



USAID
FROM THE AMERICAN PEOPLE

AFGHANISTAN

SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)

Contract No. EPP-I-00-03-00004-00, Task Order No. AID-306-TO-12-00002

Monthly Report

Period: November 1 – November 30, 2012

Prepared by:

Advanced Engineering Associates International, Inc. (AEAI)/SGGA Project Team
1707 L Street, NW, Suite 1030, Washington, DC (USA) 20036
Telephone: 1-202-263-0601

This Monthly Report is made possible by support from the American People jointly sponsored by United States Agency for International Development (USAID) and the Government of the Islamic Republic of Afghanistan. The contents of this Monthly Report were prepared by Advanced Engineering Associates International, Inc. and are the sole responsibility of Advanced Engineering Associates International, Inc. and do not necessarily reflect the views of USAID or the United States Government.

Table of Contents

1	COUNTRY TEAM STAFFING	1
2	GAS WORKSTREAM (MoM LIAISON, DRILLING, ENVIRONMENTAL).....	2
2.1	Achievements / Activities	2
2.2	Meetings	2
2.3	Challenges.....	3
2.4	Plans for Next Month	3
3	ENERGY AND POWER WORKSTREAM (DABS and MEW).....	3
3.1	Achievements / Activities	3
3.2	Meetings	3
3.3	Challenges.....	4
3.4	Plans for Next Month	4
4	CAPACITY BUILDING (DABS & MoM, ECONOMICS, TRAINING)	4
4.1	Achievements / Activities	4
4.2	Meetings	4
4.3	Challenges.....	4
4.4	Plans for Next Month	4
5	RISK MANAGEMENT AND TRANSACTION ADVISOR WORKSTREAM.....	5
5.1	Achievements Activities	5
5.2	Meetings	5
5.3	Challenges.....	5
5.4	Plans for Next Month	5
6	PROCUREMENT WORKSTREAM.....	5
6.1	Achievements / Activities	5
6.2	Meetings	6
6.3	Challenges.....	6
6.4	Plans for Next Month	6
7	GAS MARKET WORKSTREAM	6
7.1	Achievements / Activities	6
7.2	Meetings	7
7.3	Challenges.....	7
7.4	Plans for Next Month	7
8	SECURITY	7
9	PROJECT SCHEDULE AS OF NOVEMBER 2012	8

Acronyms and Abbreviations

ADB	Asian Development Bank
AEAI	Advanced Engineering Associates International, Inc.
AGE	Afghan Gas Enterprise
ANP	Afghan National Police
APPF	Afghan Public Protection Force
ARDS	Afghanistan Reconstruction and Development Services
CCO	Chief Commercial Officer
COO	Chief Operating Officer
COP	Chief of Party
DABS	Da Afghanistan Breshna Sherkat
DG	Director General
FIDIC	Fédération Internationale des Ingénieurs-Conseils (International Federation of Consulting Engineers)
HR	Human Resource
IPP	Independent Power Plant
kV	Kilovolt
M, E, & R	Monitoring Evaluation and Review
MEW	Ministry of Energy and Water
MoF	Ministry of Finance
MoM	Ministry of Mines
MW	Megawatt
O&GS	Oil and Gas Survey
OPIC	Overseas Private Investment Corporations
PMO	Project Management Office
PPSA	Private Power Sales Agreement
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
SWG	Sheberghan Working Group
TOR	Term of Reference
USAID	United States Agency for International Development
WB	World Bank

