



# ENERGY UPDATE

Powering Economic and Social Development through Expanded Access to Modern Energy Services

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## Project Spotlight: Zambia

*Each issue of “Energy Update” will spotlight recent projects that USAID supports. On this page, we feature a project that showcases USAID/Zambia and the EGAT/EIT/Energy Team’s efforts to increase public understanding and participation in energy sector decision making in Zambia.*

### Public Health and Safety in Zambia Linked to Electricity Problems

Zambians are placing their health and lives at risk from various practices such as stealing oil from power transformers for use in cooking, and tapping into high voltage distribution lines for household energy. The risks of poisoning and electrocution, to which individuals who engage in these practices are exposed, are obvious. Less obvious are the social consequences to the general public, such as power outages and lost revenues, which occur because of the theft. USAID’s Energy Team and USAID/Zambia are working with Zambia’s Energy Regulatory Board (ERB) and the main utility company Zambia Electricity Supply Corporation (ZESCO) to raise awareness among the public of the dangers of these practices to individuals and to the general public.

People working outside of the electricity sector may not be aware of the occurrence of theft of transformer oil. Reports show that it does occur in many countries, including Zambia, India and Tanzania. Transformer oil is stolen primarily to mix with diesel fuel. Illegal fuel vendors sell the mixed fuel to consumers who tend to use it for automobiles or generators. The resulting damage to the electricity system can range from a mere power outage to explosion of the sub-station. The damage to the person stealing the transformer oil can often be death by electrocution.

However, as these USAID-sponsored public consultations and fieldwork with the ERB have discovered, the theft of transformer oil is apparently also a growing threat to the larger public. Transformer oil is being mixed into vegetable cooking oil and sold to street vendors who use it to fry popular, affordable street fare (fritters,

samosas, etc.), that is sold to the public. Transformer oil is a petroleum hydrocarbon designed for industrial use, not for human consumption. There are cases of people becoming ill from consuming food cooked with transformer oil. Of larger concern is the lack of reliable data on the prevalence of this problem and the immediate and longer-term health effects it could be having on the general public.

Zambia's ERB, a quasi-governmental regulatory body, legislated in 1995 and established in 1997, has the mission of safeguarding the interests of energy consumers, promoting competition and private sector investment, helping to protect the environment and supporting sector policy goals. The ERB helps ensure that commercial energy companies earn a reasonable rate of return on their investments and consumers receive quality electricity service. USAID has been assisting the ERB with expanding its customer service capabilities and creating a public identity for protecting and promoting consumer rights in Zambia.

As part of this assistance, in February and March, and again in April and May 2004, USAID and the ERB have been organizing public meetings throughout the country to seek input on electricity concerns; to assess people's understanding of the rights and responsibilities of electricity consumers, suppliers and the ERB; and to educate and inform people of the ERB and its role in the electricity delivery process. As of April 29 seven meetings have been held. Three additional meetings will be organized by the end of May. Each province in Zambia will be visited at least once.

These public meetings are the first of their kind held with Zambia's electricity consumers. The information collected from these meetings will be incorporated into the development of an Electricity Charter – a public compact or pledge of trust and commitment between the regulator, utility and consumer to help address the electricity service information gap that exists among the general public. Public consultation and open dialogue are critical for the development and public support of the Charter.

USAID and the ERB are using the inputs from the public meetings to craft the Electricity Charter, and USAID is helping the ERB develop a strategic communications plan and promotional campaign to launch the Charter. One way to use the Electricity Charter to improve public access to information will be to design Electricity Charter posters to be displayed in each of ZESCO's "pay point" offices throughout Zambia. Electricity customers register for new service, report service problems, and pay their bills at these pay point office, so these offices can serve as key information centers for electricity, health and other community news.

The identification of this problem with theft of transformer oil was mentioned at every ERB public meeting to date and highlights the importance of educating people about the negative impacts of theft and its larger impact on the population. This is just one example of the information gap that exists for electricity consumers and one area where USAID and the ERB hopes to better inform the public through use of the Electricity Charter. USAID will recommend to the ERB and ZESCO that these health and safety problems be addressed in the Electricity Charter and that a public outreach campaign focusing on public health and safety concerns be initiated.



*Public meeting and discussion on the relationship between the regulator electricity providers and consumers.*

## Project Spotlight: Honduras

*On this page, we feature a project that showcases the EGAT/EIT/Energy Team's efforts to facilitate financing for rural energy projects in Honduras.*

### La Esperanza Hydroelectric Plant – Honduras

The USAID/EGAT/Energy Team sponsored FENERCA (Financing of Renewable Energy Enterprises in Central America) program delivers a menu of training and capacity building services in Central America and has since expanded into other areas. Since the inception of the program in 2000 FENERCA has assisted more than 30 clean energy enterprises with technical assistance services and financing. FENERCA is managed by E+Co - an energy services group supported by USAID that assists small businesses in developing countries to access financing for clean energy projects and companies.

