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Support to the Development

of a

National Energy Efficiency Strategy

Fourth Quarterly Report:

June 1, 2000 to August 31, 2000

Prepared for:

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Mission to Egypt

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Section 1: Status Report

This report outlines activities under United States Agency for International Development, (USAID), Mission to Egypt and Bechtel National, Inc., contract number LAG-I-00-98-00006-00, Task Order number 805, undertaken during the period June 1, 2000 to August 31, 2000.

1.1 Background

Bechtel National, Inc. (Bechtel) is providing assistance to the Government of Egypt (GOE) in formulating a National Energy Efficiency Strategy, aimed at creating a sustainable energy efficiency market through strategic partnerships between the public and the private sectors. This activity falls under the framework of USAID's Egyptian Environmental Policy Program (EEPP), a sector policy reform program designed to help the GOE to meet its priorities for the environment and provide a platform for sustainable economic development.

Bechtel responsibilities, under the task order, include:

1. Assisting the GOE in formulating a National Energy Efficiency Strategy that creates a sustainable energy efficiency market through strategic partnerships between public and private sector entities.
2. Supporting the creation of a task force within the Organization of Energy Planning (OEP), to manage, monitor, evaluate, coordinate and direct the development and implementation of a national strategy targeting Global Climate Change through reducing/avoiding emissions of greenhouse gases (GHGs).
3. Supporting other NEES partner working groups that are established to further specific EEPP-related energy policy initiatives.
4. Engaging the public and private sectors in meaningful dialogue to formulate a policy reform agenda that rationalizes energy use, particularly fossil fuels, based on optimum environmental and economic considerations, and encourages a leading role for the private sector.
5. Assisting a transformation from a public sector led market, to a sustaining, robust and competitive market for energy efficiency goods and services, dominated by private sector investments and business.
6. Stimulating trade and sustainable technology transfer to promote sustainable economic growth, enhance Egypt's competitiveness and ability to enter the global market.

1.2 Expected Results

The scope of work is subdivided into three tasks, as follows:

Task 1 - Development of NEES

Task 2 - Market Transformation and Development Initiatives

Task 3 - Management/Administration

1.3 Current Activities

1.3.1 Task 1 National Energy Efficiency Strategy Development

Activities focused on: i) developing and implementing a mechanism for facilitating Technical Secretariat activities in carrying out Issue Analyses; ii) supporting the Technical Secretariat in refining their work plans; iii) working to identify the appropriate role/vehicles in providing support to the EEC; iv) and continuing the OEP re-engineering initiative. Specific activities are highlighted below.

1.3.1.1 Strengthen Capacity of NEES Stakeholders

OEP Re-Engineering:

A summary of the OEP Organizational Development Assessment was presented to the OEP Board of Directors who endorsed the concept of re-engineering the OEP. As a first step, it was agreed with the Chairman of OEP to initiate a "Strategic Planning Initiative" for the OEP led by OEP staff. A time-line for the Initiative was developed and it is anticipated the OEP Strategy Plan will be completed by the end of October 2000. A copy of the time-line is included in Appendix 1. Associated activities undertaken in the quarter are outlined below:

- A Strategic Planning retreat was held in Hurghada for senior managers and the Board of Directors of OEP in July 2000
- A Strategic Planning Committee to develop the Strategic Plan was appointed by the OEP Chairman in July 2000
- The Participants of the Strategic Planning retreat developed "SWOTS" with help and support of the ODA consultant as input to the Strategic Plan development process
- Training on "strategic planning" for the OEP staff was procured through DT2.

Others:

- Continued procurement of training through DT² for:
 - Certification of Energy Managers
 - Capacity building for EESBA and financial community
 - Team building for Technical Secretariat
- Conducted training at Ain Sukna in August 2000 on "Team Building" for Technical Secretariat
- Held several meetings with DT² to discuss the future training activities approved under the SO# 19 for energy efficiency

1.3.1.2 Policy Analysis

Activities in this quarter were primarily focused on the development of potential Policy measures that could be suggested as options for inclusion in the Tranche 2 Policy Matrix under the EEPP. The following were undertaken to support these initiatives:

- Reviewed and conducted initial analyses of potential Tranche 2 policy options
- Supported the EEC meeting held to discuss future Technical Assistance needs
- Held preliminary discussions with OEP Chairman and others of the EEC of policy reform options associated with Energy Efficiency implementation with particular emphases on the use of *'Public-Private Partnerships'* as delivery channels for market transformation and energy efficiency implementation in the country
- Agreed with the OEP to hold a *"Codes and Standards Seminar"* in conjunction with key stakeholders involved in codes and standards development in the country in October 2000, as part of the Tranche 2 development process

1.3.1.3 Assist Development of Individual Action Plans of NEES Stakeholders

With the approval of a mechanism to stimulate more active participation in the working groups to ensure adherence to the NEES timetable, activity by the working groups intensified during the quarter. A total of some 30 plus meetings were held by the 5 working groups during the quarter as opposed to some half a dozen in the previous quarter. Each working group refined its work plans and continued to identify areas of future technical assistance.

