

APPLICATION FOR CTF PROJECT PREPARATION GRANTS

A. TASK MANAGER FOR CTF FUNDING REQUEST

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B. PROPOSAL SUMMARY

1. Geographic Focus of Proposed Activity:

Individual Country (<i>please specify</i>):	Egypt
Regional or Multi-Country (<i>please specify</i>):	
Global	

2. Project Title:

Kom Ombo Concentrated Solar Power Project
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3. List of Deliverables from CTF Project Preparation Grant: (*e.g., analysis, study/report, training, seminar, etc.*)

<ul style="list-style-type: none">• Environmental and Social Impact Assessment (ESIA) report.• Technical and project design that would include complete procurement/contractual documents for the works anticipated under the project.

C. PROPOSAL DETAILS

4. Summary of Proposed Activities¹:

<p>The activities for which a preparation grant from the CTF is required are as follows:</p> <ol style="list-style-type: none">1. Environmental and Social Impact Assessment (ESIA): As per the nature of power generation projects, the Kom Ombo power project has potential significant environmental and social impacts that need to be identified, assessed and carefully addressed through appropriate mitigation and management measures. The environmental and social safeguards policies and procedures of Egypt as well as those of the MDBs that will be financing the project (African
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¹ CTF preparation funding may be used for:

- (a) Analytic work to inform a country's policies and programs
- (b) Design of policy reforms and preparation of legislation and regulations
- (c) Consultation workshops
- (d) Training
- (e) Institutional development
- (f) Feasibility Studies
- (g) Environmental and social impact assessments
- (h) Technical, managerial and financial project design

Development Bank and World Bank) require this type of project to have a full Environmental and Social Impact Assessment (ESIA), including the preparation of an Environmental and Social Management Plan (ESMP). In conformity with AfDB's Policy on Involuntary Resettlement, a Resettlement Action Plan may have to be prepared together with the ESIA. The ESIA will examine the project's potential beneficial and adverse impacts, compare them with those of feasible alternatives (including the "without project" scenario), and recommend any measures needed to prevent, minimize, mitigate or compensate for adverse impacts and to enhance environmental and social project benefits. The ESIA will also include consultations with the various stakeholders and general public in order to ensure that their views are taken into consideration in the project design and implementation. Finally, NREA will use the ESIA report to obtain the environmental permit for the project from the concerned authorities in Egypt.

2. Technical Assistance to NREA in the area of CSP: This activity will entail supporting the project developer, NREA, in the whole cycle of procuring an EPC contractor for the Kom Ombo project. This will include preparation and issue of complete bidding documents for the works anticipated under the project, receiving and evaluating bid proposals until the final conclusion of a contract with an EPC contractor. This activity will build on the outputs of the project feasibility study to prepare detailed technical designs, technical specifications and tender documents using the standard bidding documents of the financing institutions as applicable. A second component related to this activity will aim at increasing the capacity of NREA staff in dealing with solar energy projects, especially the concentrated solar power technology. The capacity building should include components targeting solar resource measurement and assessment, technical and economic/financial feasibility of utility-scale solar power projects, operation and maintenance of solar power plants.

5. Rationale for CTF grant funding, including consistency with CTF Investment Plan:

In December 2009, the CTF Trust Fund Committee endorsed the Investment Plan (IP) for Concentrated Solar Power in the Middle East and North Africa (MENA) Region. The objective of this regional IP is to accelerate global deployment of Concentrated Solar Power (CSP) through the scaling-up of CSP in five MENA countries, including Egypt. The target is to reach up to 1 GW of CSP development over 6-8 years by investing in 8-10 sizeable projects with CTF co-financing of \$750 million, which is anticipated to mobilize an additional \$4.85 billion from other sources. CSP deployment on this scale would bring substantial advantages to participating countries: meet rapidly growing power demand, reduce dependence on fossil fuels for electricity generation, lower carbon footprint, and promote job creation and economic development through increased opportunities for local manufacturing and technology transfer in this area. The Kom Ombo CSP project in Egypt was identified as one the target projects in the IP.

The Government of Egypt has committed to increasing the share of renewable energy to 20% by the year 2020 as a means of meeting growing electricity demand and achieving the economic objective of utilizing natural gas for higher value purposes. Egypt is also an active member in the Union for Mediterranean (UfM) including the Mediterranean Solar Plan (MSP), which targets to install 20 GW renewable capacity in the southern side of the Mediterranean to meet the local needs and export part of the generated electricity to Europe.

