of pollution of the Mediterranean region by tackling the most significant pollution sources by the year 2020. In 2007, in cooperation with the United Nation's Environment Programme's Mediterranean Action Plan, FEMIP launched the Mediterranean Hot Spot Investment Programme and developed a pipeline of pollution prevention investments.

FEMIP also contributes to fostering a better understanding of the linkages between water management and economic and social cohesion by financing sector studies through its Trust Fund. Recently, the EIB has published the *Study programme with the Blue Plan on energy and climate change issues*<sup>3</sup>, which tackles the effects of climate change on water and energy, under an integrated and multi-sector approach. Currently, the FEMIP Trust Fund is financing studies on *Identification and removal of obstacles to the extended use of wastewater in agriculture* and on *Private type management and operation of the Public Irrigation systems in FEMIP countries: a test case in Morocco*.

<sup>3</sup> The study is available on the EIB website at [www.eib.org/publications](http://www.eib.org/publications)

## A Trust Fund for the Mediterranean

The FEMIP Trust Fund was created in 2004, following a decision by the ECOFIN Council to establish a fund dedicated to the Mediterranean partner countries.

The purpose of the FEMIP Trust Fund is to direct resources to operations in certain priority sectors in order to foster private sector development in the region. To attain this objective, two windows were defined: upstream technical assistance and support for private equity.

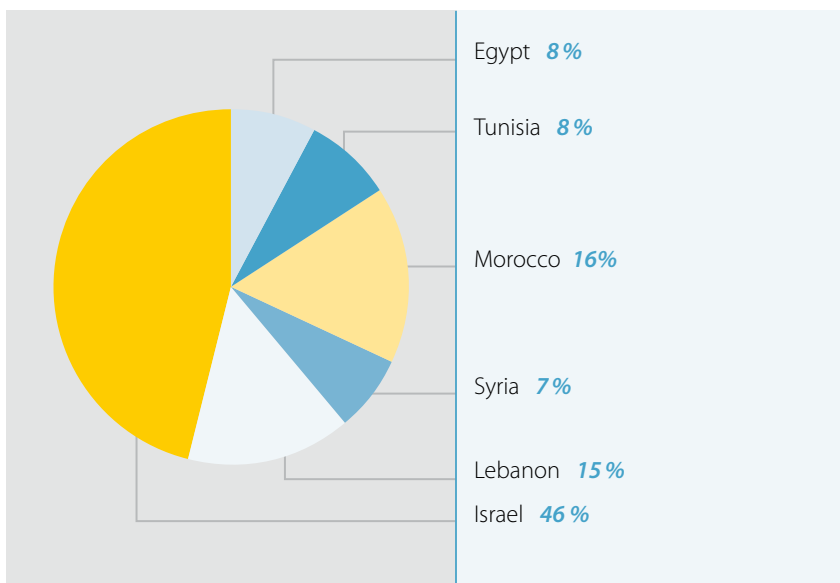
By December 2007, 15 Member States and the European Commission had together contributed EUR 34.5 million. The FEMIP Trust Fund has been instrumental in financing upstream studies with a broad strategic view on economic and financial issues in the region.



Water management is one of FEMIP’s top priorities. Between 2003 and 2008 FEMIP has provided EUR 692 million to support projects that have provided sustainable access to water services.

## FEMIP Financing water projects from 2003 to 2008

### Breakdown by country



### Project examples:

#### EUR 40 m for sanitation in the Sebou Basin in Morocco

In 2006 FEMIP approved a project with the Moroccan Office National de l’Eau Potable in order to finance sanitation systems in 17 urban centres located in the Sebou basin. Each of the 17 sub-projects involves the rehabilitation and extension of the wastewater collection and storm-water drainage network. A secondary wastewater treatment plant is also envisaged. FEMIP financing support accounts for EUR 40 million. In addition, the project also provides financial support for technical assistance for up to EUR 4 million. Such investment is crucial for the safeguarding of a sustainable business environment.



#### The Hadera Desalination Plant in Israel

In 2007 FEMIP committed itself to providing financing (EUR 120 million) for the construction of the Hadera desalination plant, located in Israel. The purpose of the project is to help increase the State of Israel’s fresh water resources and lower the average salt content in the national water supply system. The project is also the first Public-Private Partnership financed by FEMIP and has been implemented under the Special FEMIP Envelope<sup>4</sup>. This project was one of the five EIB projects awarded a “deal of the Year 2007” prize by Euromoney Project Finance magazine.

<sup>4</sup> The Special FEMIP Envelope is a facility enabling the provision of financial support for private sector operations exhibiting a higher risk profile than is normally acceptable to the Bank.



Facility for Euro-Mediterranean Investment and Partnership



## Contacting FEMIP

Direct loans (with an investment cost of over EUR 25 million) and private equity financing can be requested directly from the EIB. Applications for the financing of smaller-scale projects should be addressed directly to the financial institutions or commercial banks to which the EIB has granted credit lines. A list of the partner institutions in Mediterranean countries and other information on lending can be found on the Bank's website ([www.eib.org/intermediaries](http://www.eib.org/intermediaries)).

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