

Your Excellency, the Honorable Minister of Industry, Energy and Small and Medium Enterprises, Honorable Deputy Ministers, ladies and gentlemen

I would like to begin by thanking your Excellency and the Tunisian Government, on behalf of the World Bank, for your support in making this gathering possible.

Four years ago, oil was selling at 40 dollars a barrel. Four months ago it was 140 dollars a barrel. Four days ago it was 60 dollars a barrel. None of us know where it will go next. Managing the impact of energy market instability upon the real economy is now at the top of every country's policy agenda.

The reason we are here today is because energy efficiency is a foundation of energy policy in these challenging times.

The purpose of this meeting is to share the Middle East and North Africa region's experience of energy efficiency. We have senior decision-makers and experts from across the region, as well as from international agencies. It is a chance to learn from countries' real-life experiences. And it is an opportunity to identify concrete programs and policies to improve energy efficiency in the future.

On the World Bank's side, we have just carried out a study of energy efficiency in the Middle East and North Africa. The study asked: how can energy efficiency contribute to the growth, economic stability and energy security of this region ? And how can governments encourage energy efficiency ?

We will present the preliminary findings of the study today for your consideration.

Our conclusions can be summarized very simply.

Energy efficiency can be a key component of every country's energy policy. This goes for both energy-exporting and energy-importing countries.

We found that energy efficiency is not just about technology. It is about economics and development. Energy efficiency contributes to competitiveness, growth, the environment, public health and macroeconomic stability, as well as protecting the poor from energy price shocks.

Energy efficiency improves resource-allocation and reduces production costs. A 20% improvement in energy efficiency would generate a 2-5% increase in GDP for the region.

Energy efficiency reduces fiscal pressure by lowering of energy subsidies, which cost 7% of the region's GDP.

The Middle East and North Africa region has great scope to improve its energy efficiency. Energy efficiency investments have high returns. They often pay for themselves in less than 2 years. And unlike other regions of the world, the economies of the Middle East and North Africa are using 1% more energy per unit of GDP each year.

Looking at international experience, improving energy efficiency requires government policies on several levels.

The basic foundation of energy efficiency is the pricing system. It is very difficult to encourage firms and households to use energy carefully when they are not bearing the true cost.

But raising energy prices has social consequences and must be done in a way that takes account of vulnerable groups. Effective social protection is the key to energy price reform. Countries like Brazil, Indonesia and Jordan

have shown how the poor and vulnerable can be protected when energy prices rise.

The next level of energy efficiency policy consists of the institutions and regulations. Price incentives are necessary but rarely sufficient to make energy-use efficient.

Finally, once the price incentives, the enabling institutional and regulatory framework are in place, specific technical interventions have a much better chance of succeeding.

The good news is that when these different components come together there is a very real pay-off for the economy. This is not just theory. It can be seen in practice in various countries. Our host country, Tunisia, is a prime example of sustained effort turning into concrete improvements in energy efficiency.

As we present our study in more detail, please be free with your criticisms and comments. Tell us what we have got wrong. We are in listening mode. The report is still in draft and we will revise it to take account of what you tell us.

We are also fortunate to have with us the author of the United Nations Environment Program Plan Bleu's recent report on energy efficiency, Stephane Quefelec. He will present that study in the first session tomorrow.

We also have Mr. Fromme, a consultant for the WBI [point him out]. He is working on a separate exercise to identify capacity-building needs for energy efficiency, and will discuss this with some of you during the next 2 days.

But the most important participants are of course you the representatives of the countries of the region. The agenda has been designed to be participatory. The aim is to have maximum debate and sharing of your experiences. We need to hear from you what works, what does not work, and what should be our priorities for action. So thank you all for coming and thank you in advance for your contributions to the discussion.