



# **World Bank Perspective on Global Energy Security**

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**CG Meeting  
March 10, 2006  
Washington**



# Presentation Outline

- **The Energy Challenge**
- **Energy Security Perspectives**
- **Implications for International Action**
- **Conclusions**



# Energy Challenge

- **If ‘business as usual’ practices prevail, by 2015:**
  - 1.4 billion people will still lack access to electricity,
  - 2.6 billion people will rely on traditional biomass fuels,
  - Global carbon emissions will be more than 60% greater.
- **Achieving MDG targets is even a greater challenge in terms of what needs to be done in the energy sector.**



# Defining Energy Security

- **Energy security means ensuring that countries can produce and use energy at reasonable cost and in a sustainable manner.**
- **There are different perspectives for:**
  - Energy producers
  - Major industrialized economies
  - Poor countries



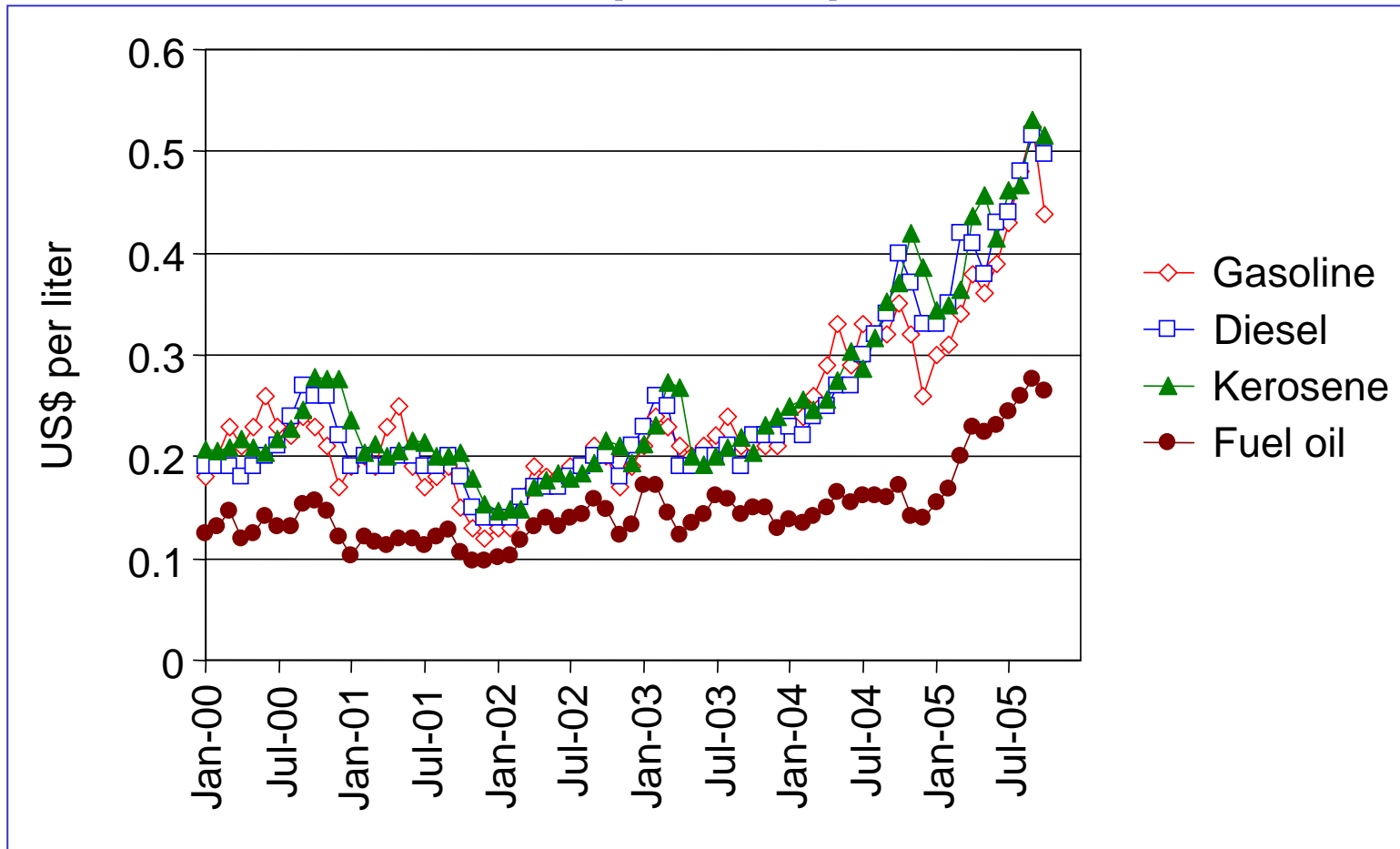
# Achieving Energy Security: Short and Long Term Perspectives

- **There is vital common interest for all in ensuring global energy security.**
  - **In the short run:** to manage the economic and energy market impacts of potentially continuing high and volatile energy prices.
  - **Over the long run:** to meet continuing global growth in demand for energy services



# Energy Security in the Short Run: The case of oil prices

## Recent oil product price trend



Source: R. Bacon and M. Kojima, "Coping with Higher Oil Prices," Presentation of Work in Progress, December 19, 2005, World Bank



# Ensuring Energy Security in the Short Run

- **Reducing volatility:** Measures to effectively limit volatility are few in the short term.
  
- **Coping with volatility by:**
  - allowing markets to work,
  - supporting the most vulnerable,
  - applying appropriate macroeconomic policies, and
  - ensuring greater transparency.



# Ensuring Energy Security in the Long Run

## Key pillars for ensuring long term energy security:

### ➤ Improving energy efficiency:

➤ Through comprehensive and consistent policies focusing on all parts of energy value chain and all end uses.

### ➤ Developing and diversifying energy supplies:

➤ Improving sector operating environment;

➤ Diversifying the energy portfolio; and

➤ Facilitating energy trade.





# Critical challenges for the Long Term

- **Two challenges will further influence global energy security agenda:**
  - The threat of climate change, and
  - The challenge of expanding access.
  
- **These issues need to be of concern to international community and inform its approach to energy security.**



# Implications for International Action

## International action could focus on:

- Support to poorest countries in their adjustment to short term shocks, as well as longer term structural measures;
- Actively promoting broad-based initiatives for energy efficiency all along the energy value chain;
- Facilitating fuel diversification and energy trade;
- Climate change-energy security agenda integration;
- Transparency and information sharing.



# Concluding Remarks

- There is common global interest in ensuring energy security.
- Climate change and the access challenge will further influence global energy security agenda.
- In the *short term*, effective mechanisms to significantly reduce volatility are few, but there are options for coping.
- Energy efficiency and diversification of energy supplies are two key pillars of *long term* global energy security.
- Coordinated efforts by international community can play a significant role in promoting energy security.



THANK YOU