



Secretariat of the Union for the Mediterranean
Secrétariat de l'Union pour la Méditerranée

Meeting of the Committee on Energy, Environment and Water

The Euro-Mediterranean Parliamentary Assembly

**Ways of financing projects regarding energy,
environment and water by the Union for the
Mediterranean**

Speech by

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Mr. Chairperson

Ladies and Gentlemen

It is a great honor for me to be amongst you, distinguished members and guests of the Euro-Mediterranean Parliamentary Assembly, representing Dr. Ahmad Masa'deh, Secretary General of the Union for the Mediterranean, to address this very important meeting on ways of financing projects in the fields of energy, environment and water by the Union for the Mediterranean.

The Mediterranean region and its surrounds face serious environmental threats to its biodiversity, natural resources, habitable areas, health and food security. It also faces major challenges of water scarcity and droughts on one side, and floods and fires on the other. In many countries, increased pressure on water resources resulting from global warming will be exacerbated by escalating demand from growing population levels, improved standard of living, and per capita water needs. In the past, wars around the Mediterranean were waged over land. In the not too distant future, wars will be fought over water.

Ladies and Gentlemen

We all agree that the UfM is a grand idea that has the innate and instinctive support of all peoples residing around the shores of the Mediterranean and beyond, whether they are black, brown or white; Christian, Muslim or Jewish, rich, poor or middle class; conservative, socialist or liberal. Everybody wants to see the success of this utopian idea that aims to bring peace, security, tranquility, development, prosperity and, above all, friendship between the peoples in the Euro/Mediterranean region. Everybody wants it to succeed, but everyone also understands that, for man-made reasons, it may be difficult to implement. And no one has the magic wand to use in order to bypass the current difficulties and turn the region's threats into opportunities and its weaknesses into successes.

Nonetheless, the UfM was created with the commitment of 43 countries; and its Secretariat was established to assist in proving to all doubters that the UfM is a win-win situation for all its members, and that North and South can cooperate, complement and coordinate their future together in this region, so that we are able to repel the doom and gloom scenario, and the propagation of the theory of the inevitability of the clash of civilizations, in which racially-prejudiced and xenophobic people wants us to believe!

The mission of the SUfM is to *promote regional, sub-regional and trans-national projects* that further socio-economic development, regional integration, sustainable development, further exchange of knowledge among and within the countries of the UfM, enhance and strengthen cooperation between member states, and impact directly the livelihoods of their citizens.

By being an enabler of economic cooperation and development, through implementing regional projects, and according to its approved Work Plan for 2011, the Secretariat of the UfM will aim to *“facilitate the mobilization of resources and political support, and provide coordination facilities, saving on costs and time for development of projects, facilitate access to funding, and enhance investment security”*.

To sum up, in order to help implement projects, the Secretariat will play a pivotal role in the identification, concretization and promotion of a group of worthwhile projects in the six priority areas of Energy, Environment and Water, Education and Research, Social and Civil Affairs, Transport and Urban Development, and Business Development and Funding Coordination. The Secretariat will apply a pragmatic approach, based on the approved concept of variable geometry. Such an approach will enable member states, with shared objectives and complementarities, to give momentum to the process and to achieve the objectives of the UfM.

Ladies and Gentlemen

The promotion of UfM identified and branded projects also includes finding the necessary funding for those projects, for which the Business Development and Funding Coordination Division, headed by Deputy Secretary General Lino Cardarelli, will dedicate most of its time and effort.

In the Secretariat today, projects related to Energy fall under the Energy Division, which is separate from those of Environment and Water, which are in a Division under my responsibility. But since there is a close relationship between both sets of projects, some sort of a dialectical relationship where energy projects affect and reflect- positively or negatively- on environment and water, and vice versa, there will be special cooperation between both Divisions; especially that the Secretariat wants to promote Environment and Water projects that utilize as much “green” and renewable sources of energy as possible, be it solar, wind, tidal, hydraulic, geothermal, or a combination thereof.

The projects we want to concentrate on promoting in the sectors of Water and Environment will contribute directly to the implementation of the Horizon 2020 Initiative to De-Pollute the Mediterranean through tackling, by 2020, the sources accounting for around 80% of pollution loading, which are mainly municipal solid and liquid waste and industrial emissions. Also, we want to promote those projects that directly contribute to the implementation of the Water Strategy for the Mediterranean, which is currently awaiting political endorsement by the 43 countries.