The 12.9 MW La Esperanza Hydroelectric Power Plant in Honduras is an example of a successful energy project developed with assistance from the FENERCA program. E+Co's technical assistance and loans during the early stages of the project resulted in the project developer – a company called Consorcio Inversiones, S.A. (CISA) - securing \$8.9 million in financing from a Honduran private bank called BGA and the Central American Bank of Economic Integration.



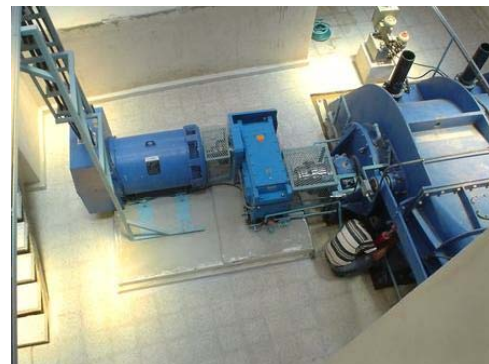
La Esperanza began operations in June 2003 and is expected to reach full capacity in 2005. With three powerhouses located along the Intibuca River, La Esperanza sells electricity to the Honduran State-Owned utility ENEE through a long-term Power Purchase Agreement, supplying much needed power to ENEE during peak hours when the country craves additional electricity, now mainly supplied by imported fossil fuels.

The La Esperanza project is a showcase for how clean renewable energy, and direct social and environmental benefits, can be derived from energy projects. CISA was instrumental in the planting of more than 18 hectares of

new forests, and the project provides employment to 40 local people, and supports more than 120 people in indirect jobs and economic activity. It is estimated that 45,000 tons of greenhouse gases will be displaced annually by avoiding the use of fossil fuels to produce this electricity.

In reference to the success of the La Esperanza project, Mr. Ron Turner, President of CISA, said: "This project has been an interesting and challenging opportunity. We have had good support from the central and local governments. In La Esperanza and surrounding communities we have a good labor pool and active business support. This positive development climate, plus E+Co's professional business and financial support, should make it possible to construct a number of similar projects in Honduras."

E+Co supported CISA with assistance on business plan preparation, which led to a \$250,000 loan for construction of the first of three powerhouses. CISA has also secured a loan to finance full construction of the final two powerhouses.



## Project Spotlight: Philippines

*On this page, we feature a project that showcases the USAID/Philippines efforts to provide energy services for spurring economic growth and alleviating poverty in the Autonomous Region in Muslim Mindanao.*

### **Alliance for Mindanao Off-Grid Renewable Energy (AMORE)**

In the Philippines, USAID is developing off-grid renewable energy systems in 170 remote rural communities in the Autonomous Region in Muslim Mindanao, through the Alliance for Mindanao Off-Grid Renewable Energy (AMORE). Through solar-powered battery charging stations and individual batteries for households and public facilities, residents are now saving 70% each month of what they used to spend on kerosene for light. Residents now have increased opportunities for productive activities such as mat weaving, sewing, extension of daylight hours for study time and household work. The AMORE Project is electrifying remote communities of conflict-affected areas of Mindanao, lighting homes and hearths, and providing communities with economic opportunities that can contribute to achieving peace. In this era of globalization and advanced technology, no one should be left in the dark.



*Background:* Energy is fundamental to economic growth and a catalyst for alleviating poverty in the Philippines, particularly in remote rural communities in Mindanao where about 60% of the population live below the poverty threshold. Often people remain poor because they are denied access to basic opportunities for development. Electricity is often a fundamental component of this development.

The nation faces a major challenge of bringing electricity to more than 5,300 barangays (rural communities). Roughly half of these communities are ideal candidates for renewable energy electrification because they cannot be electrified economically from existing electricity grids. The Alliance for Mindanao Off-Grid Renewable Energy (AMORE), a three-year project of the United States Agency for International Development (USAID) in partnership with the Government of the Republic of the Philippines, through the Department of Energy, Autonomous Region in Muslim Mindanao (ARMM) and Mirant Philippines, provides a sustainable approach to electrify these remote communities with renewable energy. AMORE aims to establish sustainable renewable energy systems in at least 160 remote rural communities of former rebel combatants in Western and Central Mindanao. This program will also contribute to peace and development initiatives in Mindanao by improving the quality of life in these communities.

Under this program, USAID will support strong community participation in designing and operating renewable energy systems. Activities will build on strong local involvement to effectively collect user fees, and maintain and expand renewable energy systems in remote rural barangays.

