



RESOURCE MOBILISATION: GETTING A PROJECT TO FUNDING



Facility for Euro-Mediterranean Investment and Partnership • Facility for Euro-Mediterranean Investment and Partnership



EIB/Operations Outside EU Department/FEMIP

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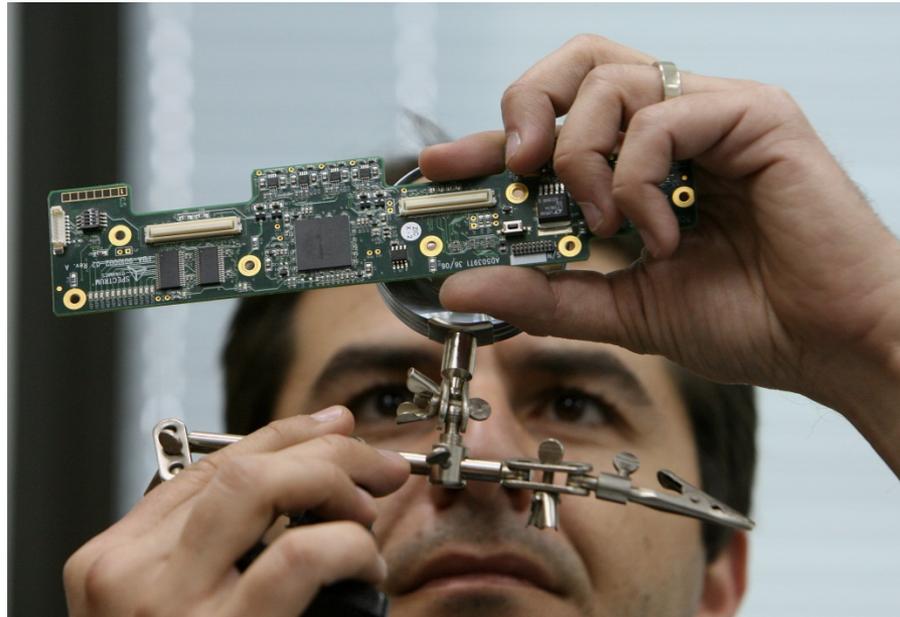


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What is FEMIP?





What is FEMIP?

Objectives and priorities



- Facility for Euro-Mediterranean Investment and Partnership is the EIB financial arm in the Mediterranean partner countries*
- FEMIP brings together the whole range of EIB instruments with an objective to support the modernisation and opening up of MPCs' economies
- EIB priorities:
 - Local private sector development,
 - Social and economic infrastructure
 - Climate change mitigation and adaptation.

* Algeria, Egypt, Palestinian Authority, Israel, Jordan, Lebanon, Morocco, Syria and Tunisia.



What is FEMIP?

Financing facilities

Name	Type of financing	Amount in EUR	Period	Objective
2007-2013 External Mandate	Mandate conferred by the Member States, from the Bank's own resources	9.7bn	2007-2013	<ul style="list-style-type: none"> To contribute to the development of the private sector and infrastructure in the Mediterranean partner countries.
Climate Change Mandate	Mandate conferred by the Member States, from the Bank's own resources	2bn	2011-2013	<ul style="list-style-type: none"> To support projects involving climate change mitigation and adaptation outside the EU. To prevent or reduce greenhouse gas emissions via renewable energy, energy efficiency and sustainable transport projects.
Mediterranean Partnership Facility II	EIB own resources	2bn	2007-2013	<ul style="list-style-type: none"> To support well-defined priority projects of particular relevance to both the EU and the partner countries (regional development, sectoral policies, the environment, support for EU businesses, etc.). To make indirect equity investments in the Mediterranean partner countries via infrastructure funds.
Risk capital and technical assistance envelope	EU budget	96m	2011-2013	<ul style="list-style-type: none"> To encourage the creation or strengthening of equity and quasi-equity resources for SMEs in the Mediterranean partner countries. To help the partner countries and private promoters to improve the preparation, management and supervision of their investment projects through technical assistance.
Risk capital activities in the private sector across the Southern Mediterranean region	Kingdom of Spain	100m	2011-2026	<ul style="list-style-type: none"> To support the rapid, targeted deployment of resources in the private sector by immediate investments in existing or new EIB-FEMIP risk capital operations.
FEMIP Trust Fund	Contributions from Member States and the European Commission	40m	Operational since 2005	<ul style="list-style-type: none"> To highlight the region's major economic challenges via sectoral studies. To support the private sector by providing equity and quasi-equity finance for innovative operations or operations with an unusual risk profile.



What is FEMIP?



A diversified and complementary range of products

Instruments	Objectives	Beneficiaries
Loans Credit lines Individual loans	To develop SMEs by providing credit lines to financial institutions To develop the economic infrastructure	SMEs Public and private sector promoters
Private equity	To promote the creation or strengthening of the capital base of companies	SMEs Intermediate-sized private enterprises Investment funds Microfinance institutions
Technical assistance	To improve the quality of FEMIP's operations and their impact on development	All FEMIP customers
Guarantees	To stimulate the local capital market To mobilise additional resources to supplement scarce public capital resources. To support sub-sovereign development To reduce foreign exchange risk To reduce government risk exposure	SMEs Large corporates Domestic banks Public sector promoters Sub-sovereigns



