

Investments In Energy To Hit \$1 Trillion

MENA's total planned and committed investments in the energy sector are expected to hit \$1 trillion over the next five years, from 2019 to 2023.

According to new research by multilateral development bank, Arab Petroleum Investments Corporation (APICORP), the expected investment matches the large financial reserves held by MENA countries, with some being under leveraged.

The report defined committed investments as investments in energy projects currently under execution, whilst planned investments represent a country's spending target to develop its energy sector.

The private sector continues to play an increasingly vital role in supporting energy projects, particularly in countries with weaker fiscal reserves or higher share of power sector projects. According to APICORP the share of overall non-government-led investments has increased 22% from the year before.

"We see the private sector as a critical player in financing the region's energy investment plans going forward, while freeing up revenues for other areas in the economy," said Ahmed Ali Attiga, CEO, APICORP.

Tunisia and Morocco ranked the highest, with the private sector accounting for 68% of total planned and committed energy investments, followed by Jordan at 46%. The UAE, Oman and Egypt also exhibit a greater penetration of private sector participation, rising to 30%, 29% and 28% respectively. Saudi Arabia has the largest committed and planned investments in the medium-term followed by the UAE and Kuwait.

Moving forward, Iraq will focus on rebuilding its energy infrastructure, while Egypt will prioritize upstream gas and power sector investment to meet rising demand.

The report expects most of MENA to see a greater transition towards gas, downstream and petrochemicals sector, and significant renewable energy additions.

Power projects are at the forefront of the interests, as they currently constitute 36% of total investment in the MENA region, said APICORP. That comes as the demand for electricity rises, with 34% of this making up investments in renewables due to its continued momentum.

Looking to the gas sector, the research revealed that total investments in the sector will amount to \$186 billion, just under half of which is committed.

The demand for gas will continue to grow 2% per year over the next five years in MENA, as a primary growth region.

"Iraq leads with over \$16 billion committed to capture flared gas; the Basra Gas Company (BGC) south gas utilization project makes up the lion's share," explained Mustafa Ansari,

senior economist at APICORP.

Meanwhile, oil sector investments remain high at around \$304 billion and investments in the petrochemical sector continue to rise, with total investments marking over \$123 billion.

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