Mirant Philippines, as part of their corporate social responsibility in alleviating poverty and promoting sustainable economic growth in remote rural areas, has agreed to procure renewable energy equipment for the identified areas, while USAID will assist in installing the equipment. USAID will provide the technical expertise and training for the operation and maintenance of the systems.

**Covered Areas:** Initial provinces covered under the program are Basilan, Sulu, Tawi-tawi, Zamboanga del Sur, Sultan Kudarat Maguindanao, Cotabato and Davao.

*Results:* The AMORE program seeks to accomplish the following:

- Electrify at least 160 rural barangays heavily populated with former rebel soldiers, in the provinces of Basilan, Sulu, Tawi-Tawi, Zamboanga del Sur, and Sultan Kudarat;
- Strengthen the capability of the communities to operate, maintain and expand the renewable energy systems;
- Establish an Operations and Maintenance Fund (OMF) mechanism for each community. This will serve as a system for the efficient collection of community funds on an on-going basis to cover expenses and serve as a seed fund for community livelihood activities; and
- Share information among stakeholders and potential participants on lessons learned in providing rural electrification with renewable energy.

In cases where solar battery charging stations are set up, AMORE will work with barangay electrification committees to put in place procedures and policies for the appropriate disposal of used batteries, including recycling where it is economically and technically feasible.

*Partnerships:* As of June 2003, more than 5,000 barangays nationwide are still unelectrified and more than 600 of these barangays in Mindanao are not accessible by extension of existing power lines. The AMORE project addresses this concern by establishing a strong partnership among the Department of Energy, the Autonomous Region of Muslim Mindanao, Mirant Philippines and USAID.

*Recent Accomplishment:* 40 barangays in Tawi-tawi and Basilan covering more than 1,200 households electrified with solar battery charging stations as of June 2003. In addition, 40 barangay associations and Operations and Maintenance Fund mechanisms were established.



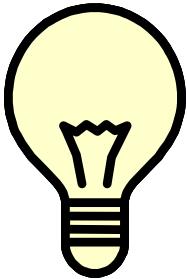
*More than 1,200 households have been electrified with solar battery charging stations.*

## Project Spotlight: West African Power Pool

On this page, we feature an article that illustrates USAID/West Africa Regional Program's efforts to provide technical and financial assistance in the creation of a regional market for electricity via the West African Power Pool (WAPP).

### WHAT IS THE WAPP?

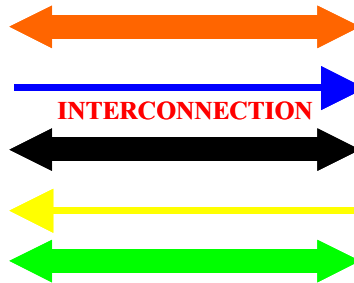
- 15 ECOWAS countries planning the rules for trade in electricity.
- A framework for greater legal security for investment in electricity, which will stimulate all other sectors.



- A way to lower costs and improve electricity reliability in West Africa.
- Regulatory rules to protect the public interest and the environment.



### ELECTRICITY IS THE ENGINE FOR BOOSTING ECONOMIC GROWTH AND EMPLOYMENT



To learn more about the West African Power Pool, please consult:

[www.wapp.org](http://www.wapp.org)

**REGIONAL TRADE IN ELECTRICITY WILL HELP ALL WEST AFRICAN COUNTRIES**



### Electricity Trading in West Africa



**Reducing Poverty Through More Abundant and Reliable Electricity**

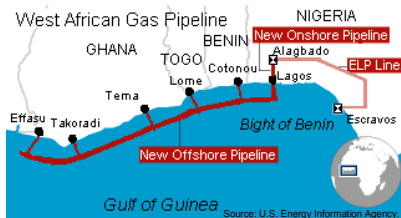
## WHY?

- Unreliable electricity is the most common complaint of entrepreneurs in West Africa.
- Of 234 million potential consumers, only one-third have access to electricity.
- ECOWAS countries have GDP of \$76 billion, with electricity demand growing 6% per year.



Electricity from the Manantali dam is shared by 3 different countries

- Investors can select among 17,000 MW of new thermal generation projects and 3,571 MW of new hydro generation capacity.
- By working together, West Africans can bind their countries and economies in peace and prosperity.

