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meetMED project
The sub-regional workshop
on
“The creation of Regional Industrial Associations for the
manufacturing of EE and RES Components”
MASHREQ Focus

Session: Regional Experiences on the Creation of EE&RES Industrial Associations

EE&RES national and regional associations’ creation stemming from
adequate market mobilization road-mapping
(Reflections from a past study on Egypt)

By

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Presentation structure

(Raising questions more than giving answers)

- 1. Wake up call: what do we mean by Industrial?**
- 2. Stimulating question: does the associations creation mobilizes the market or the market mobilization paves the road for associations creation?**
- 3. Who are the core members, SMEs or SMEs and the larger**
- 4. who are mainly not local companies (except the situation in the GCC region)?**
- 5. Regional against national associations, which is the prime mover and where are we now compared to the EU experience?**
- 6. An overview on a previous study prepared by the presenter for GIZ (GTZ at that time) under the Small and Medium Enterprises Promotion (SMEP) program on 2008 that has dealt with these questions.**
- 7. Why presenting the outcome of a study dated 2008 on 2019?**
- 8. What are the main study findings that are still valid today?**
- 9. Some reflections on how to use these findings in our present work for creating a regional association?**



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1- Wake up call: what do we mean by Industrial?

The term “Industrial” might have different meanings:

Do we mean:

- ❖ Manufacturing of components and systems?
- ❖ Assembling of complete systems?
- ❖ Trading of the complete systems and the replacement parts?

Or even:

- ❖ Every process that is being a part of the whole EE&RES value chain can be named as an industry by itself?



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2- Stimulating question: does the associations' creation mobilizes the market or the market mobilization paves the road for associations creation?

**This interesting question should be treated and answered
To simplify we need to answer the following 3 questions:**

Firstly, we need to define the market for us:

A market literally means, a demand and a supply to satisfy this demand:

- The demand is the EE&RES products and services asked for by the customers,
- The supply is the EE&RES products and services provided by all services providers.
- if the supply and demand do not go side by side the market (players) will suffer.

Secondly: Where exactly the proposed industrial association is situated underneath the supply side value chain?

Thirdly; what is first: national associations that can gather to form a regional one, or a regional one that can help national associations to grow?



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3- What kind of association: are the core members only SMEs or SMEs & larger companies who are mainly not national ones (except for the situation in the GCC region)?

These points are important to elaborate:

- **EE&RES SMEs definition.**
- **Traders in our countries, where are they in the industrial association.**
- **International suppliers for local assemblers.**
- **Where are the designers, installers, O&M companies, consultants inspectors, etc?**
- **What is the situation of the local representatives of overseas or large scale companies?**



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4- Creating regional against strengthening national: Who is first based on the prime mover concept and the EU experience in the creation of similar associations?

- A regional association composed of strong national association will survive and succeed and would be sustainable.
- Does the other way around work well?
A realistic and practical answer is needed.
- How do we read the EU experience in creating similar associations?
- Do we have different context than Europe that would impose a different approach!?



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5-A previous study prepared for GTZ (GIZ) under the Small and Medium Enterprises Promotion (SMEP) program on 2008 has dealt with these questions

Small and Medium Enterprise
Promotion (SMEP) Programme



**The Road-mapping for supporting SMEs who work as
renewable energy service providers in Egypt**

Developed by:
Dr. Eng. Adel Tawfik Soliman Beshara
Environics' Sub-contractor

(Draft Final Version)

December 2008

gtz





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Some parts of the study contents

Key messages

Executive summary

Abbreviations

I- Introduction

1.1 Context and background

1.2 Rationale and objectives of this study

Study development approach



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Study contents - continued

I- Renewables and energy context in Egypt

III Current status of RE market in Egypt

3.1 Background

3.2 Status of RE market demand side

3.2.1 General overview

3.2.2 Demand on REPSs in the local market

3.3 Status of RE market supply side

3.4 Existing gaps between REPSs' demand and supply

3.5 Energy subsidies and current policy developments



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Study contents - continued

IV Main findings towards enhancing the role of RE-SMEs

- 4.1 Compiled findings from previous relevant studies
- 4.2 Compiled outcome from interviews
 - 4.2.1 RE components and systems' manufacturers
 - 4.2.2 RE products' traders and system's integrators
 - 4.2.3 Governmental agencies
 - 4.2.4 Non-governmental organizations and donors' supported centers
 - 4.2.5 International agencies, financing institutions and donors
 - 4.2.6 RE consultancy, engineering and R&D services
- 4.3 Study author's additional findings
 - 4.3.1 The complementarity between RE and EE has to be insured
 - 4.3.2 The RE user is an investor who can contribute to market expansion
 - 4.3.3 Limitations caused by SME culture
 - 4.3.4 Scattered R&D Efforts
 - 4.3.5 RE-SMEs are also SMEs that can benefit of existing support services and suffer from the absence of other needed services



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Study contents - continued

- **A vision, the way forward and an integrated roadmap**
 1. A vision to enhance the role of the RE-SMEs throughout a wider foresight on the RE sector in Egypt
 2. The way forward to enhance the RE role in Egypt's energy mix
 1. First track: Initiating a "true" RE integrated strategic planning process
 2. Second track: Creating an initiative aiming at RE market demand side mobilization and expansion
 3. Third track: Creating an initiative aiming at enhancing the role of RE service providers in the market supply side
 3. An integrated roadmap to enhance the role of RE-SMEs as service providers
 4. Recommendations and a proposed preliminary plan of action for the second phase of the SMEP Program



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Study contents - Annexes

Annex I: References and other previous key studies.