Our achievements

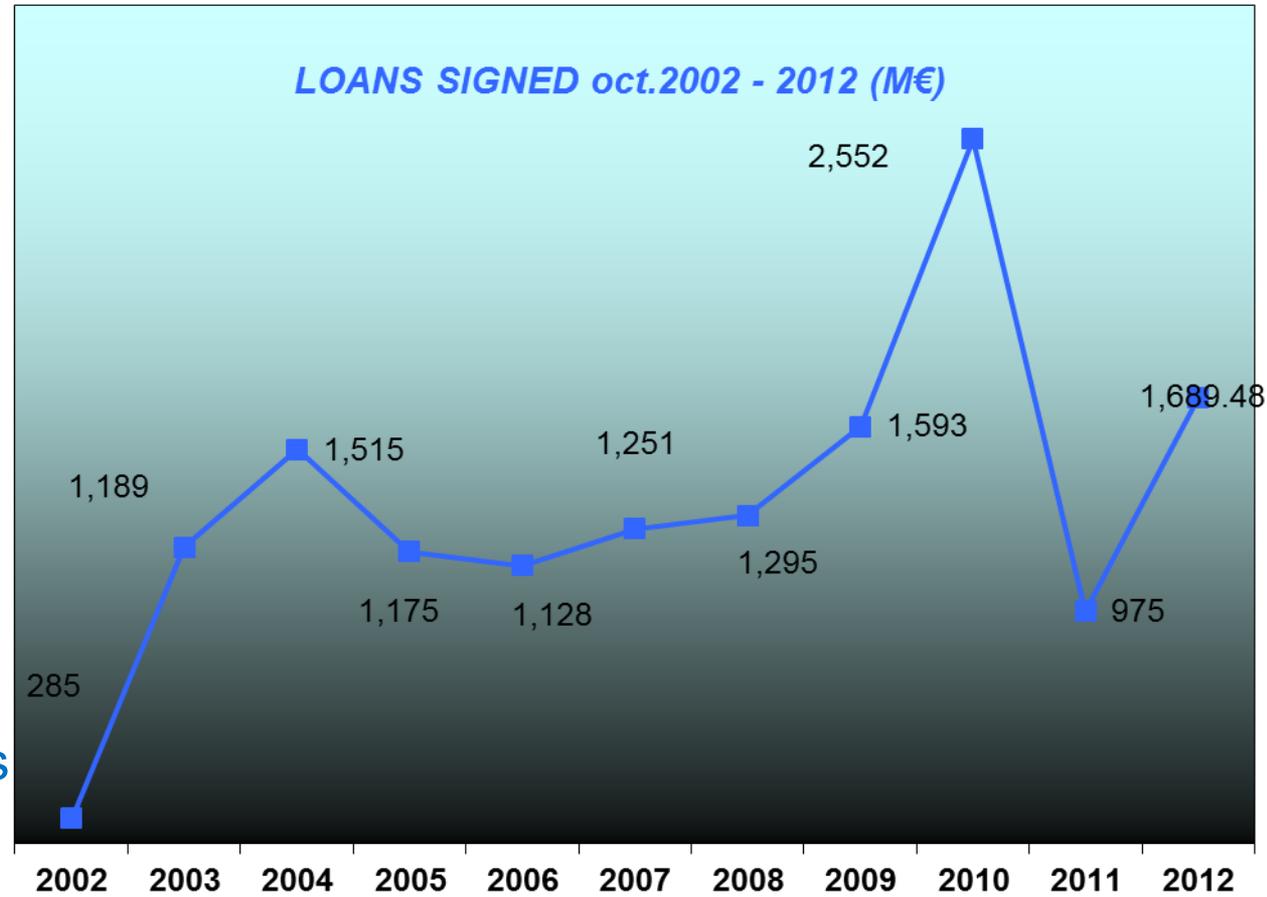
Increased volume of finance to MPCs



Since October 2002,

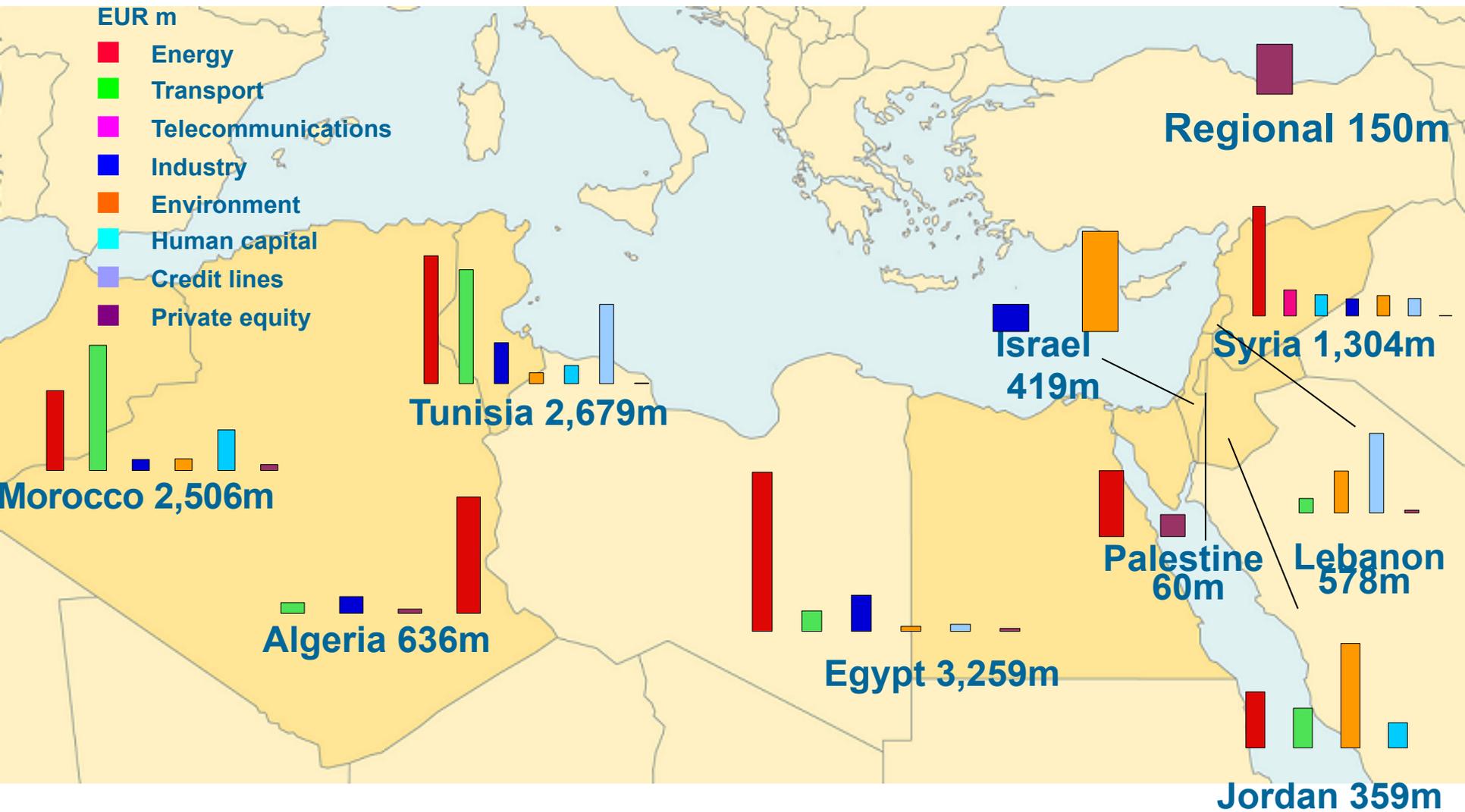
FEMIP has

- invested **EUR 14.2 bn** in the Mediterranean region
- financed more than 2500 SMEs via credit lines which created more than 42,000 jobs



Our achievements

EIB financing operations in the Mediterranean partner countries





Objectives for 2011-2013



A reinforced FEMIP, with increased resources

- Support to MSMEs
- Objectives aligned with those of the Union for the Mediterranean
 - **Depollution in the Mediterranean**
 - Mediterranean Solar Plan
 - Maritime and Land Highways
- Urban development.
- Marseille Center for Mediterranean Integration
- Support projects to further contribute to economic development in FEMIP countries and thus meet people's aspirations