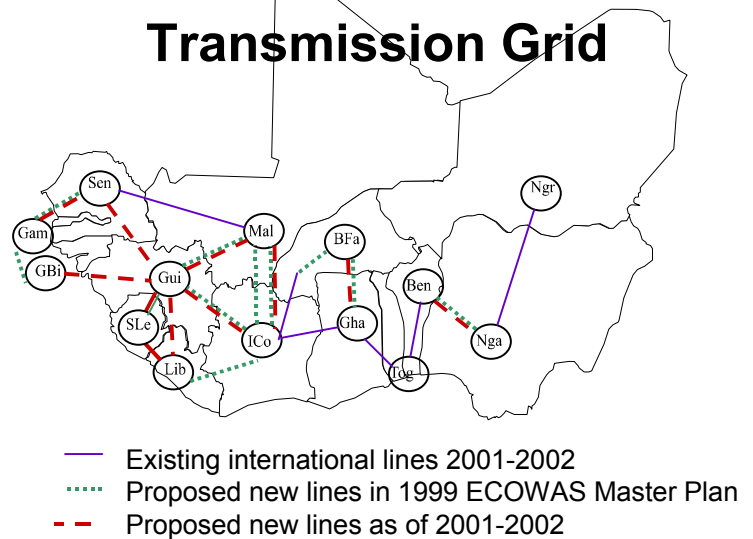


- West Africa is sharing its natural resource wealth, with electricity trading a natural complement to the gas pipeline project.

## How the Power Pool Works:

- ❑ Agreements on legal, regulatory and institutional rules governing trade in electricity among members
- ❑ Technical cooperation for grid stability
- ❑ Common approaches to long-term planning
- ❑ Rules and objectives designed to encourage investment in electricity
- ❑ A mechanism for dispute resolution
- ❑ Private and public sectors working together for the public interest

## West Africa's Future Transmission Grid



Source: Purdue University Power Pool Development Group.

## The West African Power Pool (WAPP)

The West African Power Pool (WAPP) continues to thrive in its early years, with national electricity sector officials from 14 countries of the Economic Community of West African States (ECOWAS) working together to create a regional market for electricity. Important steps have been taken to promote investor security and permit investors to realize economies of scale by producing for a larger regional market. For example, the ECOWAS Energy Protocol provides a legal framework for energy sector investment and trade guaranteeing such promising key principles as “open access” and “free trade” within West Africa. The creation of the first of the permanent WAPP bodies, the ECOWAS Energy Information Observatory, should provide a focal point for both system operation and as a source of information for interested investors. This article resumes the progress achieved to date by the WAPP and outlines some of the next steps to be taken in creating a regional West Africa electricity market.

In January 2003, the heads of state and government signed the ECOWAS Energy Protocol, setting up the legal basis for facilitating trade and investment in the entire energy sector. Providing a secure legal framework for investment in energy, the Energy Protocol is a new annex to the 1993 Revised ECOWAS Treaty. In a region often characterized as unattractive to investors due to the non-transparency of investment conditions, the Energy Protocol opens the door to the local and foreign investment needed to make the WAPP and other West African energy projects a success.

Based on the European Energy Charter originally designed to promote investment and trade in energy across Europe and the former Soviet Union, but adapted to West African circumstances, the ECOWAS Energy Protocol covers a wide range of legal and commercial aspects promoting security for investors. For example, the Energy Protocol provides for the free repatriation of capital, protections against nationalization, free selection of key staff without nationality requirements, and legal recourse in the event of unfair meddling by government officials or industry regulators. Perhaps most importantly, the Energy Protocol enshrines the principles of “open access” to national transmission grids and “free trade” across West Africa in all kinds of energy.

The ECOWAS Energy Protocol was expected to be ratified by the national parliaments over the course of 2003, but action at the national level has been slow, if not glacial. Nevertheless, the terms of the Energy Protocol are accepted by all and already have some legal standing within the region. As the WAPP bodies continue their efforts to present a focused, coherent and comprehensive menu of priority projects in energy generation and transmission to local, foreign and multilateral investors, the ECOWAS Energy Protocol provides a familiar and welcoming legal context.

Consistent with the New Partnership for Africa’s Development (NEPAD) emphasis on infrastructure and poverty reduction, the WAPP is addressing the needs of the poorest member states by bringing to greater maturity a half-dozen priority projects within the countries of the WAPP. Finding foreign and local investors to finance these projects is now an immediate concern. The expected fast rates of growth in electricity demand by industry, services and consumers throughout the region could be one of the most appealing aspects of the WAPP for foreign and local investors. Yet energy sector investment in West Africa is hampered by the relatively discouraging overall investment climate, as evidenced by such factors as high risk, poor credit-worthiness, and the difficulty of doing business. The WAPP’s recent steps towards improving security for energy sector investment represent important progress, but there remains substantial room for improvement.

### *Institutional Arrangements for the WAPP*

The WAPP is an African-led and African-created institution. In November 1999, the ECOWAS ministers of energy, meeting in Accra, Ghana, agreed to create the WAPP and gave the ECOWAS Executive Secretariat the task of shepherding the WAPP along during an initial transition phase. Earlier that year, the ECOWAS Council of Ministers approved the formulation of the ECOWAS Master Plan for the development of energy production facilities and interconnection of the national electricity grids

Without question, the West African Power Pool has made substantial progress during the first 4 years of its development. Regional cooperation on electricity has fostered a tangible spirit of cooperation among the



electricity companies and national ministries involved, with unprecedented sharing of information. In electricity, the WAPP member states are displaying a high level of confidence in their neighbors, a key ingredient for improving energy security throughout the region.