All of these projects have to be innovative, cost-effective, piloting, whenever possible, cutting-edge technology and, as stated earlier, using as much “green” and renewable energy sources as possible for environment preservation and protection and water generation, reduction in utilization for domestic and agricultural purposes, as well as re-use and recycling. Finally, we would like to concentrate on major-impact projects that are of high priority but cannot be implemented because of political difficulties. This is where part of SUfM “Added Value” can be.

Projects that will be promoted by in the Energy sector are those mainly related to Renewable Energy, which are usually more expensive than conventional energy projects. The cost gap depends on technology and local conditions, but, generally speaking, the conditions- and prospects - for Solar and Wind projects in the Middle East-North Africa (MENA) region are very good, perhaps the best in the world and equivalent to some parts of the USA such as Nevada, enjoying more than 3000 sun hours, strong winds in coastal and/or desert areas, vast space, scarce population, etc. Nevertheless, the production of one megawatt-hour (MW.h) currently costs around 200 Euros for Solar and 75 Euros for Wind, whereas for conventional energies it could be around 60-70 Euros, depending of oil and gas prices. These prototype prices could drop if some kind of mass production takes place, which is an area SUfM can be involved in promoting and finding funding for.

So where do we think the funding sources will be for such projects in Environment and Water or Energy?

First of all, we subscribe to an idea floated by ARLEM for the production of a “Financing Atlas” that includes breakdown of financing opportunities and synergies between different schemes and institutions. This will be a first step towards identifying the potential sources of funding for UfM projects in Water and Environment, and we will work with ARLEM to produce this useful document as soon as possible.

Secondly, we have to tackle “traditional” and “non-traditional” public sources of funding, the traditional being government and inter-governmental agencies, such as European Commission, World Bank, European Investment Bank, and member country development agencies; the non-traditional being private philanthropic foundations that could be made interested in such innovative and cutting-edge technology projects, albeit with smaller funds.

Thirdly, we have to promote private sector interest and participation in projects, whether for profit or for what is termed “social responsibility”! Many of those

projects can be profitable, albeit on a longer-term span, and with the necessary public guarantees, the private sector will be brave enough to invest.

Fourthly, since most, if not all, of UfM projects will involve South and East Mediterranean countries, we have to look for funding not only in the North, but also in the South. Prime sources of funding may include Arab Fund for Social and Economic Development, Islamic Development Bank, African Arab Bank, OPEC, and country investment funds. Given the right project and the right approach, prospective funders may also include southern Mediterranean Arab countries such as Algeria and even Libya, which is not a full member of the UfM but may be interested given the right circumstances. Prospective funding may also come from private Arab companies, investors and benefactors either individual or combined.

Fifth, it will be important to have multiple funders for projects, especially the larger ones, combining funds from North and South, public and private, traditional and non-traditional.

Sixth, although, as stated earlier, Renewable Energy projects are usually more expensive than Conventional Energy projects and therefore difficult to encourage private investment funding, yet, there are some available tools that may be used to bridge the cost gap and fund - at favorable conditions - renewable energy projects, especially solar projects. These include concessional loans from international financial institutions, in particular the World Bank Clean Technology Fund, Carbon Finance especially Clean Development Mechanisms (CDMs), and facilitating exports of “green” electricity from the South towards Europe using the provisions of Article 9 of Renewable Energy Directive.

The Deputy Secretary General for Funding Coordination, supported by other Divisions DSGs, in this case Energy, and Environment and Water will follow up on all of these funding possibilities, including drafting a comprehensive booklet of projects with all the relevant information; assessing the main financial aspects of the projects; labelling projects on the basis of the Secretariat Project Guidelines; seeking funding from international financial institutions and banking sector, and establishing a focal point for donors.

Let me emphasize here that we, at the Secretariat of UfM, want to create a genuine, collaborative and transparent relationship with our partners, whether member states representatives, other UfM structures, project implementers or funding agencies. Together, we want to determine the real needs, brainstorm in depth through workshops and focus groups, research the market and niche, identify and develop innovative project proposals, advice and give feedback during implementation, review and analyze the results and outputs and finally monitor and evaluate the outcomes and impact.

Only with such an in-depth process, the required funding for such projects will be achievable and the UfM, with both its ideals and its partners can succeed!

Ladies and Gentlemen

Let me end by reiterating the Secretariat strong desire to establish a concrete and fruitful relationship with the UfM Parliamentary Assembly, and in this respect I would like to refer to the successful meeting and excellent exchange the Secretary General had last week in Strasbourg with members of the European Parliament delegates to the UfMPA.

Thank you for your attention!