Objectives for 2011-2013

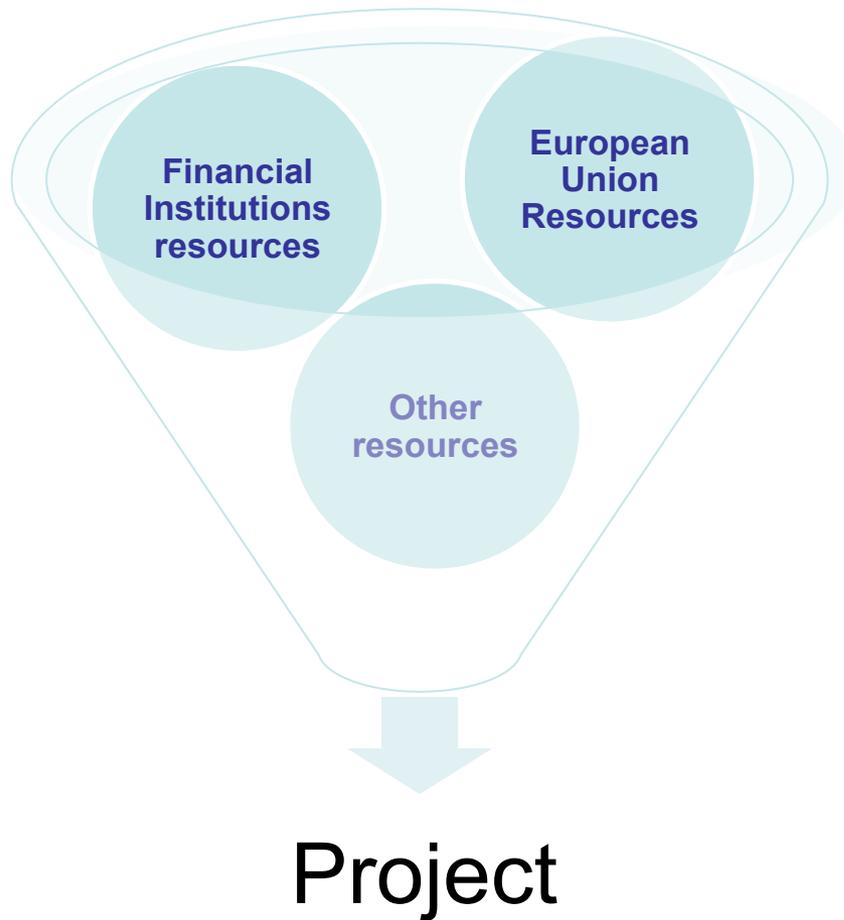


Depollution in the Mediterranean

- The environment in general and specifically the water sector are amongst FEMIP' s priorities.
- Since it was created, FEMIP has dedicated more than EUR 1.4 bn to the water sector.
- EIB-led Mediterranean Hot Spots Investment Programme – Project Preparation and Implementation Facility (MeHSIP-PPIF) implemented since 2009.



Blending



Loan-grant blending mechanism combine flows with different characteristics and financial terms (such as grants, loans, guarantees..) to gain financial and qualitative leverage and thereby **increase the impact** of common action



Grants **cannot** finance project alone



Blend **EU grants with additional non-grant resources** such as loans from public finance institutions as well as commercial loans and investments.



Strategic use of grant element can make projects financially viable
→ **leveraged development impact**

The grant element can **bridge financing gaps**, it can address risk constraints and help ease the burden for clients

Financial and non-financial leverage
(e.g. improved project sustainability)

Cooperation and coordination between European and Non-European aid actors (donors and public finance institutions).



EIB
BRDA
FDK
fWAECID
WORLD BANK
CEBA
fDB
SOFIDIA
DBCDBNIB
CAFLUXDEV
FINNFUND
COFIDESBI
OPIDGOeEB
SIMESTCABEI



Neighbourhood Investment Facility - NIF

- The Neighbourhood Investment Facility (NIF) is financial mechanism aimed at **mobilising additional funding** to cover the investment needs of the EU Neighbouring region for infrastructures in sectors such as transport, energy, the environment and social issues (e.g. construction of schools or hospitals).
- The NIF also supports the private sector particularly through risk capital operations targeting Small and Medium-sized Enterprises.
- Envelop of **700m EUR** for the period **2007-2013**
- 10 European Financial eligible institutions participate



TYPES OF GRANT SUPPORT

Explained...

Grants used as **direct investment grant** and **interest rate subsidy** decrease the investment cost for the beneficiary.

Technical assistance can accelerate projects and improve the quality, efficiency as well as sustainability.

Risk capital (i.e. equity & quasi-equity) aims at crowding in additional market financing for development. Currently this is exclusively used to support SMEs.

Guarantee mechanisms aim at unlocking market financing for development that is held back by high risk perception.