With the WAPP now entering the latter part of its transitional phase, three key areas for future progress stand out:

- Find financing for priority projects
- Create permanent institutions
- Endow the WAPP with its own resources

Attracting investment is front and center on the WAPP's agenda. Progress on the Zone B priority projects has revolved around defining "bankable" projects and developing the information and materials needed by investors. In addition to its information-gathering functions, the ECOWAS Energy Information Observatory is likely to become a natural point of contact for investors from outside the region to learn more about the investment opportunities. The time may be ripe for organizing an investors' conference that would showcase progress and possibilities for investing in the WAPP.

As for creating permanent institutions, the WAPP bodies have laid out the path to follow, but much hard work remains. For example, establishing the regional regulatory body will require clearly defining where the authority of the regional regulator begins and that of the national regulators ends. Finalizing the remaining agreements needed for operation of the WAPP, such as the commercial agreement, will also require some hard bargaining amongst the WAPP members. To date, the primary motor driving the WAPP has been the ECOWAS Executive Secretariat. Shifting the expertise and dynamism emanating from the ECOWAS Secretariat to the WAPP's permanent bodies, such as the executive board and general management office, is another important challenge.

In addition to solid progress in these areas, the WAPP will likely need to address such additional questions as how to link rural electrification and economic development, how to expand participation by women electricity officials in the WAPP, and how to bring civil society more actively into the WAPP's deliberations. Clearly, in West Africa, the bright lights are shining on the electricity sector now that the WAPP is open for business.

The sustainability of the WAPP depends on its independence. The fast start in developing the WAPP has been reliant on donor funding both for conceptual and practical help. The best way of ensuring the WAPP's sustainability would be to endow the WAPP with its own resources, for example via a small fee on international transactions or a generalized fee on all electricity served within any of the WAPP countries. Advance planning ahead regarding how to muster resources needs to start soon.

USAID/WARP has taken the lead among the donors in providing technical and financial support to the WAPP, enabling the ECOWAS Executive Secretariat and the member states to rapidly develop, consider and adopt such steps as the ECOWAS Energy Protocol. Through the end of 2002, USAID/WARP had devoted \$2.75 million in technical assistance help for the WAPP, with a commitment of another \$3 million through 2005. On April 5, 2002, ECOWAS entered into a partnership for information exchange with the Indiana Utility Regulatory Commission, through the Energy Partnership Program funded by USAID and administered by the U.S. Energy Association (USEA). This partnership has involved 4 executive business trips (2 in the U.S. and 2 in Africa) to date, and allowed members of the Project Implementation Committee to see directly how the U.S. system works. A new cooperative agreement between USAID and USEA will permit further visits and even closer cooperation between the U.S. and WAPP in the coming years.

## Recent Events

### Workshop on Innovative Approaches to Slum Electrification

On May 4, 2004, the Energy Team's Urban Energy Services Program held a workshop in Washington, D.C., to present the findings from a recent review of slum electrification programs. Over 40 participants attended from various development organizations to discuss this important and often overlooked development challenge. USAID contractor Advanced Engineering Associates International (AEAI), presented the findings and recommendations developed from an investigation of five case studies of innovative approaches to slum electrification in Ahmedabad, India; Rio de Janeiro and Salvador, Brazil; Cape Town, South Africa; and Manila, Philippines. The final report, which will be published shortly, distills lessons learned, identifies possible models for replication, and hopes to generate a broader dialogue on slum electrification. Key lessons learned from the workshop include:

- Slum dwellers tend to rely on illegal connections for which they may pay as much as citizens with formal connections;
- The importance of including intermediaries between end users and distribution companies in program design;
- The significance of gender when designing and marketing electricity programs and the key role women can play as intermediaries between consumers and distribution companies;
- All major stakeholders – consumers, intermediaries, distribution companies, and governments - must recognize the value of slum electrification programs; and
- Government must help utilities resolve or bypass land tenure disputes for slum electricity programs to succeed.