In addition, a full time coordinator was hired by the technical assistance contractor to help facilitate broad participation of all members of the Energy Efficiency Council members.

1.3.1.4 Develop An Integrated NEES

In June 2000, the Energy Efficiency Council reviewed progress of the working groups and identified some technical assistance needs. These included strengthening the working groups in the areas of Information Integration, codes and standards, quantitative targets and training and outreach. The technical assistance team began a process of identifying both local and international experts, as appropriate, to support the day to day activities of the working groups.

In addition, a sixth working group was added at the behest of the Technical Secretariat. This sixth working group is focusing on the preparation of the Strategy itself based upon the issue analyses of the other five working groups. As part of a process of ensuring integration and coordination of complementary activities, a series of Technical Secretariat meetings were orchestrated. A training course for the whole group was also conducted on *"Team Building"* in August 2000 at Ain Sukna.

1.3.2 Task 2: Market Transformation and Development Initiatives

During the quarter, technical assistance continued to be provided toward helping transform the energy efficiency market through capacity building and resource mobilization with particular emphasis on the creation of public-private sector partnerships to facilitate delivery of energy efficiency services by the private sector.

Specific activities are described below.

1.3.2.1 Support to Private Service Sector Development

EESBA

Work with EESBA continued on assisting them with the process of re-compliance with the NGO laws and in strengthening their outreach and promotion capabilities. Specific work included:

- Participating in EESBA meetings to facilitate compliance
- Representing EESBA at critical public for a including workshops and seminars and Energy Efficiency Council meetings
- Assisting EESBA in developing an EESBA work plan for the forthcoming year
- Assisting the development of EESBA promotional and outreach materials including the revamping, development and updating of the EESBA web-site

Others

Based on previous work with the National Gas Company, activities to develop a "*Business Model Development and Strategy*" for Private-Sector Gas-Distribution companies were initiated. Progress meetings were held at regular intervals to ensure full collaboration and participation with the senior management of the Nat Gas company.

1.3.2.2 Facilitating Energy Efficiency Investments

In this quarter activities centered around refining of the conceptual framework for development of a special purpose equity invest fund for EE projects based on input received from international and local fund managers and financial institutions.

In addition, the technical assistance team worked with members of the IBWG to develop and incorporate "*Environmental Guidelines*" into their corporate lending practices based upon the previously drafted voluntary EE guidelines.

The TAC held a series of one-on-one meetings with local and international ESCOs and local financial institutions to examine potential investment options in light of the prevailing economic situation and issues surrounding the liquidity challenges.

1.3.2.3 Promotion and Outreach

The Technical Assistance in this area has focused on complementing the work of GreenCOM as they worked through different outreach initiatives previously agreed to. With the pending completion of the GreenCOM contract, a series of meetings with GreenCOM management staff and USAID were held to ensure that planned activities could be conducted appropriately within the constraints on f the GreenCOM contract situation. *Specific activities are described below.*

1.3.2.3.1 GreenCOM Activities

Market Research

Attitudinal Studies, examining the opinions of a wide cross section of the general public, industrialists, investors and policy makers to issues surrounding the Energy Efficiency Council, the National Energy Efficiency Strategy, Codes, Standards and Appliance Labeling, were conducted during the quarter. The results of the surveys are expected to provide insight and help shape direction for energy efficiency initiatives in codes and standards within the country.

Promotion

At the behest of the OEP chairman, the technical assistance contractor worked with GreenCOM to outline an "Image Campaign for OEP. As a result, a number of articles and promotion messages were placed in the press through GreenCOM.

1.3.2.3.2 Energy Efficiency Council Brochure

Working in conjunction with the GreenCOM staff, a draft mock-up of the Energy Efficiency Council brochure was prepared in both English and Arabic and presented at the Energy Efficiency Council meeting in July 2000. Printing of the final versions is expected in the next quarter.

1.3.3 Task 3: Management/Administration

1.3.3.1 Management

1.3.3.1.1 Technical Assistance Workplan

During the quarter, much activity was focused on administrative work to put in place two contract modifications. The first in June 2000 extended the period of the task order until February 28, 2001 and obligated an additional \$200,000, bringing the total obligated funding to \$1,700,000 out of the contracted budget of \$3,996,660. On July 13, 2000, the outstanding monies in the contract budget were obligated after the USAID-Government of Egypt bi-lateral agreement for EEPP was amended and signed by both governments.

1.3.3.1.2 Performance Monitoring Plan

Work began on development of a performance-monitoring plan (PMP) during the quarter but the plan was not finalized due to other pressing administrative and management issues, notably the contract modifications necessary to continue activities. The PMP is expected to be finalized during the next quarter.