PHASE I

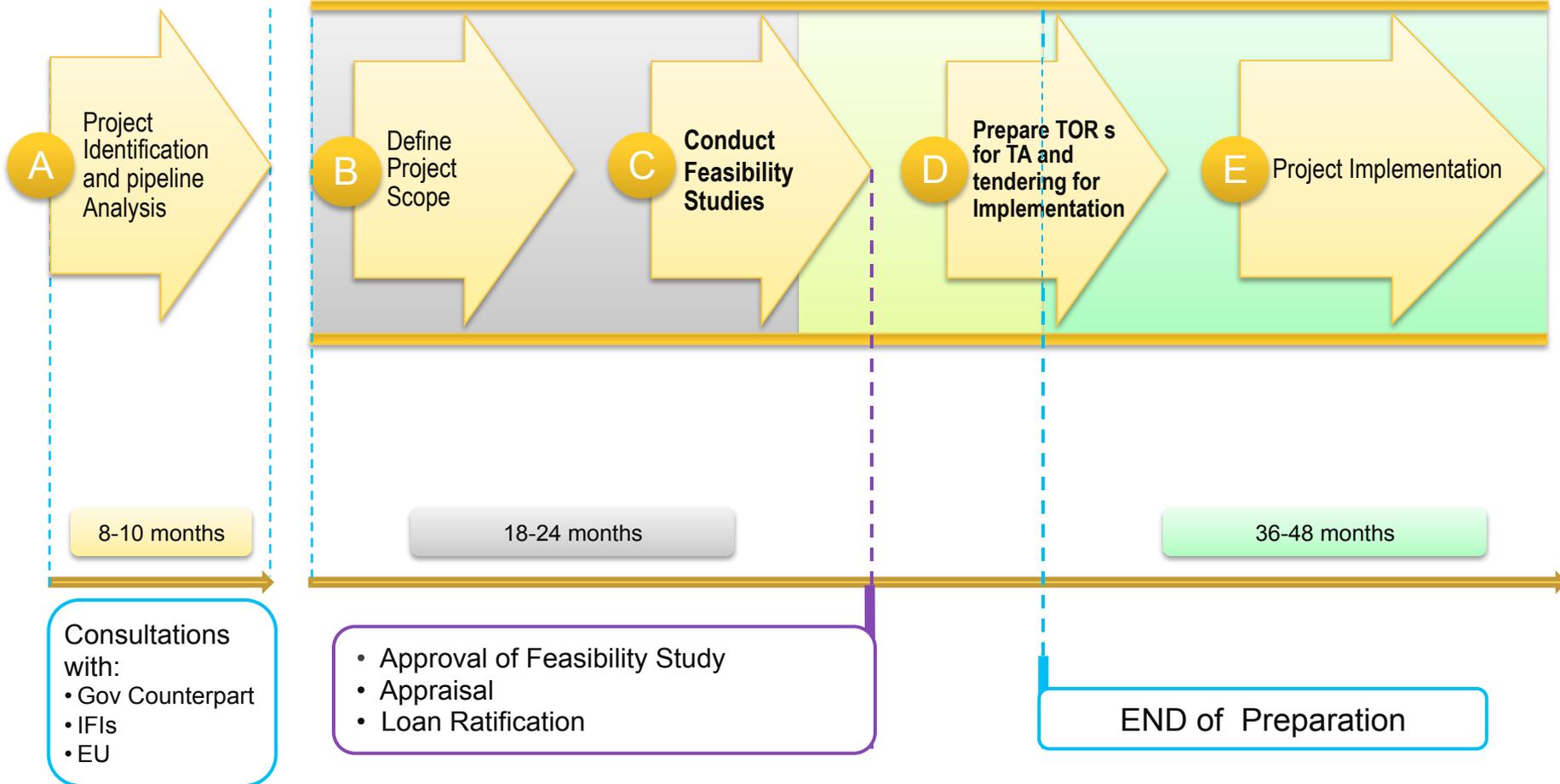
PHASE II

PHASE III

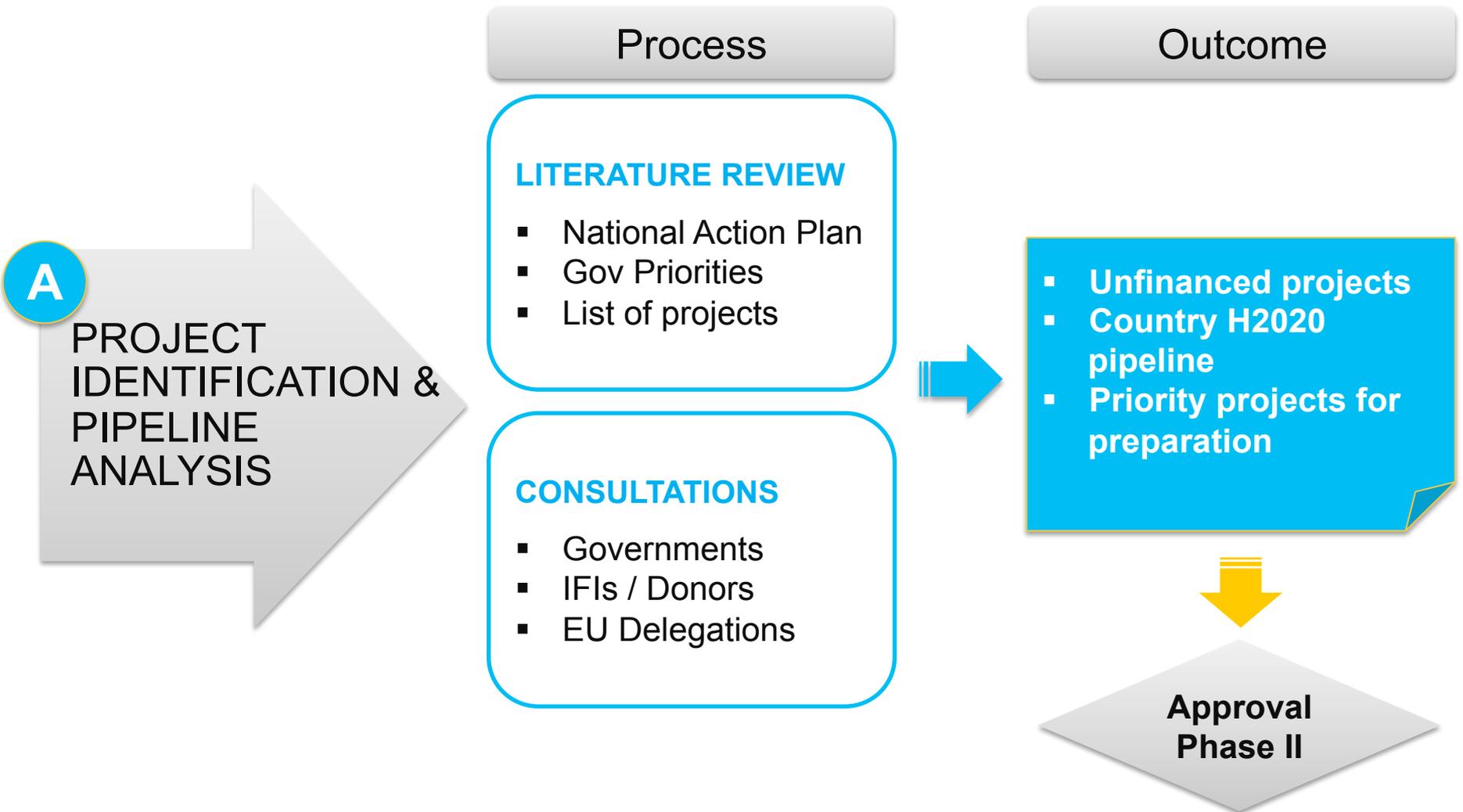
IDENTIFICATION

