



## First Pan-Arab Energy Trade Conference

Towards an effective regional cooperation in  
electricity and gas trade among the Arab countries

THE NILE RITZ-CARLTON - CAIRO  
NOVEMBER 6-7, 2019

# Creating Regional Momentum for Energy Trade

A perspective on the Pan-Arab Region

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# Context

- Energy demand is higher than growth;
- Technological changes in the energy sector;
- Weaker oil prices;
- A changing energy resource towards renewables with high fuel savings potential
- Declining fiscal space

**Pressures for change create urgency for broad economic reforms across the Pan-Arab region**

# Electricity trade in the Pan-Arab region can bring multiple benefits

## Access to Wider Pool of Generating Units

Reliability Enhanced | Systems Costs Optimized | More Transparent Pricing



Savings on avoided investment costs

Lower emissions cost-effective to meet INDC

Lower cost by increasing share of renewables

Reduce need for subsidies and enhance grid access

Support to Peace & Stability by better services access

# Greater intra-regional electricity and gas trade and market integration can deliver

- Market efficiencies to more securely meet growing demand
- Economic development
- Accelerated energy-sector transition at the country and regional levels
- **Massive cost savings estimated at \$91-135 billion during the period 2020-2035;**
- Further integration of regional gas and power markets to support national development strategies leveraging on synergies and complementarities between the two sectors

# While trade benefits underscore the value of cooperation to advance economic transformation, challenges exist

- Convincing stakeholders that **mutual trust**, **interdependence**, **transparent governance**, and **competent institutions** are the critical ingredients to create markets and achieve their goals;
- Political considerations and rivalries could pose impediments
- Countries hesitate to harmonize regulations due to high subsidies and risk of "**wealth transfer**";
- **Low number of market participants** due to lack of market access or delayed reforms at the national level

## Responding to these challenges requires multifaceted measures building on the following drivers for trade ...

- MENA countries have a great deal to gain from electricity and gas trade... However, allocation issues arise
- Realizing commercial trade benefits requires high utilization of cross-border infrastructure
- Accelerating bilateral trade on commercial basis should be a priority
- Electricity-market integration can positively impact employment, to the degree that it can facilitate renewable-energy deployment

## Responding to the challenges requires multifaceted measures building on the following drivers for trade ... *cont'd*

- Development of regional markets can be compatible with varying speeds of domestic reform- they should go hand-in-hand
- Regional institutions should gradually evolve with the market
- Advanced technologies and synergies between electricity and gas trade could yield convergence among national and regional goals for sustainable-energy transitions



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# Thank You!