1.3.3.1.3 Management Information Systems

The Management Information Systems in use since the first quarter were used to track and monitor activities on a day-to-day basis. Minor modifications to the MIS were made to improve the overall management and administration of the task order contract.

1.3.3.1.4 Periodic Evaluation

During the period, regular meetings between the contractor and the USAID CTO continued despite two changes of CTO. A new full-time CTO is expected during the next quarter and the regular meeting schedule is expected to continue to be the modus operandi for keeping everyone informed of activity status.

1.3.3.1.5 PSU Interaction

Regular meetings – both formal and informal – continued during the quarter. The EEPP chief-of-party meetings were also held regularly during the quarter.

1.3.3.1.6 Joint EEPP Initiatives

As part of the EEPP activities, the NEES support team participated in the following major activities:

- Provided input into USAID's Strategic Objectives Performance Monitoring Plan
- Participated in the June 18, 2000 EEPP Executive Committee Meeting
- Participated in a meeting to discuss/develop EEPP coordination initiatives
- Participated in Cash Transfer meeting held in July 2000 at the Sofitel hotel
- Prepared the Energy Efficiency Agency Task Force Progress Report

1.3.3.2 Administration

During the third quarter, the following major activities were carried out:

- Completed two contract modifications:
 - one extended the completion date of the task order to February 28, 2001
 - the second obligated the balance of the contracted funds
- completed extensions of subcontracts for local subcontractors
- contracted with two CCNs to provide support to NEES development and Market Transformation Initiatives
- submitted three quarterly reports to USAID
- prepared Agency Task Force progress report for June 18, 2000 ExCom meeting
- obtained USAID approval for mechanism to facilitate Technical Secretariat Working Group activities
- drafted Performance Monitoring Plan

1.4 Planned Activities

The following list indicates the activities planned during the next quarter:

Task 1:

- Support the Technical Secretariat in completing the Issue Analyses for each working group of the National Energy Efficiency Strategy development

- Conduct key technical analyses to support working group work plans
- Assist OEP in completing their OEP Strategic Plan
- Initiate OEP reengineering process, including training OEP management staff in Strategic Planning
- Continue EEC promotion campaign through various channels including press articles, seminars, workshops etc.

Task 2:

- Complete Nat Gas business strategy development study
- Continue supporting the Inter Banking Work Group
- Continue supporting the EESBA in the implementation of their work-plan including development of the EESBA web-site and other promotional material
- Finalize potential EE investment prospectus
- Complete procurement of training assistance through DT2 for:
 - Certification of Energy Managers
 - ESCOs
 - Financial community
- Print the EEC brochure
- Develop materials for the EESBA brochure
- Conduct seminars, workshops in support of the EEC and National Energy Efficiency Strategy Development

Task 3:

- Complete contract modification to realign budget in accordance with projected staffing requirements
- Modify subcontracts as appropriate in accordance with anticipated contract modification
- Support Tranche 2 development initiatives under EEPP

Section 2: Administrative Information

Contract administrative data is presented in the following tables. Financial information is summarized in the table entitled “*Financial Data*”, while level of effort information is shown in the table “*Level of Effort Activity Summary Data*”.

Financial Data (Fourth Quarter)

LINE ITEMS	CONTRACTUAL BUDGET	OBLIGATED FUNDS	SPENT AS OF 8/31/00 ¹	OBLIGATED FUNDS REMAINING
Technical Specialist Labor	3,108,991	3,108,991	1,462,007 ¹	1,646,984
Other Direct Costs	887,670	887,670	352,561 ¹	535,109
TOTAL	3,996,661	3,996,661	1,814,568¹	2,182,093

Level of Effort Activity Summary Data (Fourth Quarter)

TECHNICAL SPECIALISTS	Budgeted Level of Effort (Days)	Quarter Activity (Days)	Cumulative Activity (Days)
US Technical Specialists			
Task Manager	312	79	287
Private Sector Development Specialist	312	87	300
HO Manager	240	78	249
Logistical Support	160	0	79
Technical Writer/Editor	150	0	3
EE Specialists	300	25	51
Energy Policy Specialists	500	14	50
Energy Economists	320	59	154
HRD Specialists	168	5	38
Climate Change Specialists	140	2	2
Communication Specialist	20	0	0
ESCO Specialists	240	38	71
Energy Financial Specialists	172	62	200
Energy Law Specialist	40	0	0
Total	3034	449	1441
CCN Technical Specialists	1,326	497	568

¹ Data is collated from a number of sources, including invoiced data and corporate cost accounting and project tracking systems. Due to differing time periods for summing monthly and quarterly data, there may be minor differences between reported and invoiced numbers.

Appendix 1 Time-line for OEP Strategic Planning Initiative