### International Energy Partnership Volunteers Honored

On May 5, 2004, the United States Energy Association (USEA) and USAID honored those who volunteered their time and resources to advance energy development around the world through the USEA International Energy Partnership Volunteer Recognition Program. USAID Administrator Andrew Natsios, EGAT Assistant Administrator Emmy Simmons, and E&E Assistant Administrator Kent Hill spoke at the event. USEA created this awards program to highlight the extraordinary efforts of the U.S. energy industry in supporting U.S. government initiatives, demonstrating global corporate and social responsibilities, and contributing to worldwide sustainable development. USEA is a non-profit association of 160 public and private energy-related organizations, corporations, and government agencies. With funding from USAID, USEA sponsors the International Energy Partnership Program. USEA has organized over 80 volunteer partnerships between U.S. utilities and regulatory commissions and their counterparts in developing countries. Through these partnerships, U.S. energy executives have donated their time to transfer U.S. experiences and market based "best practices" to other nations. USEA has partnerships in Latin America, Africa, Asia, the former Soviet Union and Central and Eastern Europe on topics ranging from regulation to electric power production. These partnerships are considered one of the most successful foreign assistance programs ever created, with U.S. companies contributing over \$25 million in-kind contributions from U.S. energy executives over the last years. At this year's event, the 2004 International Energy Volunteer Awards were presented to the following recipients:

*Special Recognition for International Energy Volunteer Achievement:* Honoring the Public Utilities Commission of Ohio for substantial contributions to the USEA International Energy Partnership Program by sharing best practices to advance sustainable development for more than five years.

*USEA Regulatory Partnership Volunteer Award:* Honoring the Maryland Public Service Commission and the Maine Public Utilities Commission.

*USEA Utility Partnership Volunteer Award:* Honoring Baltimore Gas & Electric and Delta Natural Gas Company, Inc.

*USEA Individual Energy Volunteer Award:* Honoring Dr. Grace Hu of the DC Public Service Commission

*USEA International Energy Executive Award:* Honoring Secretary R.V. Shahi of India and Jean Constantinescu of Romania

## **USAID/Peru and EGAT/EIT Collaborate on Training Energy Service Companies on Market Opportunities for Energy Efficiency and Energy Project Structuring.**

The Energy Team led the development of four two-day Energy Efficiency and Energy Services Companies (ESCO) courses for a variety of stakeholders in Peru at the end of March. The courses were designed to instruct private companies, consultants, financial institutions, and government representatives regarding market opportunities for energy efficiency and energy project structuring. This topic is of special importance in Peru right now given the Camisea gas project, which is expected to precipitate a significant conversion to natural gas from other fuel sources in the Lima area beginning later this year. In addition, industrial competitiveness is currently a key issue in the Peruvian private sector, as free-trade agreements are considered and communications with Brazil are increasing.

The courses sponsored by the Energy Team were designed to complement an IDB-funded energy efficiency initiative with the Ministry of Energy and Mines, and USAID/Lima support for energy and environmental capacity development through the National Environmental Council (CONAM) and the Technological Efficiency Center (CET) in Lima.

Each of the courses was tailored to the particular stakeholder group. The courses emphasized market opportunities for financing equipment and energy systems, project finance and contracts including ESCO models, energy efficiency services, risk analysis, financial and cost-benefit analyses, and new technologies for energy improvements. Courses also covered natural gas conversion, efficiency with gas, and experiences and examples of obtaining carbon credits and environmental benefits for energy projects. The courses sought to introduce practical skills necessary for Peru to properly take advantage of the potential for energy savings opportunities through a better understanding of technical, financial, and regulatory requirements.

The Energy Team coordinated with USAID/Peru, and local institutional partners including the Ministry of Energy and Mines, University of Lima, National Society of Industry, as well as private consulting firms. A combination of local and international experts from the U.S., Mexico, and Brazil led the courses.

Attendance ranged from 15 government officials in the government course to over 200 participants from the private sector and academia in the course geared to financial institutions. The end-user course was attended by more than 90 technical staff from industry, while the course for consultants was limited to 30 in order to provide more room for interaction.

One of the highlights of the workshop was the attendance of the Vice Minister of Energy, in the opening ceremony of the workshop for Financing Institutions held at the University of Lima. Over 200 persons filled the auditorium, and the Vice Minister took the opportunity to announce the creation of separate formal environmental departments in the Ministry, on both the energy and the mining sides.

## **Clean Energy Initiative Showcased at 12th Session of the U.N. Commission on Sustainable Development**

At the 12<sup>th</sup> Session of the U.N. Commission on Sustainable Development (CSD), held in April in New York, EGAT/Energy Team Leader Gordon Weynand presented on USAID's leadership role and progress to date in the Global Village Energy Partnership - a key component of the Presidential Clean Energy Initiative.

The Commission on Sustainable Development has a multi-year program of work organized on the basis of seven two-year cycles. Each two-year cycle focuses on selected thematic clusters of issues. In each cycle, the thematic clusters of issues will be addressed in an integrated manner, taking into account economic, social and environmental dimensions of sustainable development. The 2004/2005 cycle focuses on water and urban human habitat. In the 2006/2007 cycles, the themes to be explored are: Energy for Sustainable Development; Industrial Development; Air Pollution; and Climate Change.

