Cooperative Agreement in support of
the “Smart Development Initiative”

MONTHLY REPORT – OCTOBER 2005

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CEE was awarded a cooperative agreement by USAID in late September. In early October, the official document was finalized between UT and USAID and an account was set up at UT to initiate activities. The following are the activities conducted in the month of October.

- CEE developed a draft work plan for the first year of the cooperative agreement (see Attachment 1). The work plan provides a discussion of CEE activities for each of five tasks identified in the cooperative agreement, list of deliverables for each task, as well as information on budget, key personnel and travel.
  - Most of Task 1 activities will be carried out by RCEER; a detailed proposed scope of work for RCEER is also provided. Our colleagues in Ghana are currently reviewing this scope of work.

- CEE has been assisting the coordinator of RCEER, Dr. Asante, in his participation of the TIPCEE project for development of a natural gas market framework in Ghana. Dr. Asante has so far participated in assessing international best practices for tariff methodologies and developing one for PURC in Ghana. CEE provided case studies on natural gas market development (e.g., Turkey, Ukraine, Ireland, Bangladesh, Philippines), comparative studies on tariff methodologies (mostly from World Bank Utility Regulation web site but also from Council of European Energy Regulators and Gas Infrastructure Europe), legal and regulatory documents on tariffs from various energy regulators around the world (including Texas, the U.S., Turkey, Mexico, Hungary, Romania, Bulgaria).

- Dr. Foss and Dr. Gülen visited USAID offices on October 27 and presented on the Smart Development Initiative to EGAT team members, including Dr. Kevin Warr, Ms. Davida Wood, Mr. Jas Singh, Ms. Torina Way and Mr. Jerry Gold.

- Dr. Foss and Dr. Gülen visited with Mr. Facundo Alberti and Mr. Jason Czyz from NARUC, Dr. Mark Jamison from University of Florida’s Public Utility Research Center, and Mr. John Hammond of USEA to discuss cooperation opportunities in Ghana towards establishing a workable natural gas framework and extending this cooperation into a Global Development Alliance (GDA) with attraction of corporate sponsors. Dr. Warr and Ms. Wood also attended the meeting. In general, participants were interested in cooperation and in participating in a GDA. CEE is now working on an MOU on how this cooperation would work.

**Next steps**

- CEE to finalize subcontract arrangement with RCEER and finalize the work plan
- Draft and negotiate an MOU and scope of effort among GDA partners
- CEE to travel to Ghana to attend the outreach event and to test GDA potential
- RCEER to publish its information flyer
- RCEER to publish Natural Gas Primer in book form
- RCEER to hold a public outreach event on natural gas
- RCEER to start developing its web site
There are five tasks in our cooperative agreement. This work plan provides a discussion of activities to be carried out under these tasks during FY06. Our main objectives for this year are:

- Positive impact on development of effective legal and regulatory framework for natural gas in Ghana
- Increased awareness of energy sector governance issues in Ghana
- Progress towards RCEER’s sustainability
- Selection of next LEP
- Progress in GDA

Task 1 Continue our work in Ghana with a transition plan to ensure sustainability of the RCEER.

This is the Task on which we will spend most of our resources during the first year of our cooperative agreement. We developed a draft work plan for RCEER (Appendix 1) based on the products and activities from its first year of existence and the sustainability plan developed by the RCEER Steering Committee. The work plan emphasizes natural gas publications, public outreach activities, issue papers and training workshops that can be provided by the RCEER through its own network of experts and CEE technical assistance. RCEER is already involved in the TIPCEE project on developing a legal and regulatory framework for natural gas in Ghana. We will build on this experience. It is desirable that the activities of RCEER will follow the timeline of the TIPCEE project. However, regardless of the progress of the TIPCEE project, the RCEER tasks will be implemented.

At the end of FY06, having completed the activities listed in Appendix 1 and building on the experience of TIPCEE project, RCEER should be in a much stronger and credible position to attract more sponsored projects and to conduct fee-based training sessions.

Deliverables:
1- CEE monthly and quarterly reports on RCEER activities
2- See Appendix 1 for RCEER deliverables

Task 2 Replicate the Ghana model elsewhere in Africa, where applicable.

We will spend some time nurturing our emerging relationships in several countries that may be good candidates for establishing new LEPs. Clearly, with Ghana as a potentially healthy market for Nigerian natural gas we feel that a work effort in Nigeria may be a worthy follow-on activity. We have identified one potential partner in the Gas Research Group at the University of Port Harcourt (UNIPORT). We used our own funding to support Prof. Onyekonwu, Director of the Gas Research Group, as a delegate to the May 2005 Houston session of New Era. The UNIPORT center will focus on natural gas utilization, natural gas management and policy, and safety and community relations. We held a joint training program in July 2005 in Port Harcourt, targeting potential regulators, the legislature, professionals from the NNPC and other key industry stakeholders. Also being discussed is assistance from the CEE with development of a natural gas/LNG workshop.