



Facility for Euro-Mediterranean Investment and Partnership

FEMIP

Financing operations in Israel

FEMIP¹, the European Investment Bank's Facility for Euro-Mediterranean Investment and Partnership, is the key player in the financial partnership between Europe and the Mediterranean, providing over EUR 14.2 billion of finance between its inception in October 2002 and December 2012.

FEMIP is providing a sustained response to Mediterranean partner countries' needs by supporting projects that contribute to cohesive and economically strong societies. Against this backdrop, FEMIP's objective will be to drive growth and partnerships for and with the Mediterranean.

As the European Union's financing institution, the European Investment Bank (EIB) has provided finance amounting to almost EUR 1 billion to Israel since 1981. Three areas have been targeted: support for the private sector, drinking water and environmental protection. In addition four loans under the Risk Sharing Finance Facility (RSFF) were provided for financing innovation activities.



About FEMIP

FEMIP brings together the whole range of services provided by the EIB in the Mediterranean partner countries.

Over the period 2007-2013, FEMIP has EUR 9.7 billion at its disposal to support projects in the nine Mediterranean partner countries. These resources are augmented by EUR 2 billion under the Mediterranean Partnership Facility II and by EU budget resources for technical assistance and private equity activities. A further EUR 2 billion is available for activities to combat climate change outside the European Union.

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

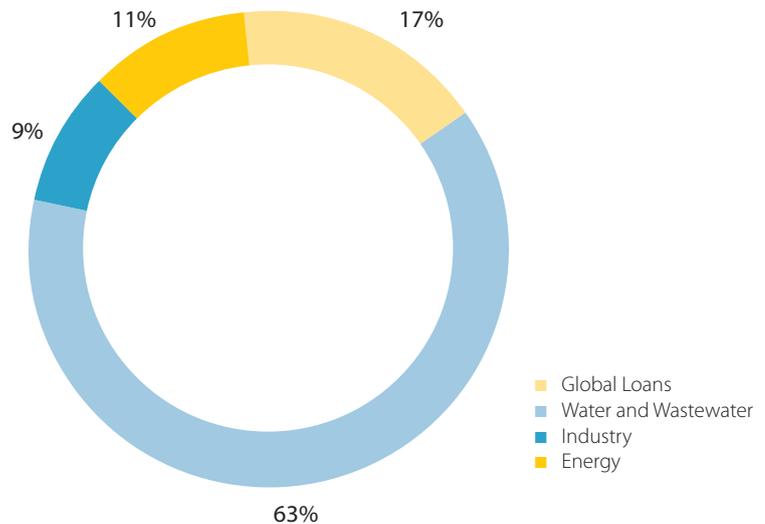
¹FEMIP brings together the whole range of services provided by the EIB in the Mediterranean partner countries: Algeria, Egypt, Gaza/West Bank, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and soon Libya.



The EIB in Israel: drinking water, environmental protection and research and development

- **Drinking water and the environment:** EUR 627 million in loans has been provided to finance projects in the wastewater and water sector. This includes a EUR 200 million loan to finance small-scale municipal wastewater schemes and the financing of seawater desalination plants: 2007 and 2009 in Hadera (EUR 130 million) and in 2011 in Sorek (EUR 142 million) and Ashdod (EUR 120 million).
- **Research and development:** Under the RSFF (Risk Sharing Finance Facility), the EIB has provided four loans amounting to EUR 100 million for R&D investment in the medical equipment, generic drugs, energy, industrial chemicals and transport sectors.
- **Energy:** This includes EUR 100 million lent for the construction of a Combined Cycle Gas Turbine power plant for Israel Chemicals Ltd's own use.

Sectoral breakdown of EIB operations in Israel (1981-2012): almost EUR 1 billion



The EIB finances three large desalination plants in Israel

Desalination contributes to increasing water resources in a region where water is scarce. It helps to protect and replenish the over-exploited shared groundwater aquifers and improves groundwater quality by reducing salinity. The projects financed by the Bank are the key components of the Israeli desalination programme for developing the water sector.

Two EIB loans (EUR 108 million in 2007, and EUR 22 million for an extension of the plant in 2009) have supported the Hadera desalination plant on the Mediterranean coast about 50 km north of Tel Aviv. The plant has a total capacity of 127 million m³ per year. Hadera was the first public-private partnership (PPP) to be financed by the EIB in the region and was arranged under the FEMIP Special Envelope, which enabled the Bank to support projects with a higher risk profile than that usually accepted for the EIB's "standard" projects.

Two other desalination plants received EIB finance in 2011: the Sorek desalination plant 15 km south of Tel Aviv (EUR 142 million), and the Ashdod desalination plant 40 km south of Tel Aviv (EUR 120 million), with production capacities of 150 and 100 million m³ per year respectively. Both plants under construction are public-private partnerships.

EUR 111 million to support the energy sector

In 2012 the EIB provided EUR 100 million for the construction of a Combined Cycle Gas Turbine (CCGT) power plant for Israel Chemicals Ltd's (ICL) own use. The project will replace the existing, obsolete heavy fuel oil-fired generator with a modern, high efficiency cogeneration CCGT. The plant will be fired by natural gas and located on ICL's premises in the southern part of the Dead Sea region. The project will decrease energy costs for the company whilst having a positive impact on the carbon footprint of the country.

A forum for dialogue

FEMIP involves the Mediterranean partner countries in its lending policy guidelines through constructive discussions on economic, financial and sectoral matters. This dialogue operates at three levels:

- the FEMIP Ministerial Meeting, which brings together once a year the Euro-Mediterranean Ministers of Economy and Finance;
- the Advisory Committee, which is composed of representatives of the Member States, the Mediterranean countries and the Commission. It meets several times a year and has the remit of debating FEMIP's strategy, approving its annual report and issuing opinions on the launch of new financial products;
- the FEMIP Conferences, which periodically bring together representatives of the private and public sectors and civil society, academics and experts to discuss topics relating to regional integration and economic development in the Mediterranean countries.





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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/femip).

FEMIP products in Israel:

- Long-term direct loans or guarantees for large-scale projects.
- Credit lines to intermediary banks, which on-lend the funds to finance investment undertaken by small and medium-sized enterprises or local authorities.
- The Risk Sharing Finance Facility. In addition to FEMIP resources, Israel is eligible for financing under the Risk Sharing Finance Facility, which serves to finance research and development projects in Europe and certain partner countries.
- European Investment Fund (EIF)² Risk Sharing Instrument (RSI): financial guarantees to selected financial intermediaries that provide debt finance to innovative SMEs and mid-caps.

² Subsidiary of the European Investment Bank.

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