The USAID Energy Team will be the Agency point of engagement for the 2006 program focusing on "Energy and Sustainable Development." Missions interested in participating in the 2006 CSD program to showcase their energy activities should contact Gordon Weynand at [goweynand@usaid.gov](mailto:goweynand@usaid.gov)

## Upcoming Events

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### **USEA/USAID Workshop on Southern African Trade: The Economic Development Benefits of Low Cost Electric Power and Electric Utility Strategies to Combat HIV/AIDS**

The United States Energy Association (USEA) will be conducting a workshop on Southern African Trade: Low Cost Power and HIV/AIDS in Gaborone, Botswana on June 21 - 22, 2004. Funded by the U.S. Agency for International Development (USAID), the workshop will bring together representatives of key businesses, electric utilities, government agencies and economic development interests in the Southern African region to:

- Collectively discuss the link between economic growth and exports to the availability of low cost power
- Exchange ideas on how to address the impact of HIV/AIDS on electric utilities

Sessions to be held at the workshop include:

- How Low Cost Power Increases the Competitiveness of Southern Africa
- Public-Private Partnership in Promoting Economic Growth Through Low Cost Power
- The Regulator's Role in Promoting Business Development
- The Impact of HIV/AIDS on Utilities

Confirmed Presenters:

- Honorable Nora Brownell, Commissioner, Federal Energy Regulatory Commission
- Honorable Joseph Huggins, Ambassador, U.S. Embassy, Botswana
- Honorable Syda Bbumba, Minister of Energy and Mineral Development, Uganda
- Mr. Mahomed Seedat, President and COO, Aluminum Southern Africa, BHP Billiton
- J. Gregory Northrup, Director of Economic Development and Administration, CMS Energy

On the afternoon of June 22, several panelists from the earlier sessions will make presentations followed by an open discussion of steps forward and what needs to happen in the region in order to increase economic competitiveness.

If you should have any questions on the workshop, please contact Marjorie Jean-Pierre at 202-312-1230 or via e-mail at [mjean-pierre@usea.org](mailto:mjean-pierre@usea.org)

## The Presidential Clean Energy Initiative

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### Fiscal Year 2004 First and Second Quarter Reporting on the Clean Energy Initiative

Many thanks to all the Missions/Offices/Teams that reported on their Clean Energy Initiative activities and results in the first and second quarters of FY04: Albania, Armenia, Asia Environmental Program, Bangladesh, Bolivia, Brazil, Bulgaria, Central Asian Republics, Dominican Republic, E&E Regional Bureau, EGAT/EIT/Energy Team, Egypt, Georgia, Guatemala-CAP, Guatemala, Haiti, India, Indonesia, Jamaica-CAR, Mexico, Montenegro, Mozambique, Nepal, Philippines, Regional Center for Southern Africa, Russia, Serbia, South Africa, Sri Lanka, West Africa Regional Program, ND Zambia.

As a result of these collective activities, in the first half of FY04, approximately US\$21 million was used to leverage over US\$279 million and benefited over 14 million individuals. Obligations counted towards the Global Village Energy Partnership component of the CEI amounted to over \$11.6 million with over half a million people receiving access to clean, efficient and healthy forms of energy in areas either not served or under-served by current energy delivery systems. Obligations counted towards the Efficient Energy for Sustainable Development component of the CEI amounted to over \$3.7 million for improving the productivity, reliability, and efficiency of energy systems. Obligations counted towards the Healthy Homes and Communities component of the CEI amounted to over \$6.1 million for promoting clean transportation fuels (e.g. unleaded gasoline, low sulfur fuels), and healthier indoor cooking and heating practices to reduce air pollution and unhealthy patterns of energy use.

## New Technical Reports

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“Increasing Energy Access in Developing Countries: The Role of Distributed Generation,” Business Council for Sustainable Energy, sponsored by the Energy Team of the Office of Energy and Information Technology, May 2004. To receive copies of the report e-mail Kevin Warr at [kwarr@usaid.gov](mailto:kwarr@usaid.gov)

## Energy Team News

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Erik Streed and Kevin Warr of the Energy Team joined Cindy Lowry from the ANE Bureau in a TDY to Indonesia. The team worked with Edi Setianto from USAID/Indonesia to design a Mission Energy Program for 2004 through 2006. The team met with numerous stakeholders from USAID, government ministries, private sector energy companies and NGO's to gather insight on the critical issues confronting the energy sector, and how USAID could best use its resources to address these issues. The USAID team developed a framework for an energy program that will involve capacity building and advisory services to assist the Regional Governments fulfill their responsibilities in providing energy services. The program will also develop a mechanism to allow the new independent regulatory body for downstream oil and gas to enter into exchanges with independent regulators from the US and other countries. These exchanges will allow the new regulators to learn from the experiences of their counterparts, especially as Indonesia moves toward a full phase-out of energy subsidies.