Egypt possesses among the best solar resources in MENA, reaching almost 30% of the total

potential in the region. The electricity generation expansion plan for Egypt includes achieving a total solar capacity of 150 MW by 2017. Presently, a 140 MW Integrated Solar Combined Cycle (ISCC) power plant, of which 20 MW is the solar share, is under construction to be fully operational by end of 2010. The Kom Ombo project will be the first large-scale CSP to be developed in Egypt by NREA. A pre-feasibility study has already been carried out by an international engineering consultant as part of the EMPOWER Program (an initiative executed by KfW on behalf of BMZ/UNEP aiming at the development of new markets for large scale solar power generation). The study examined some design options for the plant and concluded that a parabolic trough CSP project at Kom Ombo was technically feasible. Consequently, a full feasibility study for the project will be undertaken as part of a renewable energy master plan for Egypt supported by the European Commission via the Neighbourhood Investment Facility (NIF) under the lead of KfW. The TORs for procuring these consultancy services have been launched in early 2011. The feasibility study is expected to be completed 6 – 8 months after the commencement date of the services. It will neither include the ESIA work nor the site-specific solar radiation measurement campaign. The support of the CTF through a preparation grant in conducting these remaining activities is therefore crucial to complete all the necessary project preparation activities and be able to launch the project.

In addition, the Kom Ombo project developer, the New and Renewable Energy Authority (NREA), was established in 1986 under the Ministry of Electricity and Energy to act as the national focal point for introducing renewable energy technologies to Egypt. So far, NREA's main experience has been with the development of wind energy projects. NREA has already faced some challenges during the implementation of the 140 MW ISCC project, which includes a small solar share. The Kom Ombo project's solar capacity will in order of a magnitude to that of the ISCC project and therefore will likely expose NREA to a new dimension of challenges. Reinforcing the capacity of NREA through the engagement of appropriate consultancy services will be paramount for the successful launching and subsequent smooth implementation of the project.

6. Government Approval of Country-Specific Activities: *details for the approving authority.*

Name of responsible official: Mr. Mohamed Hammam		
Position: Assistant to the Minister in Charge of International, Regional and Arab Financing Institutions and Organizations		
Ministry/Agency: Ministry of International Cooperation		Country: Egypt
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D. IMPLEMENTATION AND FINANCING PLAN

7. Implementation Approach: *(a) the implementing entity (e.g. consultants, government officials, etc); (b) for country-specific activities, key counterpart institutions; (c) measures to involve key stakeholders; and (d) how the output of the activity is proposed to be disseminated, including its target audience.*

Executing Agency: The Executing Agency for the CTF preparation grant will be the New and Renewable Energy Authority (NREA) under the Ministry of Electricity and Energy (MoEE). NREA has successfully implemented a number projects comprising both technical studies and

capital investment projects over the past 15 years. Most of those projects were supported by various development partners, including MDBs such as the African Development Bank and the World Bank and bilaterals such as Germany, Denmark, Spain, and Japan, among others. Through this exposure, NREA has developed good experience with the requirements and procedures for donor-supported projects. NREA is therefore deemed to have sufficient experience, technical, financial and managerial capacity to enable it implement this Grant efficiently. NREA will receive the CTF funding, manage the funds, recruit the consultancy services and administer the consultancy contracts. The Egypt Field Office of the African Development Bank will assist with the supervision of the implementation of the activities of the Grant.

Procurement: Procurement of consultancy services for the ESIA study and capacity building for NREA will be in accordance with the Bank's *Rules and Procedures for the Use of Consultants*, May 2008, using the relevant Bank Standard Bidding Documents. The process for selecting firms shall be through Short List and the method for evaluation is Quality- and Cost-Based Selection (QCBS). However, for individual consultants, the selection method shall be through the Bank's procedure for the selection of individual consultants. For contract amounts valued at less than UA200,000 for Firms and UA50,000 for individuals, the Borrower may limit advertisement of the procurement to national or regional newspapers. However, all eligible consultants, who wish to provide the required services, may express their interest to be short-listed. For contract valued at more than UA200,000 for Firms and UA50,000 for individuals, advertisement of the procurement must be placed on the UNDB online and the Bank's website. Auditors will be procured using Least Cost basis.

Procurement of goods and works financed by the CTF Grant will be in accordance with the Bank's *Rules and Procedures for Procurement of Goods and Works*, May 2008, using the relevant Bank Standard Bidding Documents. Procurement of the solar measurement station will be under International Shopping (IS) procedures. Contracts for goods valued at no more than UA5,000 each will be awarded under Local Shopping (LS) procedures.

Operating Costs will include expenses incurred for management of the implementation of Grant activities, and include for example the expenditures for office rental, utility charges, maintenance and insurance, fuel, office equipment and supplies, banking charges, communication charges, training and cost of travel, etc. Ineligible expenditures include salaries for civil servants in recipient countries hired as consultants or otherwise, purchase of vehicles, and foreign training and study tours. Procurement of goods under the operating costs will be conducted in accordance with the Bank Procurement Rules for shopping, otherwise disbursement will be on the basis of acceptable official receipts.

