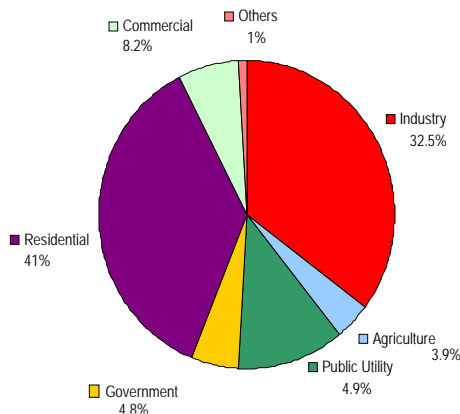
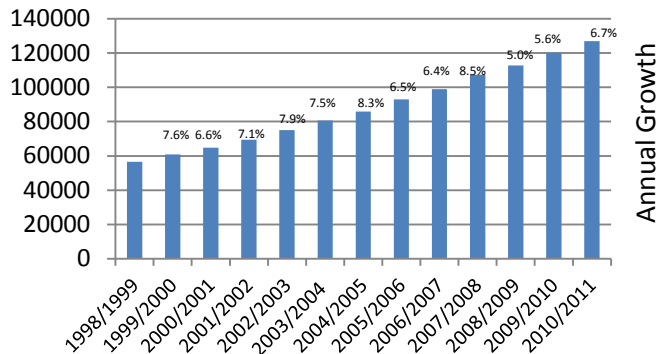


EE Public Procurement in Egypt



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Background on Egypt's Energy Sector



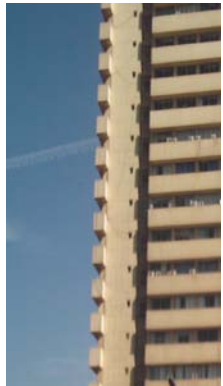
Energy sold by purposes of usage 2010/2011

- The energy sector in Egypt is managed by 2 key ministries: Ministry of Electricity & Energy and Ministry of Petroleum –total energy consumption accounts for **80 Mtoe** with electric consumption at **127TWh(2010/2011)** growing at 7% annually in recent years.
- EE started to be visible on the energy policy map since 2006 and in 2007, a target was set to reduce consumption by **20%** by 2020.
- Public buildings represent approx. **5%** of total electric consumption.
- The '**Supreme Energy Council**' (high level committee headed by the Prime Minister and membership of 12 ministers) provides guidance to Egypt's energy policy.
- An **Energy Efficiency Unit (EEU)** was created in 2009 annexed to the Council to coordinate activities across different sectors – in 2011 EEU with support from the WB's ESMAP, completed an EE roadmap (reviewed by relevant stakeholders).
- **Current political dynamics** in Egypt have changed priorities so current EE planned activities will be delayed until the situation settles down.

EE in Public Buildings in Egypt

Relevant Activities

MWRI Office Complex in Cairo



➤ Recent 'EE Roadmap' recommended a *decentralized approach* to market implementation with sector-specific 'EE units' developed within the key consuming sectors including the Govt. sector. Overall coordination and feedback to SEC by the SEC's EE Unit. --- Special focus on public buildings, Street Lighting and CFLs.

- **Public Buildings**

- Based on the success of an “*EE Public Procurement pilot*” implemented in 2006-07 jointly by USAID & UNDP EE Project at the Ministry of Water Resources and Irrigation in Cairo, the SEC approved in 2010 a plan to implement *20 Government buildings* under a central procurement approach seeking public and private ESCOs to compete under a performance-based implementation mechanism.
- Activities were interrupted by 2011 revolution but we anticipate reviving the efforts and establishing a “*national program*” where criteria would be set for all public buildings to qualify for a systematic procurement process to be implemented by Govt. - approved service providers – periodical payments would be made against performance standards.

CFL Program & Street Lighting Initiative



- **CFL Program**
 - Encourage local manufacturing of CFLs.
 - Providing financial support to ESCOs through the loan guarantee program to implement EE projects mostly efficient lighting projects.
 - The Ministry of Electricity and Energy has started an ambitious program for the diffusion of CFLs through the electricity distribution companies with a subsidy of 50% of normal retail price of good quality CFLs, to date 11.7 million lamps have been sold, additional 6 million are planned to be sold during next year.
- **Street Lighting**
 - 260 million L.E have been allocated by the Ministry of Finance to replace the conventional street lamps with efficient and lower wattage lamps over 2 years. The target was to install one million lamp (about one fourth of the total lamps in Egypt's streets). About 250 thousand lamps have been installed to date.

Existing Barriers to promoting EE in Govt. Sector

- **No incentive** for public entities for efficiency as their bills are paid up to their budget allocation. Additional charges are settled between the Elec. Sector and the Ministry of Finance.
- Public procurement rules do not often favor more efficient equipment as **1st cost** is always more dominant.
- Procurement regulations are difficult to accommodate **performance-based** clauses, providing a disincentive to consider the ESCO approach.
- Lack of available public **funding**.
- Local **service providers** are less interested in getting into long-term contracts for non-infrastructure projects.
- **PPP Law** is for larger investments.

Achievements and Existing Opportunities to Promote EE in the Govt. Sector

- EEIGGR project 2000-2010
 - Trained Govt. engineers on EE
 - Presences of a small size ESCO community
 - Development of EE Building Codes for Government Buildings
 - Development of 6 Appliances standards (A/C, Refrigerators, Freezers, Washing Machines, electric water heaters, and compact fluorescent lamps. .)
 - Testing Laboratory of EE equipment
- Certifications for EE professionals
- M&V Capabilities
- Local production of CFLs and Electronic ballasts
- New EE projects by EEHC & UNDP
- New pilot by KFW for EE in the MoHE's facilities (starts in 2012)

