



Union pour la Méditerranée  
Union for the Mediterranean  
الإتحاد من أجل المتوسط

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## Ministerial Conference on Transport on 14<sup>th</sup> November in Brussels

### Session 2 – 14h30

Dear Commissioner Fülle,

Dear Ministers,

Dear Vice-President of the EIB, Philippe de Fontaine-Vive,

As I have heard in the sessions, the key message that emerges from your contributions of great substance and value is clear: the need for a completely connected and interoperable transport system, as a fundamental factor of regional integration.

Consequently, the major challenge for the next years is how to move from a purely technical agenda to an investment agenda and a truly operational one.

As you well know, the UfM Secretariat plays a major role in the promotion and processing of projects submitted to us through a triple engineering: the technical, the financial and the political. We act as a catalyst for consensus building in order to implement the projects.

Therefore, one of the most important functions of the Secretariat is to support the project promoters in their efforts for fundraising. To play this role effectively, the UfM Secretariat has a funding strategy, based on strengthening relations with International & Bilateral Financial Institutions and developing long term private sector partnerships and strategic alliances.

The European institutions, the private sector and financing institutions from Europe, North Africa and the Middle East are the privileged interlocutors to enhance the funding capacity for the UfM projects.

A methodology for the fundraising is applied to each project, building a viable financial framework, and using, in a balanced way, public and private funds.

In this regard, I would like to focus on the “core” aspects of this future funding strategy, which should first address the following issues:

- The choice of priority projects
- The involvement of the private sector in the transport projects funding
- The investment protection in the Partner Countries
- The lessons learnt from TEN-T implementation
- The need for a Transport Regional Roadmap

## **1. The choice of priority projects**

In the current economic context, in which transport investment could be affected by insufficient public resources, the challenge is to identify which type of investments should have a priority, assessing them through new methodologies that could take into account all the benefits associated with these investments, covering economic, social, environmental, and financial impacts and including new priorities such as connectivity, reliability, resilience, sustainability and green growth and, of course, in full accordance with the concerned member states.

Decision-makers need reliable data and appropriate analytical tools at macro-level to prioritize spending according to the benefits to be gained. The transport assessment methodologies are gradually adapting to changing requirements, to allow decision making about priorities in terms of entire networks; to

understand trends and their driving forces; to assess performance of transport infrastructure (how infrastructure helps develop transport, trade and growth) and the interaction with other economic activities.

Through innovative instruments, the Secretariat, which is mandated to assess and evaluate the transport projects proposed by the promoters, is able to complement its multi-criteria approach, as it has been the case, for example, for the LOGISMED-TA project, co-funded by the EC and the Deauville Partnership Transition Fund, promoted by the EIB and labelled by the UfM.

## **2. The involvement of the private sector in the transport projects funding**

Public Private Partnership (PPP) contracts, by harmonizing short-term institutional imperatives and long-term investment priorities, can overcome the possible limitations of public finance.

The feasibility analyses for studying and selecting projects for delivery by PPP and, specifically, a rigorous risk evaluation that quantifies the life-cycle costs and risks allows the transfer to the private sector of those risks it is able to manage.

PPPs are an effective tool for delivering transport projects.

### **3. The investment protection**

The Union for the Mediterranean Secretariat is participating in the Investment Security in the Mediterranean (ISMED) Support Programme, launched in November 2012 by European Commission, the Organisation for Economic Cooperation and Development (OECD) and the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank Group.

The ISMED Support Programme seeks to increase private infrastructure investment in the Southern Mediterranean Region by providing advisory services to host governments on reducing the legal risk of specific investment projects, conducting public-private policy dialogue on broader legal framework improvements, and informing potential investors of available risk mitigation instruments.

The Programme will evaluate, through project-specific assessment missions and related studies, the level of investment protection provided by local legal, regulatory and sectorial frameworks, identify gaps in protection and make policy recommendations to address them, support an informal network of experts exchanging views on innovative ideas to improve investment security in the Mediterranean region, and provide relevant information concerning guarantee products to potential investors.

## **4. Funding projects**

The Mediterranean Partner Countries expect a step to be taken to clearly address the financial needs for priority Mediterranean transport infrastructure through the implementation of a fund in the form of grant to finance the Trans-Mediterranean Transport Network (TMN-T) projects of highest priority.

We have come to a moment when operationalizing the decisions is priority number one. The Secretariat, with its network of financial partners, will continue through the labelling of the projects, hopefully in coherence with the list of priority projects that are identified, to ensure their funding and their implementation.



I would like, to that effect, to pay tribute to Commissioner Fülle and his team at DEVCO for the excellent cooperation and partnership that has proved efficient on the follow-up of the UfM labelled projects.

Thus far, in addition to LOGISMED-TA, two other transport projects have been labelled: Maghreb Motorway and Jordan Railway Network.

I seize this opportunity to call on member states to coordinate with us for additional projects to be launched.

It is in this framework that the Secretariat has proposed, in the Declaration to be adopted today, that a Conference with all financial institutions concerned by the partnership in the Mediterranean region be organized before the end of 2015.

## **5. Need for a Regional Road Map**

Finally, the relevance of the current challenges in the transport field requires that the new Regional Transport Action Plan has a much more operational and concrete structure compared to the previous one. The actions relating to the definition of the TMN-T, identification of projects, their subsequent evaluation at micro and macro level, their prioritization and finally the definition of a project-specific fundraising strategy for securing the funds needed to launch the projects, should be integrated within a dynamic Roadmap at regional level.

This will ensure comprehensive project governance, taking stock of evolution of use of the available financial resources and monitor the advancement of the project as a whole.

In this regard, the Secretariat, in coordination with the EuroMed Transport Forum, is the appropriate institution to follow-up and provide assistance to the partners with respect to funding, implementation and monitoring of projects.

As the UfM Secretariat, it is our hope that the deliberations and the conclusions of this Ministerial will give a new impetus to develop transport infrastructure throughout our region.

Thank you.