Disbursement: Disbursement of the Grant resources will be made using the Special Account method. A Special Account will be opened for the purpose of this Grant in a local bank acceptable to the AfDB, and in a foreign currency to be agreed with the Bank. The Special Account will disburse only towards meeting eligible expenditures (to be defined in a Disbursement Letter) for the project. The opening of the Special Account to the satisfaction of the Bank will be a condition for first disbursement of the Grant resources.

Reporting: The Executing Agency shall prepare and furnish to the Bank, on a quarterly basis, progress reports in form and with substance acceptable to the Bank. The Reports will outline the progress made in project implementation, including procurement, highlight the difficulties faced and recommended actions and present a statement of expenditure of the Grant resources.

External auditors will be hired on terms and conditions satisfactory to the Bank, to audit the project's annual financial statements, and submit the audit report within six months of the end of the financial year audited.

8. Implementation Schedule: *beginning and end dates, as well as major activity milestones.*

Task	Dates
I. ESIA Study:	
Procurement of consultant	May 2011
ESIA draft report	Nov. 2012
Final ESIA report	Jan.2012
II. TA to NREA:	
Procurement of consultant	Oct.2011
Launch procurement of EPC contract	Apr. 2012
EPC contract signed	Aug.2012

9. Financing Plan: *a summary of the financing plan by the major components (the detailed budget should provide further breakdown by these component.*

Major Components	CTF Request (US\$)	Co-financing		Total Cost (US\$)
		US\$	Source (e.g., gov't cash or in-kind contributions; donor funds)	
ESIA study	344,500	20,000	Government In kind	364,500
TA	472,500	30,000	Government In kind	502,500
Solar station	88,000	n/a		88,000
Operating Costs	90,500	n/a		90,500
Total Financing/Costs	995,500	50,000		1,045,500.00

E. SUPPLEMENTARY INFORMATION AND MATERIALS

10. Additional Information: *any additional information that may be useful in evaluating the proposal (e.g., related activities which may have been undertaken; planned follow-on activities; etc.).*

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11. Supporting Material: *List all supporting material including, where appropriate, government approval letters, terms of reference, and detailed budget.*

Supporting Material - ANNEX	
1)	Detailed Budget for the Activity ²
2)	Terms of Reference
3)	Other

² Eligible Expenditures. The preparation grant will finance expenditures for: (i) consultants' services, local training, workshops and seminars, and (ii) operating costs and office equipment for the implementation management of grant activities not to exceed 10% of the grant amount.

ANNEX 1: Detailed Budget

I. ESIA Study

Description	Unit	Quantity	Unit Rate (US\$)	Amount (US\$)
Study Duration	Month	6		
<u>Remuneration:</u>				
Foreign experts	PM	8	\$30,000.00	\$240,000.00
Local experts	PM	6	\$5000.00	\$30,000.00
Support staff (secretary)	PM	3	\$1,000.00	\$3,000.00
<u>Reimbursable:</u>				
International return flights	Trip	4	\$1,500.00	\$6000.00
Local transportation	Month	5	\$2,000.00	\$10,000.00
Allowances (foreign experts)	PM	4	\$6,000.00	\$24,000.00
Allowances (local experts)	PM	3	\$3000.00	\$9000.00
Accommodation (foreign experts)	PM	4	\$3000.00	\$12000.00
<u>Miscellaneous Expenses:</u>				
Communication, report production, etc.	Month	6	\$250.00	\$1,500.00
<u>Services:</u>				
Public consultations	Lump sum	2	\$4,500.00	\$9,000.00
Grand Total				\$344,500.00

II. TA to NREA

Description	Unit	Quantity	Unit Rate (US\$)	Amount (US\$)
Study Duration	Month	7.5		
<u>Remuneration:</u>				
Foreign experts	PM	9	\$35,000.00	\$315,000.00
Local experts	PM	6	\$6000.00	\$36,000.00
Support staff (secretary + draftsman)	PM	7	\$1,000.00	\$7000.00

Ineligible Expenditures. The following expenditures will be ineligible: (i) salaries for civil servants in recipient countries hired as consultants or otherwise; (ii) purchase of vehicles; (iii) foreign training and study tours; and (iv) salaries and travel of World Bank Group staff and consultants.

<u>Reimbursable:</u>				
International return flights	Trip	7	\$1,500.00	\$10,500.00
Local transportation	Month	8	\$1,000.00	\$8000.00
Allowances (foreign experts)	PM	6	\$6,000.00	\$36,000.00
Allowances (local experts)	PM	3	\$3000.00	\$9,000.00
Accommodation (foreign experts)	PM	6	\$3000.00	\$18,000.00
<u>Miscellaneous Expenses:</u>				
Communication, report production, etc.	Month	7.5	\$400.00	\$3,000.00
<u>Services:</u>				
Capacity building (training, materials, etc.)	Lump sum	1	\$30,000.00	\$30,000.00
Grand Total				\$472,500.00

ANNEX 2: Terms of Reference