

**STANDARD LETTER OF AGREEMENT BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND
REGIONAL CENTER FOR RENEWABLE ENERGY & ENERGY EFFICIENCY (RCREEE)
ON THE IMPLEMENTATION OF
UNDP ARAB CLIMATE RESILIENCE INITIATIVE (ACRI)**

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in the Regional Bureau for Arab States and officials of *Regional Center for Renewable Energy and Energy Efficiency* (hereinafter referred to as "RCREEE") with respect to the realization of activities by the RCREEE in the implementation of the project "Arab Climate Resilience Initiative, project number 00089263", as specified in Attachment 1: Project Document, to which UNDP has been selected as implementing partner.
2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by RCREEE towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between RCREEE and UNDP on all aspects of the Activities.
3. RCREEE shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial Regulations and Rules.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of RCREEE shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of RCREEE or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by RCREEE, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with RCREEE, shall work under the supervision of the designated official of RCREEE. These subcontractors shall remain accountable to RCREEE for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to RCREEE, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. RCREEE shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. RCREEE shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when RCREEE is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide RCREEE with any funds or to make any reimbursement for expenses incurred by RCREEE in excess of the total budget as set forth in Attachment 3.
8. RCREEE shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the Chief of the Regional Programme Division of the UNDP Regional Bureau for Arab States within 15 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by RCREEE in the financial report for project "Arab Climate Resilience Initiative, project number 00089263".

9. *RCREEE* shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.
10. *RCREEE* shall furnish a final report within 6 months after the completion or termination of the Activities, including a list of non-expendable equipment purchased by *RCREEE* and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.
11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and *RCREEE*.
12. Any changes to the Project Document which would affect the work being performed by *RCREEE* in accordance with Attachment 2 shall be recommended only after consultation between the parties.
13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the *RCREEE* and UNDP.
14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of *RCREEE* according to Attachment 2, or until terminated in writing (with 30 days' notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by *RCREEE* unless it receives written indication to the contrary from UNDP.
15. Any balance of funds that is undispersed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.
16. Any amendment to this Letter shall be effected by mutual agreement, in writing,
17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to *RCREEE*.
18. *RCREEE* shall keep the Chief of the Regional Programme Division of the UNDP Regional Bureau for Arab States fully informed of all actions undertaken by them in carrying out this Letter.
19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.
20. Any dispute between the UNDP and *RCREEE* arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.
21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for your *RCREEE* participation in the implementation of the project.

Yours sincerely,

Signed on behalf of UNDP

**Yakup Beris, Coordinator, Regional Programme,
Regional Bureau for Arab States**

August 28, 2015

Signed on behalf of RCREEE

Ahmed Badr, Executive Director

August 16, 2015



Attachment 1

PROJECT DOCUMENT

(to be included as a separate annex)

Attachment 2

DESCRIPTION OF ACTIVITIES

Project number: 00089263

Project title: Arab Climate Resilience Initiative

ACTIVITY AREA 1: AFEX Energy Efficiency 2014

Results to be achieved by Regional Center for Renewable Energy and Energy Efficiency (RCREEE)

The current grant aims to support Regional Center for Renewable Energy and Energy Efficiency (RCREEE) in production of the second edition of the annual assessment and benchmark report the Arab Future Energy Index (AFEX) Energy Efficiency 2014. In particular, the grant aims to expand the scope of assessment to cover energy efficiency in the transport sector and improve the quality of assessment by deepening analysis and research in demand side management activities and institutional capacity of the 13 Arab countries – RCREEE member states.

About the AFEX

AFEX Energy Efficiency is a policy assessment and benchmark tool aimed at providing comprehensive assessment of the current state of energy efficiency and the quality of energy efficiency governance in the North African and Middle East (MENA) region. The assessment is based on compilation of detailed, country specific data according to the set of pre-defined indicators.