Annex II: List of interviewees and outline on each interview.

Annex III: Compiled list of RE service providers in Egypt.



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6- Why presenting the outcome of a study dated 2008 on 2019?

- Unfortunately, any examining experienced and observing eyewitness can easily notice that the market in Egypt has significantly evolved for the bulk electricity generation RES for both PV and wind technologies.
- However the situation for EE&RES SMEs is still the same without any important progress and all the findings of the study of 2008 are still valid today in 2019.



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7- What are the main study findings that are still valid today?

Among the findings:

- Mobilizing the EE&RES market will stimulate the demand on services and educate customers so they will be demanding on quality level which will impose considerable quality assurance requirements on service providers and would probably help natural selection of good companies to sustain and exclude bad ones automatically from the market.

To do so one has to work on:

I - The supply side to create:

- A sustainable energy service providers association (SESPA) on the national level, SESPA-Egypt.
- A similar associations to be created in other countries: Ex., SESPA-Lebanon, SESPA-Jordan, etc
- In a later stage, a confederation of national associations would create SESPA-Mashreq or Maghreb or even Mediterranean.

II - And on the demand side with the same process to create:

- A sustainable energy users association (SEUA-Egypt)
- SEUA-Egypt, SEUA-Lebanon, SEUA-Jordan, etc
- SEUA-Mashreq or Maghreb or even Mediterranean.



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7- What are the main study findings that are still valid today? Continued

As a direct result of this study:

- **The Solar Energy Development Association (SEDA) was established in Egypt by GIZ in the year 2011 as a non-profit association and has participated for the first time by a booth in Intersolar - Munich in 2012.**
- **The association was technically and financially supported by the Private Sector Development Program (PSDP) and the German Ministry for Economic Cooperation and Development in cooperation with the Egyptian Ministry for Trade and Industry (MTI). The flourishing time of SEDA has decayed after the absence of the financial and technical assistance provided by the German Technical Cooperation (GIZ).**
- **SEDA now is a case to be studied in order not to repeat the same negative experience.**
- **Concerning this study, and for a reason or another, I lost connection with GTZ team and the contracting company since end of 2008 and the study has never been made in its final version by its author without finalization of contractual payments. Accordingly, the study stays as my own intellectual property and can be updated in a more exhaustive and modernized study.**

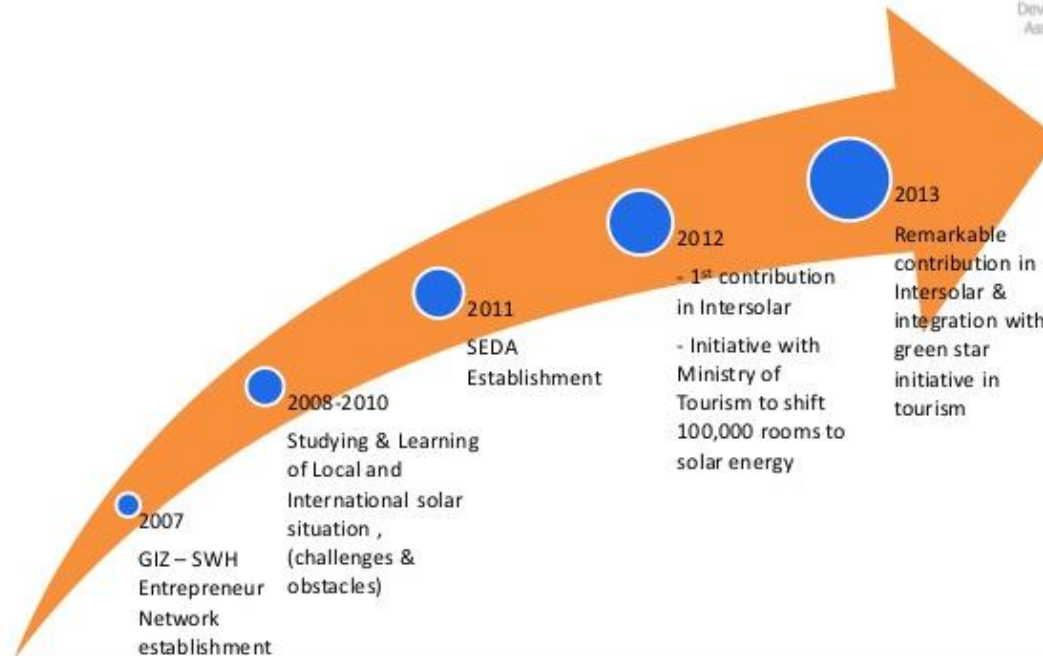


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A brief history of SEDA Creation process

Solar Energy Development Association

SEDA Timeline





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8- Some reflections on how to move forward?

“The thoughts are presented on the spot”



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Thanks a lot for your attention

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