Simone Lawaetz traveled to South Africa, Mozambique and Tanzania in May to review ongoing technical assistance activities and discuss potential new activities with Mission and country staff. In South Africa, discussions were held on the development of a new energy efficiency label for residential appliances and new efforts to promote energy efficiency in the public sector. In Mozambique, an innovative program to promote the use of LPG for household and health clinic use was visited and assessed for possible USAID support. In Tanzania, meetings were held with Mission staff, government officials and other donors to discuss possible initiatives on urban air quality monitoring and indoor air quality improvement programs.

Walter Hall is on TDY to the Caucasus (Georgia, Armenia & Azerbaijan) to assist Missions with energy technical assistance program development and implementation. This has included advice respecting the drafting of legislation in Azerbaijan to establish an independent utility regulator, defining technical assistance to be provided to the Armenia Regulator, development of revolving fund and/or Development Credit Authority (DCA) mechanisms for encouraging renewable energy and energy efficiency investments in Armenia and development of commercialization and supply shortage mitigation plans in Georgia.

Mark Schlagenhauf traveled to Kazakhstan and Kyrgyzstan in April 2004 to assist the Central Asia Regional Mission in planning their energy activities, including the upcoming June energy partnership meeting headed by USDOE's Deputy Secretary Kyle McSlarrow. He participated in the performance review for USAID energy and water contractor PA Government Services, whose contract covers oil and gas, environmental cleanup, energy assistance for low income consumers, electricity, energy efficiency, water, training, and public outreach. He continued working with the Mission on its plan to implement energy financing programs using USAID's loan guarantee program (DCA), and made a site visit to the mini-hydro being constructed near the city of Osh. Ongoing and future GDA activities with energy companies were also discussed.

Mark Schlagenhauf was vice-chair for the session "Fueling Domestic Gas and Power Markets in Developing Countries" at the International Energy Agency Working Party on Fossil Fuels-Global Natural Gas Conference held in Houston, Texas, May 12-14. The focus of the conference was on the importance of fossil energy for both developed and developing countries. Liquefied Natural Gas (LNG) got a special emphasis, since the economics of liquefying and transporting natural gas have improved greatly due to technology improvements.

## The Energy Team

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The Energy Team within the EGAT Bureau's Office of Energy and Information Technology provides technical leadership and field support to USAID Missions and Regional Bureaus for the design and implementation of activities to improve the quality of life, increase economic growth, and promote sustainable communities by increasing access to environmentally sound energy services. The Energy Team focuses on:

- Improving the policy, legal, and regulatory frameworks to establish the necessary market conditions for the private sector delivery of energy services;
- Increasing the institutional abilities of public, private, and NGO entities to provide or deliver energy services in the new and enhanced markets;
- Improving the quality of energy services through innovative applications; and
- Increasing public understanding of, and public participation in, decisions regarding the delivery of energy services.

## Contact The Energy Team

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### Energy Sector Governance Program

- Work with governments to educate and assist them in understanding the commercial nature of energy, the range of options for governmental administration of the sector, and to help them develop appropriate levels of intervention, given their national circumstances, to promote private sector-led economic growth.
- Work with developing country enterprises to educate and assist them in changing from politically based operations to commercial operations based on market economics and democratic political institutions.
- Work with consumers, media, and the general public to increase their knowledge of and participation in the social, legal, financial, and commercial conditions required for provision of energy services.

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### Rural Energy Services Program

- Address development challenges faced by populations living in rural areas through the improved provision of energy services.
- Focus on the energy dimension of rural services, such as health, water supply and purification, food production and processing, microenterprise, gender equity, education and information.
- Design energy interventions to expand economic and social opportunities within the socio-cultural context of the intended beneficiaries' environment and their community institutions, thereby ensuring their sustainability

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### Urban Energy Services Program

- Address a broad range of complex development challenges in urban and peri-urban areas through the improved provision of energy services.
- Focus on sustainable energy solutions for municipal services including electricity, cooking/heating, water, housing, transportation and waste management.
- Promote and pilot new approaches and activities that encourage cost-effective efficiency improvements in the use of energy, water and natural resources.
- Encourage the adoption of integrated policy, technology and social approaches to reduce air pollution, both for indoor and outdoor urban air quality.

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### Energy Team

Office of Energy and Information Technology

Bureau for Economic Growth, Agriculture, and Trade

To learn more about USAID's energy program, visit [www.usaid.gov](http://www.usaid.gov)

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