PREPARATION

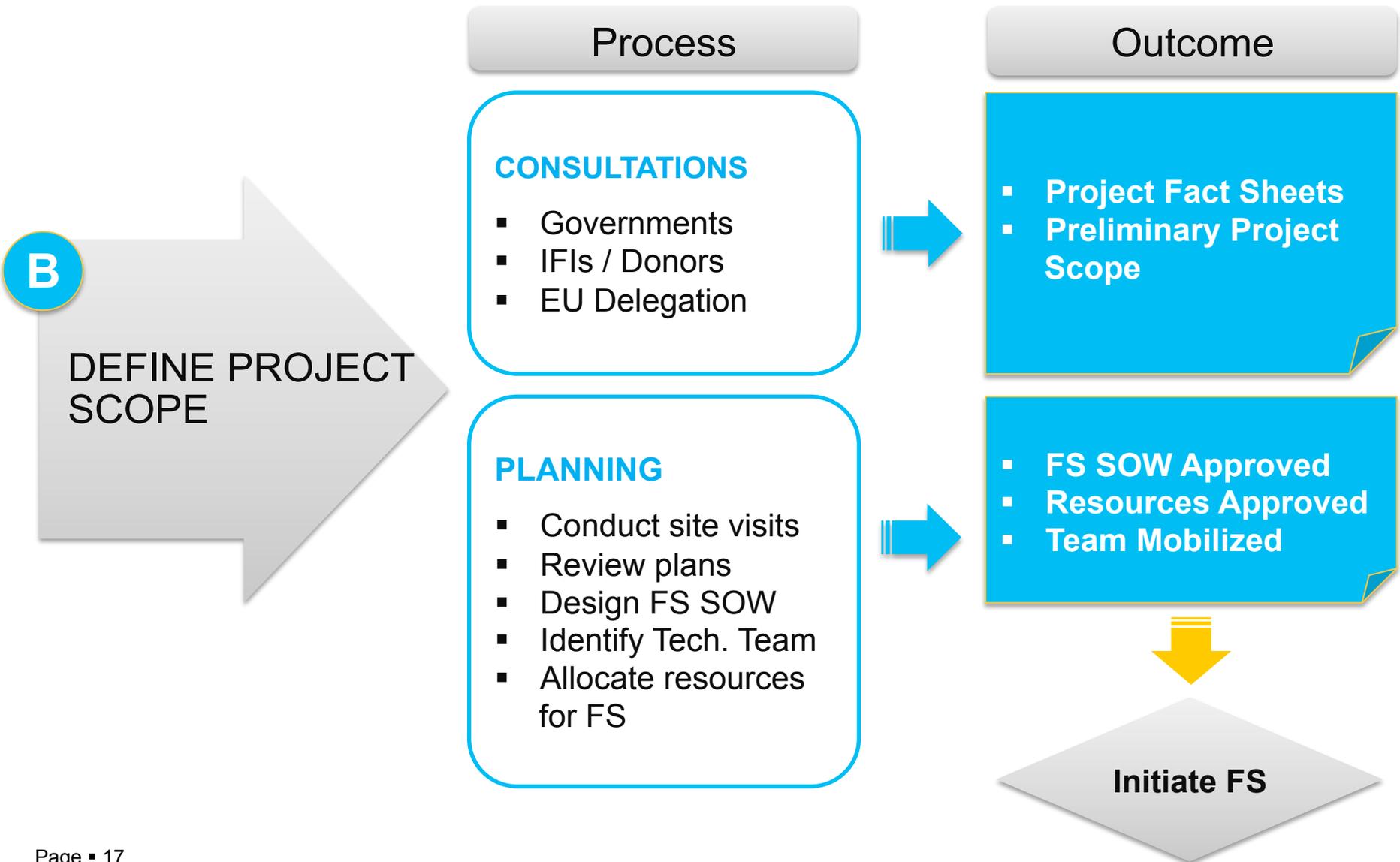
IMPLEMENTATION



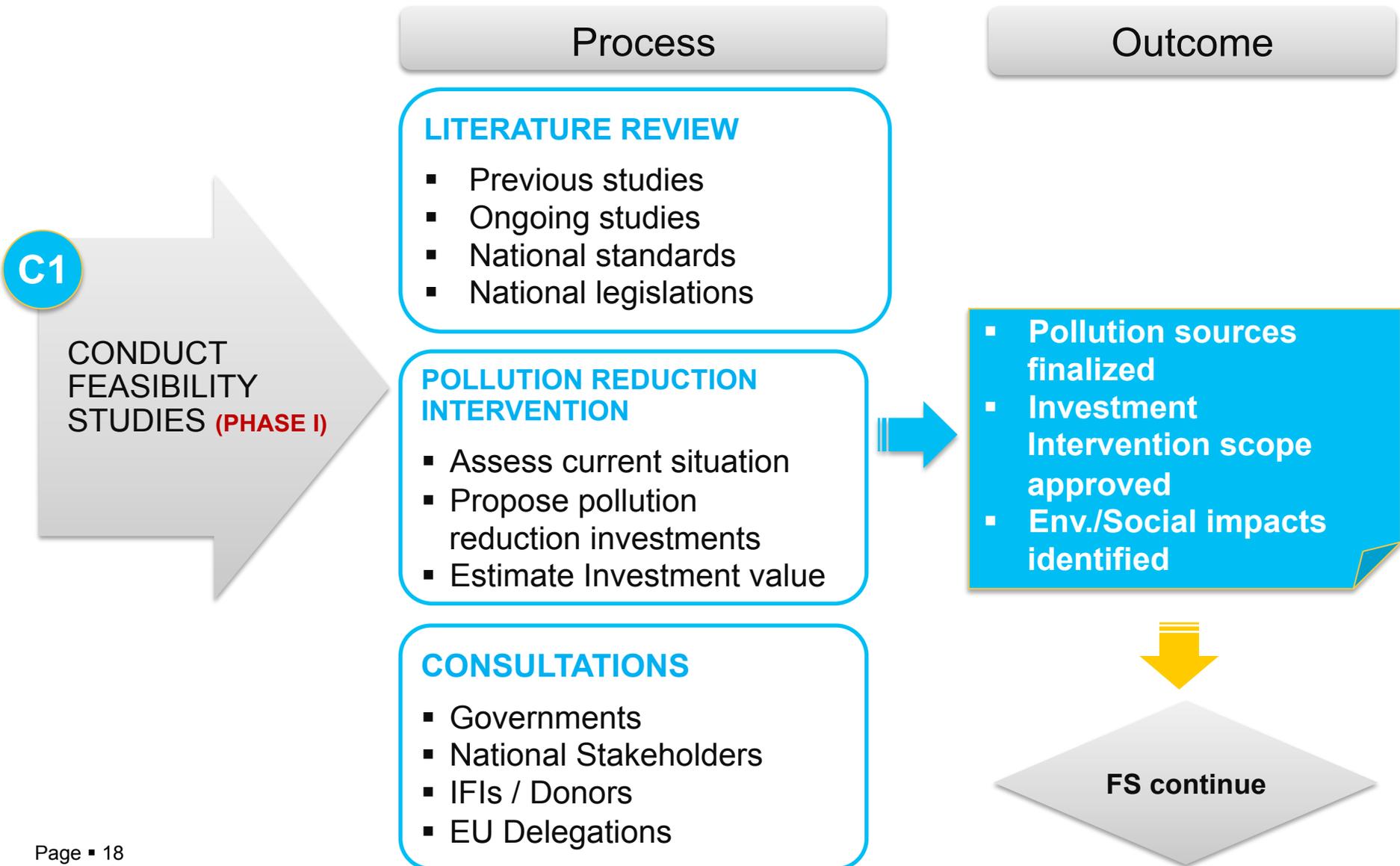
PHASE I (8 to 10 Months)



