

MENA Power Investment Outlook 2020-2024

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ABSTRACT

The unprecedented 2020 COVID-19 pandemic has impacted the world economy in a myriad of ways. Not since the Great Depression of the 1930s has the world experienced a “Global Reset” on such a widespread and synchronized scale. Costing the world economy a staggering USD 1 trillion, the repercussions of the crisis are being felt disproportionately and differently in various sectors, including the power sector. During the pandemic, the needs for stable electricity supplies and digital services underscored the criticality of these two sectors in the economies. The USD 114 billion decline in the MENA power sector’s planned investments compared to the 2019-2023 outlook was actually due to the commissioning of several projects during 2019 in Egypt, the UAE and Saudi Arabia. Hence, it is expected that when economies eventually start to recover, the power sector will play a vital role in accelerating the process. How the future of demand and investments in the sector will look like will be largely determined by the power market structure, policy efficiency and the digitalization of the sector.

The MENA electricity sector has come out relatively unscathed from the 2020 COVID-19 pandemic compared to other energy sectors, and it is expected to play a vital role in driving and accelerating the recovery process. Among numerous variables, the power market structure and regulatory reforms were affected differently within countries. In all cases, policy efficiency and the digitalization of the sector weigh in as the most influential factors in the future for power demand and investments. The rise of the MENA region as a more interconnected market, and as a potential exporting region for net-zero products such as hydrogen and ammonia, should be the vision that policymakers strive to achieve.

Keywords: electricity, power, renewables, solar, wind, hydrogen, ammonia, LCOE, MENA, Covid-19

Themes: Electricity