AFEX Energy Efficiency assesses four major areas:

- The current structure of **energy pricing** (electricity, gasoline, diesel and natural gas)
- States' efforts and level of commitment in overcoming market, social and political barriers to energy efficiency through **strategies, policies and specific actions**
- Institutional capacity of governments **to design, implement and evaluate** energy efficiency policies
- Efficiency of the **utility** sector

The first edition of AFEX Energy Efficiency 2013 covered mostly residential, tertiary and industrial sectors and was limited to the assessment of the electricity sector. The second edition AFEX Energy Efficiency 2014 aims to cover all sectors of economy, including transport sector and all energy fuels.

Expected outputs:

- Sound conceptual framework with list of quantitative and qualitative indicators to measure and benchmark countries' progress towards energy efficiency
- Collection and compilation of country specific data according to pre-defined indicators and validated by national authorities
- Index or benchmark of countries' performance
- Report published in Arabic and English languages containing conceptual framework with list of indicators, results of assessment supported by facts and figures and energy efficiency success stories

Work to be performed by RCREEE

- Design of conceptual framework and indicators

- Data collection and validation
- Index construction in accordance with OECD handbook on composite indicators
- Report drafting
- Report review by external experts
- Translation of the report into Arabic language
- Design, layout and printing of the reports
- Official launch and presentation of the report and the results of 2014 assessment

Description of inputs:

Activity	Input
Designing indicators	- One research analyst/project coordinator
Data collection and validation	- 13 national energy efficiency experts (one per country) - Project coordinator/research analyst
Index construction in accordance with OECD handbook on constructing composite indicator	- One consultant with knowledge of statistics and index construction (scoring, weighting, aggregations, statistical analysis)
Report drafting	- Three lead authors - One language reviewer and editor - Five or six external reviewers (energy efficiency experts) - Project coordinator
Report translation into Arabic language	- Professional translator - Arabic speaking energy efficiency expert to review translation
Design, layout and production of two reports	- Graphic designers - Printing
Coordination of 2 launch events (one in Cairo, one in Amman)	- Venue and catering - Equipment - Invitations and participants - Media and press relations

ACTIVITY AREA 2: DECENTRALIZED RENEWABLE ENERGY SOLUTIONS TO ADDRESS ENERGY POVERTY (REPORT & PROPOSAL)

Results to be achieved by *Regional Center for Renewable Energy and Energy Efficiency (RCREEE)*

Provide a summary of the results to be achieved by *RCREEE*, particularly the outputs they are expected to produce.

The current grant aims to support Regional Center for Renewable Energy and Energy Efficiency (RCREEE) in developing a detailed project proposal to upscale sustainable business models for decentralized renewable energy solutions in the MENA region based on the concept note submitted to UNDP. In particular, the grant will be used to hire a consultant with experience in proposal drafting and exposure to energy access and energy poverty issues in order to complement the project development work that is currently being carried by RCREEE staff. The grant will also be used to partially fund a junior researcher and supplement the travel budget

allocated by RCREEE to conduct in-country stakeholder consultations in targeted countries to be incorporated in the proposal.

Expected outputs:

- Production of a thorough situational analysis of access to energy and energy poverty problems in targeted countries based on a review of the literature and secondary sources and in-country consultations
- Detailed project design and proposal with clear targets, activities, outputs, budget, and timeline

Explain the activities to be carried out by RCREEE

1. Identify scope of project proposal (targeted countries, targeted segments, etc.) in collaboration with relevant UNDP colleagues
2. Draft ToR for the consultant and select of consultant, with input and approval from relevant UNDP colleagues
3. Country-level stakeholder consultations to verify the findings from the literature review
4. Review the detailed proposal of the project

Description of inputs:

Provide a detailed description of the project inputs by activity. This may include personnel, contracts, training, equipment, miscellaneous and micro-capital grants.

Activity	Input
Identify scope of assessment (targeted countries, targeted segments and communities, etc.)	- RCREEE Project manager* - RCREEE experts*
Draft ToR for the consultant and selection of consultant	- RCREEE Project manager* - RCREEE admin support staff*
Review of literature and secondary sources	- One consultant - One RCREEE junior researcher
Country-level stakeholder consultation to verify the findings from the literature review	- One consultant - Two RCREEE experts*
Draft a situational analysis outlining the findings of assessment	- Consultant
Complete program design for the proposed intervention	- RCREEE project manager* - Consultant - RCREEE experts*

** In-kind contribution from RCREEE*

ACTIVITY AREA 3: AFEX 2016

Results to be achieved by *Regional Center for Renewable Energy and Energy Efficiency (RCREEE)*

The current grant aims to support Regional Center for Renewable Energy and Energy Efficiency (RCREEE) in production of the third edition of the annual assessment and benchmarking report the Arab Future Energy Index (AFEX). In particular, the grant aims to expand the scope of assessment to cover three additional countries: Djibouti, Mauritania and Oman and improve the

quality of assessment by deepening analysis and research in policy development to promote distributed renewable energy generation of/on Arab states.