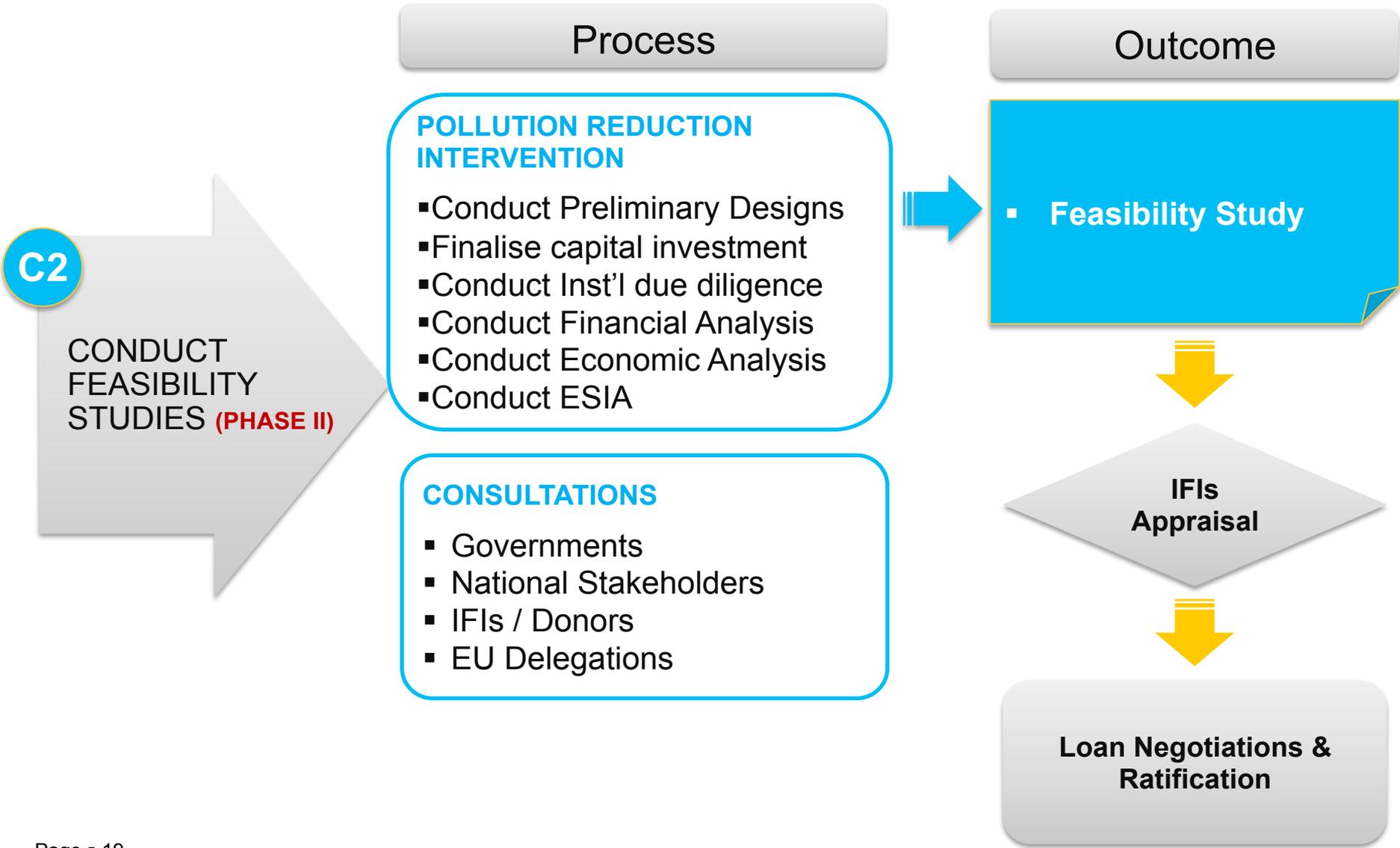
PHASE II (18 to 24 Months)



PHASE II (18 to 24 Months) *continued*



PHASE II - 18 to 24 Months *(continued)*



Phase II *Continued*

Phase III- 36 to 48 months

D

PREPARE
TORs FOR TA

End of Preparation

TENDERING FOR
IMPLEMENTATION

E

PROJECT IMPLEMENTATION

Lessons from the field

CONSULTATIONS

- Ensure stakeholders buy-in
- Ensure focused and effective support
- Catalyse pollution abatement

Donor cooperation

- Avoids overlapping of support
- Ensures efficient use of resources
- Ensures an integrated approach
- Facilitates understanding of context and challenges

OWnersHIp

- Reflects the real dimensions/limitations of any assistance
- Enhances intervention efficiency
- Ensures smoother implementation of projects
- Enhances sustainability



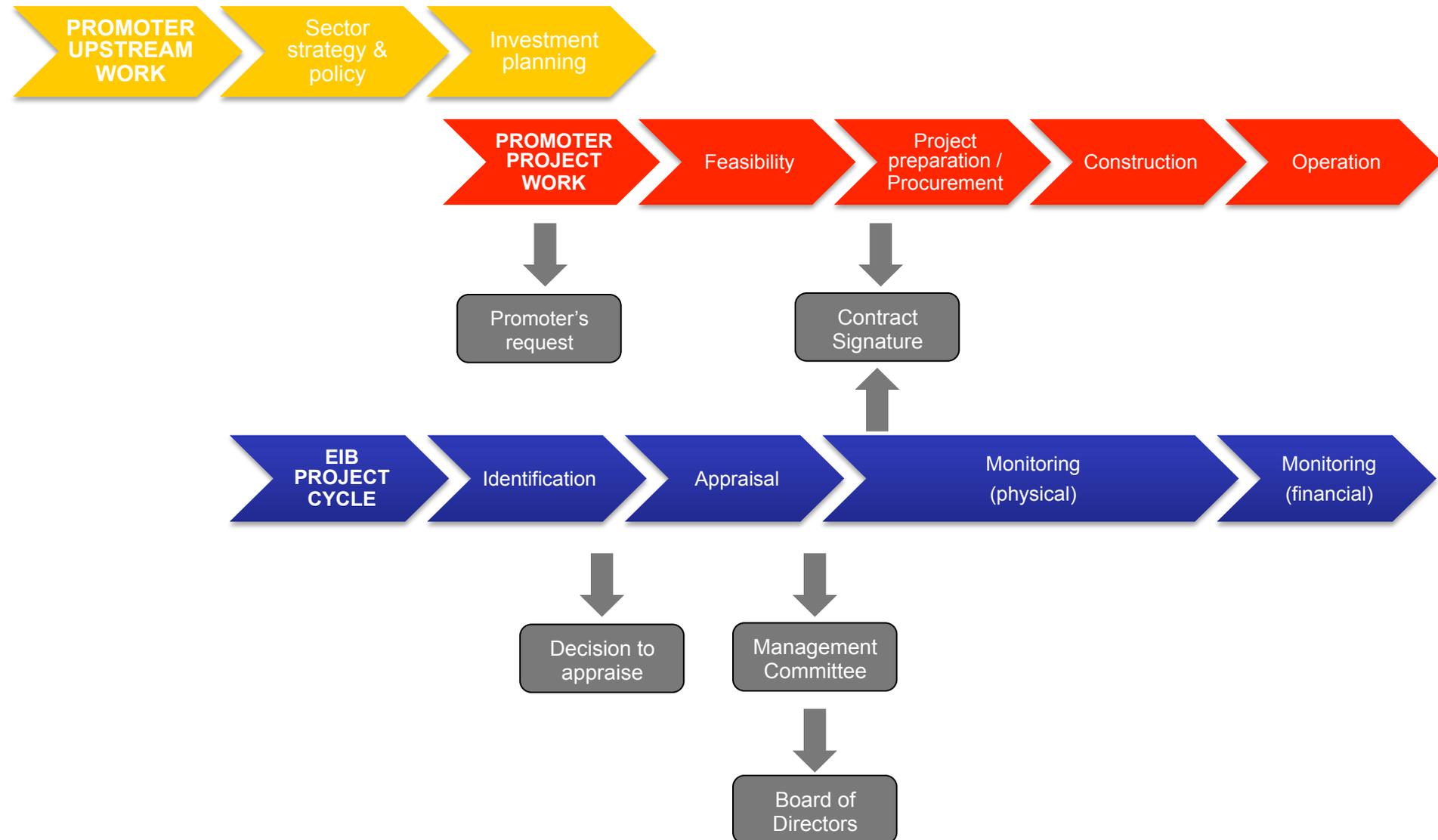
EIB financing



- Under the mandate, the EIB financing is benefiting from the EU comprehensive guarantee (public sector, sub-sovereign) or political risk guarantee (private sector)
- EIB financing conditions:
 - Loans and loan guarantees under the mandate and subordinated loans, equity under special envelopes
 - EIB generally operates on close to market related terms;
 - Fixed or variable rates
 - Long maturities and grace periods (usually not available locally except from other IFIs or DFIs)
 - Direct or indirect intervention
 - Availability of blending facilities for TA, capacity building or interest subsidy
- Banking criteria: Sustainable and bankable projects i.e. **technically sound, financially viable**, with an **acceptable economic return**, compliant with **environment** protection, **procurement** regulations and prevailing **social** legislation and norms + Excluded activities

