THE ROLE OF ARAB DEVELOPMENT INSTITUTIONS IN SUPPORTING ELECTRICITY TRADE

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The Arab Fund for Economic and Social Development
• Objectives of the Arab Development Institutions

• How they Supported and Will Continue to Support the Energy Sector in the Arab Countries

• The Arab Fund: A Typical Example
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**Objectives:**

- **Financing economic & social development projects in the Arab Region**
- Establishing & administrating special funds, compatible with Arab Fund objectives.
- Encouraging investment of public & private capital.
- Forming/participating in the equity capital of corporations that implement, finance & overlook private sector projects.
- Financing private sector projects.
- Providing expertise & technical assistance in economic development.
HOW THE ARAB DEVELOPMENT INSTITUTIONS HELPED DEVELOP THE ENERGY SECTOR IN THE ARAB WORLD*

*Millinos USD

**Arab Fund (As of 2018)**
- $10,817 (31.9%)

**Islamic Development Bank (As of 2018)**
- $1,920 (42%)

**Abu Dhabi Fund (As of 2018)**
- $4,920 (8%)

**Kuwait Fund (As of 2019)**
- $2,738 (27%)

**OPEC Fund (As of 2018)**
- $996 (20%)

**Saudi Fund (As of 2018)**
- $2,500 (11%)

*Energy*
Arab Development Institutions financed and will continue to finance Arab countries’ projects to increase their installed capacities.

(Public Sector & Private Sector)
In total, the Arab Fund provided 677 loans to 17 Arab countries, of which the total value equated to $33.8 Billion. Almost all Arab countries benefited from these loans.
JOINT FINANCING OF ENERGY PROJECTS
FINANCED BY THE ARAB FUND

Contribution from Countries
≈ $9.4 Billion

International Financial Institutions (IFCs)
≈ $9.9 Billion

Other Members of Arab Coordination Group
≈ $5.7 Billion

Loans Provided by the Arab Fund
≈ $11.0 Billion

A multiplier of 3.3x

Total Cost of Projects
$36.0 Billion

≈ $5.7 Billion
≈ $9.4 Billion
≈ $9.9 Billion
≈ $11.0 Billion

The PAN-ARAB Energy Trade Conference
Cairo – Arab Republic of Egypt
6 – 7 November 2019
THE ARAB FUND’S CONTRIBUTION TO THE ELECTRICITY SECTOR

Addition of 29 GW of Installed Capacity:
- 27 GW thermal
- 2 GW RES

Addition of:
- Over 5,000 km of Transmission lines
- Over 10,000 km of Distribution lines
- Construction / Modernization of 6 National Control Centres (NCC’S)

Loans
- ≈ $11 Billion

Generation

T&D

Grants
- ≈ $33 Million

• 55 Grants
DISTRIBUTION OF ADDITIONAL CAPACITY ADDED FOR SOME ARAB COUNTRIES

Egypt 16,460 MW
Syria 3,796 MW
Sudan 2,010 MW
Jordan 1,870 MW
Yemen 1,329 MW
Mauritania 430 MW
Djibouti 154 MW
ADDED GENERATING CAPACITIES, AS A PERCENTAGE OF INSTALLED CAPACITIES

- Mauritania: 95%
- Djibouti: 82%
- Yemen: 59%
- Sudan: 54%
- Jordan: 41%
- Syria: 38%
- Egypt: 29%
SUPPORT FOR RENEWABLE ENERGY PROJECTS

• Hydro Projects
  - Morocco (1000 MW)
  - Syria (630 MW)

• Solar Projects
  - Mauritania
    • 50 MW PV Solar P/P (Nouakchott)
  - Egypt
    • 50 MW PV Solar P/P (Kom Ombo)

• Wind Projects
  - Yemen (Mocha)
  - Mauritania
    • 30 MW Wind Farm (Nouakchott)
    • 100 MW Wind Farm (Nouadhibou)
SOME STATISTICS ABOUT TRANSMISSION PROJECTS FINANCED BY THE ARAB FUND

- Strengthening of Internal Networks
  - 400 kV Lines in Syria
  - 400 kV Lines in Jordan
  - 400 kV lines in Libya
  - 220 kV lines in Tunisia
  - 500/220 kV lines in Egypt
  - 225 kV lines in Mauritania
  - 132 kV lines in Yemen

- Interconnection Lines
  - Egypt – Libya (220 kV)
  - Libya – Tunisia (220 kV)
  - Egypt – Jordan (500/400 kV)
  - Jordan – Syria (400 kV)
  - Syria – Lebanon (400 kV)
  - Egypt – KSA (500 kV)
HISTORY OF INVOLVEMENT OF THE ARAB FUND IN ELECTRICAL INTERCONNECTION PROJECTS

Dates back to 1985

1985

- Promoting Idea
- Garnering Support for Concept

Financing of Feasibility Studies

Financing Interconnection Projects

Financing of Studies to Improve Performance & Utilization of the Interconnected Networks

And Continuing
INTERFACING WITH THE LEAGUE OF ARAB STATES (LAS) AND THE WORLD BANK

League of Arab States

Steering Committee

Study Team

Study Related to Integrated Electrical Interconnection & Utilization of Natural Gas

Financed by AFESD

Institutional Arrangements

Need to Develop:
- Memorandum & Understanding
- General Agreement
- Trade Agreement

Financed by World Bank

- Arab Grid Code
- Trade Facilitation Center
- Energy Trade Champion

Identified 10 New Electrical & Gas Interconnection Projects

Financed by the Arab Fund

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Financed by World Bank

Study Related to Integrated Electrical Interconnection & Utilization of Natural Gas
THE ARAB FUND’S SUPPORT TO THE GAS SECTOR

8 Loans

$ 350 Million

4 Loans ➔ Tunisia

1 Loan ➔ Oman

2 Loans ➔ Egypt ➔ Arab Gas Pipeline (El-Arish- Aqaba)

Upper Egypt Gas Pipeline

1 Loan ➔ Syria ➔ Arab Gas Pipeline (Aleppo – Kals)
FUTURE ROLE TO BE PLAYED BY THE ARAB DEVELOPMENT INSTITUTIONS IN SUPPORTING ELECTRICITY TRADE

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- Feasibility Studies for New Interconnections
- Financing New Interconnection Projects
- Managing the Interconnection
- Studies to Stimulate the Energy Trade
- Operational Studies
- Development of the Interconnected Arab Grid Code
- Establishment of a Trade Facilitation Center (Study, Physical Construction)
FUTURE ROLE TO BE PLAYED BY THE ARAB DEVELOPMENT INSTITUTIONS IN SUPPORTING GAS TRADE

Feasibility Studies for New Pipelines
Financing New Interconnection Projects
Financing of Storage Facilities
Studies to Stimulate Gas Trade

Country A

Gas Pipelines

Country B

???
CONCLUSION

- The Arab Development Institutions have always supported Arab Energy Interconnection Projects (Electricity and Gas).

- They will continue to support better utilization of these projects.

- They are willing to support the implementation of technically feasible and commercially viable gas pipelines.
Thank You!