About the AFEX

AFEX Renewable Energy is a policy assessment and benchmark tool that aims to provide a comprehensive assessment of the investment climate for renewable energy development, as well as its progress to date in the Arab region. The assessment is based on the compilation and analysis of detailed, country-specific data according to the set of pre-defined indicators.

AFEX Renewable Energy aims to

- Provide a comprehensive assessment of the current investment climate for RE development,
- Formulate targeted recommendations on improving regulatory and institutional frameworks for RE investment,
- Benchmark countries' performance in creating better conditions for RE investment,
- Highlight developments and progress made by each country toward RE since the last edition of AFEX
- Effectively communicate RE success stories and highlight areas for improvement, and identify areas for possible intervention at the regional level in order to maximize the effects of promoting RE.

AFEX 2016 – main areas of analysis:

AFEX Renewable Energy is designed with consideration of the private investor's perspective, thus assessment areas focus on barriers and challenges that private investors face in deploying RE in Arab countries. The conceptual framework of AFEX Renewable Energy consists of four evaluation categories relating to the index's objectives and scope of assessment:

Market Structure: assesses the ease of accessing the power generation market for private investors, including grid access.

Policy Framework: assesses the level of political commitment for pursuit of RE, which includes setting RE targets with detailed action plans, formulating supporting policies to encourage investment in RE, and phasing out fossil fuel subsidies.

Institutional Capacity: measures institutional capacity of Arab states to design and formulate RE policies and, most importantly, provide institutional support for private developers in RE deployment.

Finance and Investment: assesses financial incentives available to private RE developers and measures private investment growth in RE.

AFEX Renewable Energy measures the existence of policies, their implementation and, most importantly, their effectiveness. The focus of AFEX Renewable Energy is upon power generation from renewable sources, thus biofuels and the use of RE for cooling and heating purposes currently remain outside the scope of the assessment. AFEX Renewable Energy also does not assess countries' theoretical natural potential for power generation from renewable sources, although this factor is surely an important element for investors' decision making. Current conditions of grid infrastructure, as well as available grid interconnections between Arab countries, have a great impact on potential development of the RE market. However, these aspects remain outside the scope of the assessment until comprehensive data is available.

Special focus of AFEX Renewable Energy 2016 will be on the market of distributed RE generation as it is gaining a special attention in many countries.

Expected outputs:

- Sound conceptual framework with list of quantitative and qualitative indicators to measure and benchmark countries' progress in creating better conditions for RE investments
- Collection and compilation of country specific data according to pre-defined indicators and validated by national authorities
- Index or benchmark of countries' performance
- Report published in English language containing analysis of the results of assessment supported by facts and figures and RE success stories
- Summary of the report in Arabic and French languages with key findings
- Power point presentation of the report

Work to be performed by RCREEE

- Design of conceptual framework and indicators
- Data collection and validation
- Index construction in accordance with OECD handbook on composite indicators
- Report drafting
- Report review by external experts
- Design, layout and printing of the reports
- Summary reports in Arabic and French languages
- Official launch and presentation of the report and the results of 2016 assessment

Description of inputs:

Activity	Input
Designing indicators	- Project manager* - RE experts*
Data collection and validation	- Project manager* - Researchers
Index construction	- One consultant
Report drafting	- Two consultants (RE experts) with ability to produce analysis in a publishable quality in English language - Two researchers*
Report (summary) translation into Arabic and French languages	- Consultant
Design, layout and production of two reports	- Project manager* - Graphic designers - Printing costs
Coordination of launch events	- Project manager*

*RCREEE contribution

