The World Bank is delighted to have collaborated with PENRA on this new study.

- We would like to extend our gratitude to the close collaboration of a large number of Palestinian institutions represented here today: MoF, PETL, PERC, all electricity Distribution Companies, PCBS, PIF and the Palestinian private sector. This study would not have been possible without the generous financial support of the Norwegian Government and the Energy Sector Management Assistance Program (ESMAP) Trust Fund.

- “Securing Energy for Development in West Bank and Gaza” is the first study to undertake a long-term power system planning exercise that is grounded in the financial realities of the Palestinian power sector. Its main conclusion is striking: there can be no energy security without financial security.

Energy is a critical input to social services and human development.

- Energy is needed to pump and treat water and waste water, to power critical life support services in hospitals and clinics, and light homes so that children can study at night. Gaza’s recent experience provides a powerful illustration of the humanitarian consequences of inadequate energy supply.

- Just powering Gaza’s water and wastewater facilities already requires 34 MW of power or about half the available capacity of the Gaza Power Plant. Meeting growing demands for water up to 2030 is expected to triple electricity requirements, to power critically needed facilities like the proposed new desalination plant.

- Gaza’s health facilities have also suffered from power shortages. Recent efforts to equip hospitals with rooftop solar provide an essential energy safety net and leads to significant savings in fuel bills. In view of these beneficial impacts, the World Bank has recently approved a pilot solar rooftop PV project for Gaza, with a focus on health facilities.

Energy is also essential to power the Palestinian economy and generate much needed jobs.

- Without the necessary investments to provide adequate power for the Palestinian economy, average annual projected GDP growth for the decade to 2025 could be reduced by 4.6% to 4.1% for Gaza and from 2.7% to 2.4% for the West Bank.

- Again, Gaza’s recent experience illustrates how difficult it can be for the private sector to function without adequate electricity supply. Firms rely on expensive diesel back-up generation to meet almost half their energy needs; costing them 5-10 times more than the price of grid electricity.

Delivering on the vision of energy security will call for a shift in our approach

- The World Bank is finalizing a new Assistance Strategy for West Bank and Gaza, which will bring a new focus on creating the kind of environment where the private sector can flourish and create much needed jobs.

- Given tight fiscal constraints and limited donor resources, there is a real need to leverage public money by using it to bring in private investment. We call this “maximizing finance for development” and have set ourselves the target of leveraging several dollars of private investment for every dollar of public money.
• The energy sector, in particular, offers significant opportunities for private sector engagement. The investment needs of US$3-4 billion identified in this study are an order of magnitude larger than anything that has taken place in the sector to date. While there is a core of about $300 million of power network investments that will continue to need direct public sector and donor support, the remaining generation investments only start to look feasible under a private sector approach.

• Potential private sector opportunities in the energy sector include gas-fired power generation projects in West Bank and Gaza, as well as rooftop solar and solar farms mainly in the West Bank. International experience suggests that these kinds of projects are readily amenable to private financing as long as the conditions are right.

• To make progress on this agenda, we will need to work together on two important parallel tracks.
  o **Support to critical reforms** that will address institutional, financial and legal bottlenecks preventing the implementation of independent power projects.
  o **Support to the realization of private projects**, including technical assistance on the preparation and structuring of private sector projects, geared towards minimizing and where necessary mitigating risks through judicious use of donor support. One proposal that we are exploring is a Private Sector Enhancement Facility, which could operate as a multi-donor window to provide blended finance, grants to close viability gaps, and risk mitigation.

The recent political reconciliation provides a pressing opportunity to make progress on energy challenges in Gaza.

• The new environment is raising legitimate expectations, particularly in Gaza, that it may finally be possible to return to a more normal energy supply situation, after many years of hardship and severe shortages.

• This is challenging as many of the best solutions may take some time to implement, yet some measures will also be needed to provide short term relief. It is likely that all possible options will need to be explored, including restoration and further expansion of Israeli (and possibly Egyptian) imports, conversion and expansion of the Gaza Power Plant to run eventually on natural gas, as well as a valuable supporting role for rooftop solar.

**In short, we are embarking of a new chapter of our longstanding partnership in the energy sector.**

• Thanks to this new study, we have a shared understanding of the way forward, and a solid technical basis for exploring and implementing different alternatives.

• The challenge are considerable, but the potential development dividends are even larger.