

**Egypt**  
**Clean Technology Fund (CTF) Joint Mission – WBG/AfDB**  
**December 1-4, 2008**  
**Aide Memoire**

1. A joint mission of the World Bank Group and the African Development Bank visited Egypt between December 1-4, 2008 to support the Government of Egypt in the preparation of the country investment plan for the Clean Technology Fund (CTF). The mission comprised for the World Bank: Mr. Chandrasekar Govindarajalu, Senior Energy Specialist and World Bank Mission Leader; Mr. Ahmed Eiweida, Senior Urban Management Specialist, Mr. Mohab Hallouda, Senior Energy Specialist, Ms. Dahlia Lotayef, Senior Environment Specialist, and Mr. Mohammed Mehany, Irrigation Consultant; for the African Development Bank: Mr. Philippe Durand, Lead Infrastructure an PPP Specialist and AfDB Mission Leader, Mr. Youssef Arfaoui, Senior Renewable Energy Expert from AfDB private sector operations, Mr. Khaled El-Askari, Infrastructure Expert, and Ms. Gehane El Sokkary, Socio-Economist; and for the IFC: Mr. Said Amlaiky, Senior Investment Officer and Mr. Yasser Ibrahim, Associate Operations Officer.

2. The mission met with H.E.Dr. Hassan Younes and EEHC high level officials, as well as with representatives of public entities and individuals as listed in Annex 1, whom the mission would like to thank for their precious collaboration and support.

3. The mission followed up on the request dated October 27, 2008 received by the World Bank and the African Development Bank from the Government of Egypt, which indicated its interest in accessing CTF funds to support the scale up of its low carbon programs. The key objective of the mission was to work on the preparation of a draft investment plan following the CTF guidelines discussed by the CTF Trust Fund Committee on November 18-19, 2008, and to coordinate with donors, including UN agencies, bilaterals and other donors, regarding their possible support to the investment plan.

## **Results**

4. On the basis of guidance and priorities expressed by entities met by the mission, a first draft investment plan was prepared during the mission, which is attached in Annex 2. The contents of the draft investment plan were discussed with key public stakeholders. During its meetings, the mission confirmed that the rationale, scope and proposed projects under the draft investment plan are in line with the Government's low carbon strategy and priorities.

5. The investment plan identifies priority sectors for low carbon development, in line with the four key criteria articulated in the CTF guidelines: i/ significant GHG emissions reduction; ii/ demonstration potential at scale (replicability), iii/ significant development impact and iv/ adequate implementation potential. In Egypt these priority sectors are the electricity, transport and irrigation sectors. In the electricity sector, the GOE has a comprehensive program to reach 20% of installed capacity from renewables by 2020, building on its significant experience together with sector regulatory reforms; only the first phase of the windpower program (2,500 MW) is expected to yield about 3.3 millions tons of emissions reduction per annum. A CSP program for electricity exports to Europe, rooted in the Mediterranean Solar Plan, is also expected to yield significant emission reductions. In the transport sector, there is a Program for Urban Transport Transformation (PUTT) to address congestion, inefficiencies and air contamination, including LRT, BRT, and bus and taxi

replacement, which is expected to yield total emissions reduction of about 450,000 tons per annum. In the irrigation sector, the GOE has defined a program for modernization of irrigation and drainage pumping to enhance electric pumping efficiency, which would yield emission reductions of about 300,000 tons per annum.

6. As tentatively envisaged in the draft investment plan, the support requested from the CTF to contribute triggering of the above three programs would amount to \$350 million of concessional lending, as shown in the table below. There would also be \$1 million of grant funding for project preparation activities.

| Program  | Total (\$ million) | Private (US\$ million) | CTF (US\$ million) | Govt/Donors (US\$ million) |
|--|--------------------|------------------------|--------------------|----------------------------|
| <b>Wind (IPP/JV 2500 MW, T-line, Renewable. Energy Fund)</b> | 1056               | 306*                   | 220                | 530                        |
| <b>Transport **</b>  | 320                | 80                     | 60                 | 180                        |
| <b>Irrigation and Drainage</b>                               | 200                | Tbd***                 | 20                 | 180                        |
| <b>CSP (100 MW)</b>  | 400                | ****                   | 50                 | 350                        |
| <b>Total</b>   | <b>1976</b>        | <b>386</b>             | <b>350</b>         | <b>1240</b>                |

\* In addition, about \$1 billion is expected to be leveraged through IPPs

\*\* Phase 1 of the PUTT (LRT and bus replacement)

\*\*\* Performance-based pump O&M contract

\*\*\*\* PPPs in subsequent phases

7. It is important to mention that CTF investment plans are dynamic documents, with the flexibility to consider changing circumstances and new opportunities. For instance, the windpower program might move to a different approach such as PPP, depending on response to IPP tenders that might be affected by the current financial crisis. CTF support might also be requested to support GOE programs for energy efficiency (in particular in industries and buildings) and demand-side management, in the wake of energy price adjustments or to address price inelastic demand.

8. The mission organized a meeting with donors to summarize and discuss the scope of the draft investment plan and to take stock of their ongoing and tentative support for the programs included in the draft investment plan. The donors expressed their overall support for the CTF initiative and explained their ongoing support to related programs in renewable energy, energy efficiency and biomass management. It was agreed to maintain coordination and exchange of information between donors regarding low carbon initiatives in Egypt, through periodic meetings and an email distribution list.

## Next steps

### Government of Egypt

- Egypt's CTF focal point (the Ministry of Environmental Affairs) will: i/ provide pending information agreed upon with the mission; and ii/lead the internal process to finalize the CTF investment plan, which should be sent to the CTF Trust Fund Committee by January 14, 2009, for consideration in the next meeting of the TF Committee (scheduled for January 28-29, 2009)

## Donors

- The World Bank as CTF Trustee will organize an internal meeting by December 19, 2008 – to discuss the draft investment plan
- The African Development Bank will coordinate with the WB and IFC in contributing to the final draft investment plan
- Other donors will indicative/confirm their tentative support to the four tentative programs under the draft investment plan

Cairo, December 4, 2008

Annex 1: List of persons met  
TO BE COMPLETED

Annex 2: Draft CTF Investment Plan  
LAST VERSION TO BE ADDED