Recorded Remarks by World Bank Group President David Malpass at the World Government Summit 2022

March 30, 2022

Excellencies, Distinguished Guests, thank you for the opportunity to speak at this important forum. I’m going to focus on the energy transition.

The World Government Summit has a history of strong messages on the energy transition. It was at this event in 2015 that His Highness Sheikh Mohammed bin Zayed Al Nahyan, Crown Prince of Abu Dhabi, described the importance of economic diversification as UAE’s reserves decline.

Middle East and North Africa will soon also be the epicenter of the upcoming climate action discussions, with Egypt hosting COP27 and UAE COP28.

Clearly, this summit is timely. The MENA region interaction with climate change is extremely complex. Many countries in the region rely on hydrocarbons, which support economic growth and exports but contribute to greenhouse gas emissions. Countries that import energy and food are also vulnerable, which has been made starkly clear by the recent tragic war in Ukraine.

The growth of the region will further complicate these challenges. The population in MENA is projected to double by 2050. Per the current demographic trends, MENA countries will have to create 300 million new jobs. If urgent action is not taken now, many countries may fall behind with serious implications for livelihoods and social stability.

From a global perspective, more access to clean energy will be critical for development. 760 million people, many of whom live in the poorest countries, remain without access to electricity.

GCC countries are rightfully concerned about the global community’s desire to shift away from oil. We need to look for ways to put the power sector on track for sustainable performance and improved service delivery. This will require finding and planning cost-effective clean energy generation projects; improving efficiency of distribution and retail utilities; and boosting the financial viability through tariff reforms. Private capital can be mobilized to optimize balance sheets of state-owned enterprises; and to support climate-smart infrastructure.

We also know that economic diversification can be a path to reduce carbon emissions for economies that are currently dependent on oil and gas. And we know how to activate this path through openness to trade, labor and capital mobility, investing in knowledge, and enabling a strong business environment.
We are already seeing the GCC countries willing to invest quickly in hydrogen and help move the entire industry down the cost curve. We are witnessing a massive restructuring of the global oil and gas market where the supply flexibility of the GCC will be critical in dampening volatility in coming months.

Regional cooperation on energy can bring GCC financing and expertise to the rest of the MENA region. With the current situation in commodity markets, the fiscal bill for fuel subsidies would crowd out many other activities if left unreformed. The case to contain these subsidies while using cash transfers to protect the poor has never been stronger. The region can make major progress through efficiency gains in the transmission and use of energy, including in air conditioning. MENA countries also have endowments to become renewable energy powerhouses. The GCC region, in particular, is home to the lowest price solar energy generation. Alternative energy sources have the potential to replace fossil fuels for the GCC’s residential and industrial use and eventually also in the transportation sector.

I thank you once again for the invitation to address this eminent gathering. With these few thoughts, I wish you a successful event and fruitful discussions.

Thank you.