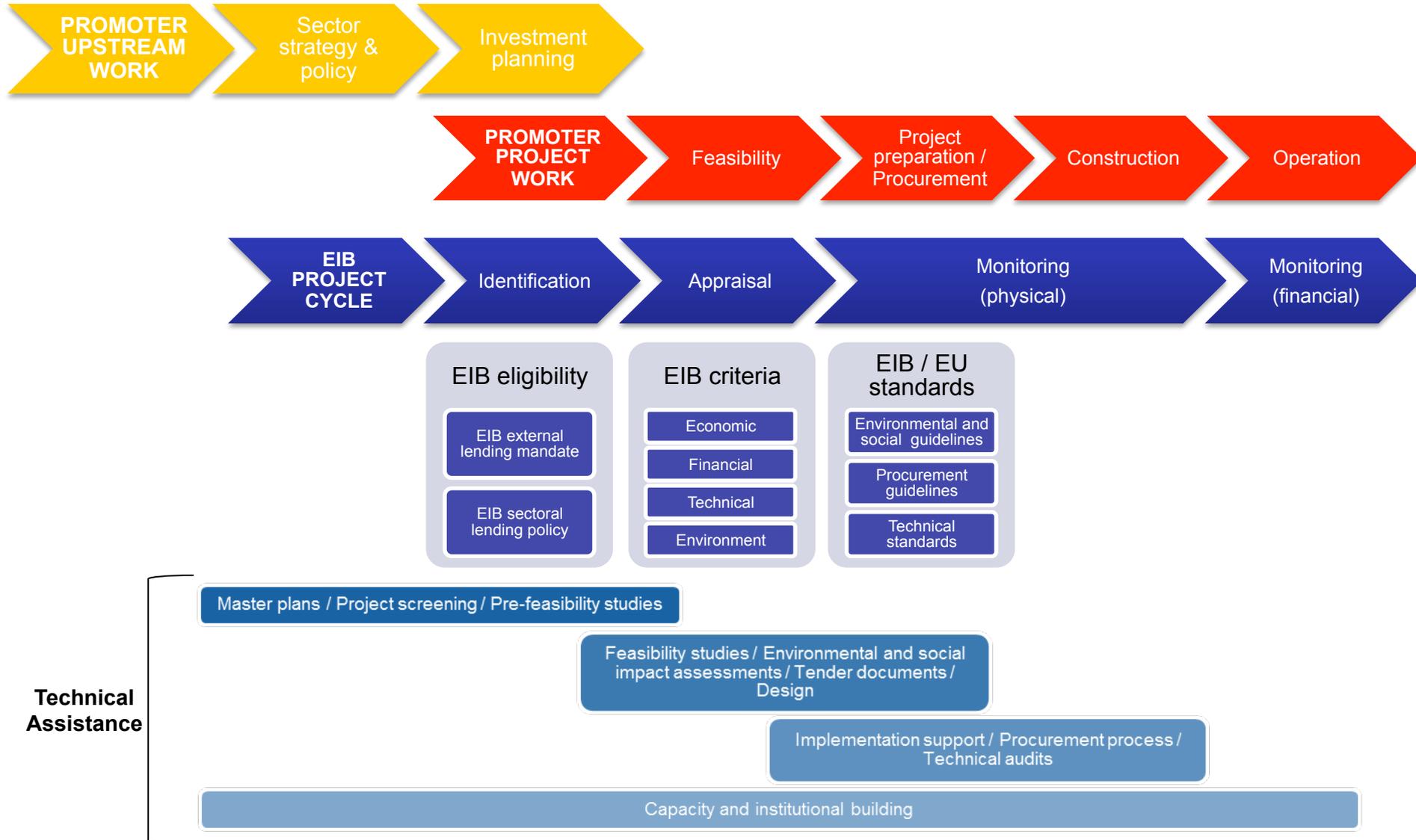


Promoter / EIB project cycles



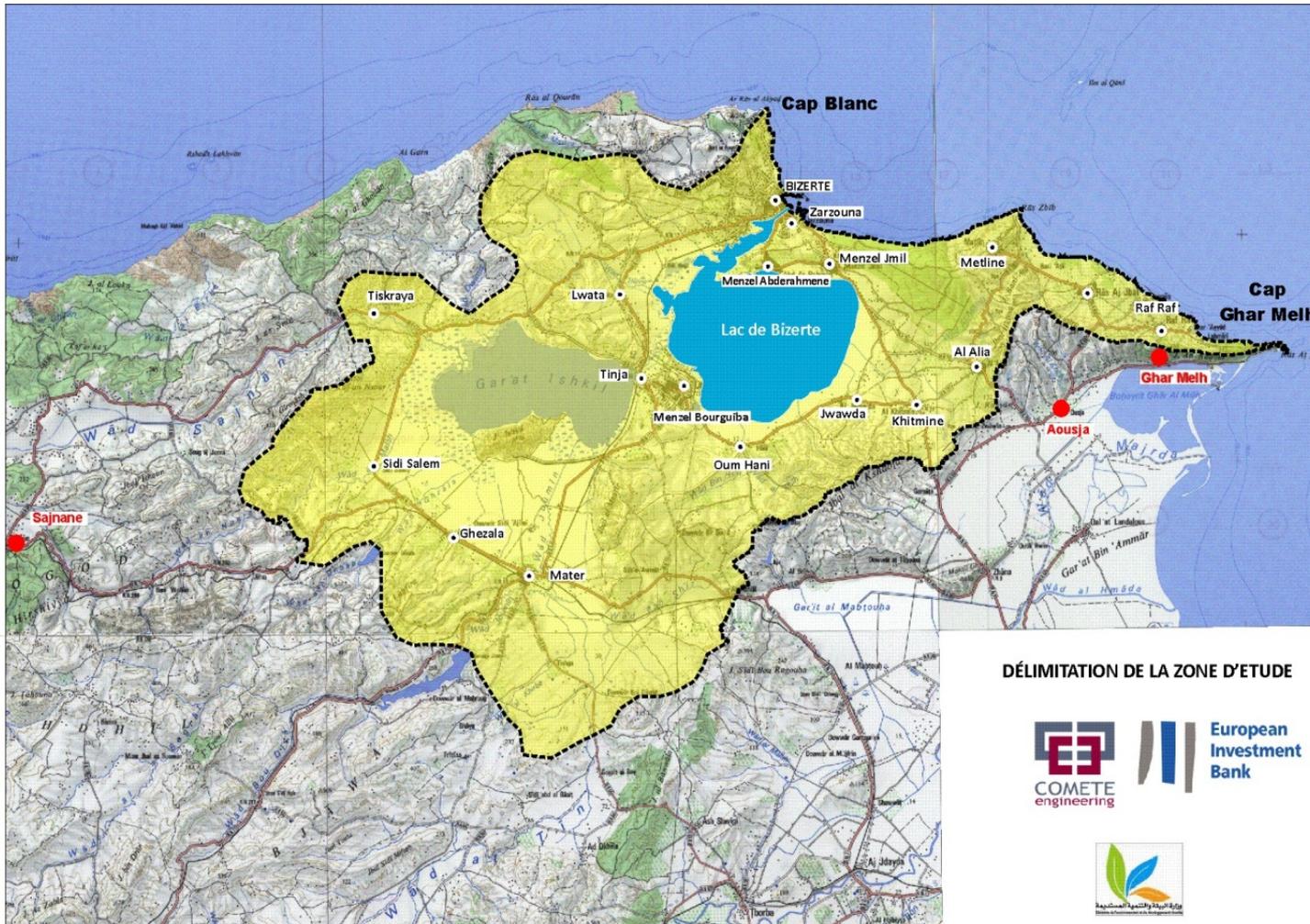


Promoter / EIB project cycles – role of TA





Project example: integrated depollution of the Bizerte lake





Programme preparation



2010

2011

2012

2013

2014

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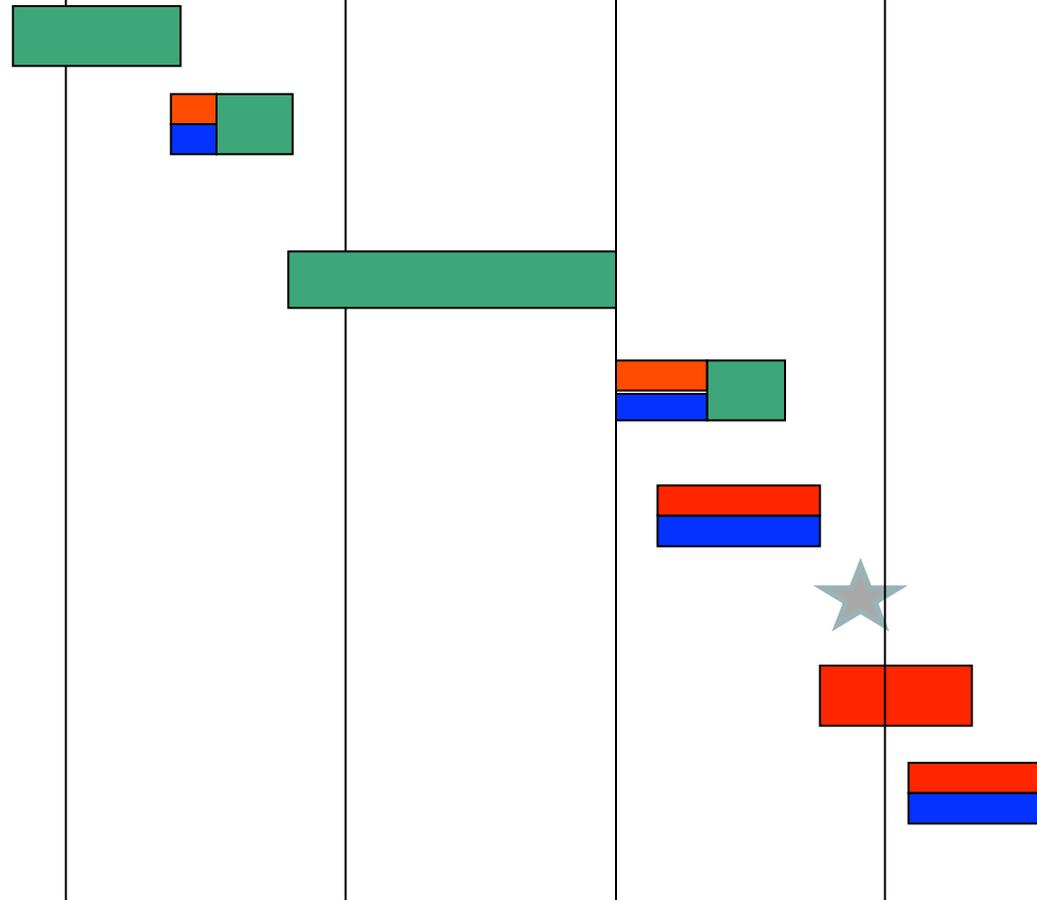
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J F M A M J J A S O N D

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J F M A M J J A S O N D

1. Diagnostic Phase (TA)
2. Comment and finalisation (PT, BEI, TA)
3. Formulation Phase (TA)
4. Comment and finalisation feasibility study (PT, BEI, TA)
5. Appraisal (PT, BEI/other IFIs)
6. Signature
7. Creation PIU / Steering Ctee
8. Start of Project



Tunisian partners

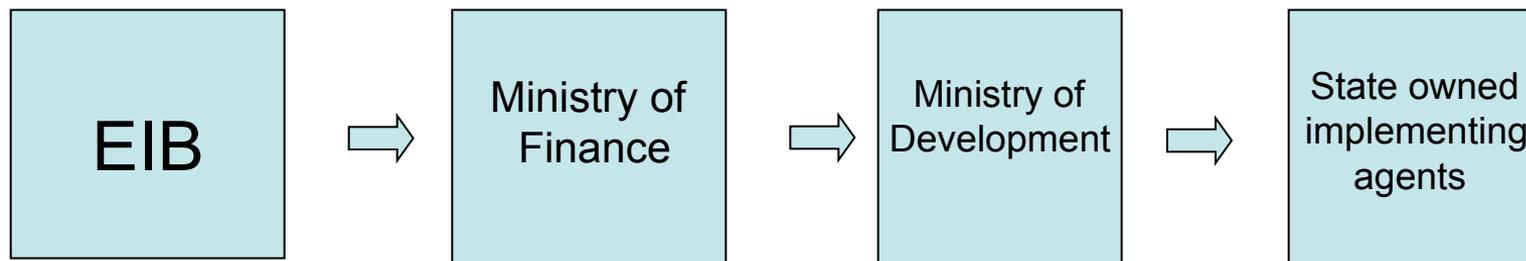
TA MeHSIP-PPIF

EIB



Project example: integrated depollution of the Bizerte lake

- The proposed Integrated Depollution Programme consists of **4 main infrastructure components**, which target all priority sources identified in the course of the feasibility study (*Industrial pollution, wastewater, solid waste; coastal infrastructure works*) a **TA component** to support project implementation and a set of **institutional support functions** to ensure the sustainability of project results.
- The blended funds will be **channelled** through the Ministry of the Equipment and Environment of Tunisia to ensure proper coordination of actions and be **on-lent** or **on-granted** (depending on revenue-generating capacity) to different implementing agencies.





<http://www.eib.org/femip>