1 COUNTRY TEAM STAFFING

Expatriate Staff	Functional Title
Ernest Gerloff	Chief of Party
Dave Davis	Director, Security and Transport
Ana Moncada	IPP/Power System Engineer/Manager
Wayne Register	Senior Procurement Advisor
Michael Scholder	Senior Transactions Advisor
Mauricio Medinaceli	Gas Economist
Stroud Kelley	Senior Legal and Regulatory Advisor
Daniel Brockway	Gas Midstream Manager
Scott Seeby	Gas Upstream Manager
Key Afghan Staff	Position
Sher Rahman Mohmand	Deputy Director of Gas Tasks Force, MoM
Eng. Zalmai	Deputy Co-Director, Joint Gas Working Group
Ahmad Farid Naderi	Deputy Operations Manager
Naimatullah Kohsar	Deputy Energy Manager
Habibullah Mokhlis	Drilling Engineer (Sheberghan)
Shaista Labib	Deputy Procurement Manager
Shukrullah Poyan	Senior. Project Associate
Mohammad Bahir	Electrical Engineer/AutoCAD Specialist
Amanullah Khan	Deputy Director, Security
Daud Masjidi	Sr. Administrative & Financial System Specialist
Moh'd Suliman Kazimi	Manager, Finance and Disbursement
Muzhgan Waseeq	Manager, Office of Chief of Party
Farida Hamidi	Administrative Program Coordinator
Khusraw Razbaan Ahmadzai	Manager, IT and Facilities
Razia Rasooly	Manager, Human Resource and Training
Hanifullah Aziz	Manager, Procurement and Contracts
Abdul Haleem	Manager, Security and Transport Control Center
Asadullah Rasuli	Manager, Travel and Administrative Transactions

2 GAS WORKSTREAM (MoM LIAISON, DRILLING, ENVIRONMENTAL)

2.1 Achievements / Activities

- Sheberghan Drilling Program Tender
 - After change of requirements for base format of tender (from ADB small contracts base to full ADB/WB FIDIC form contract), revised drilling tender to fit FIDIC format and delivered to Ministry of Mines and ARDS for review. Particular areas of review were standard Particular Conditions of Contract and conforming gas industry-specific provisions to the prescribed contract format.
 - Prepared and delivered response to USAID, Ministry of Mines, and ARDS questions and comments on draft tender documents.
 - Draft report on tender documents prepared for USAID.
 - Completed draft tender documents for Ministry of Mines tender for petroleum engineering services to advise on drilling, completion, and testing operations.
 - Research on eligibility of Ministry of Mines' contractors for tax and customs duty exemptions for USAID-financed on-budget projects completed by Naimatullah Kohsar.
- Prepared explanatory and orientation materials for Eng. A. B. Zamir of Ministry of Mines, the new MoM liaison.
- A. Waseeq and M. Bahir of SGGA completed compilation of briefing notebooks for newly arrived petroleum engineers.
- Gas Market Study.
 - Eng. Zalmai and team updated data sheet on nine gas fields in the Sheberghan area (Khoja Gogerdak, Gerquduq, Juma, Bashikurd, Yatimtaq, Khowaja Bolan, Shakarak, Chenghgchy, and Jangal-e-Kalan. Original completed report will be maintained at Sheberghan data room.
 - Eng. Zalmai and team gathered data on past five years of oil and gas and oil and gas products production, sale, import and export.
 - Completed review of ARDS and Ministry of Mines comments on draft tender documents, and revision of tender documents incorporating agreed revisions.
 - Completed draft of oil and gas environmental and health and safety policies/regulations for Ministry of Mines for inclusion in the drilling tender and for future development of general regulations; circulated to Ministry, SGGA environmental consultant, and in-house for review and comment.
 - Provided materials on international oil and gas industry environmental and health and safety practices to N. Skinner, SGGA environmental consultant for environmental scoping study update.
 - Prepared draft memorandum for Ministry on tax and customs exemptions for Ministry contractors under USAID-financed on-budget programs
 - Eng. Zalmai guided new SGGA ex-pat staff on first Sheberghan area visits.
 - A. Waseeq and M. Bahir of SGGA completed compilation and indexing of technical documents for Juma/Bashikurd Field in SGGA library.
- Two new SGGA staff joined the team: petroleum engineers Daniel Brockway and Scott Seebly, responsible for advising, respectively, on midstream and upstream teams.
- Ministry verbally advised SGGA to move out of MoM offices within 48 hours. SGGA wrote a letter to the Minister requesting written notice with clarification on why the move as the IL 45-01 requires MoM providing office space for SGGA personnel.

2.2 Meetings

- Met with S. Z. Hashemi, Ministry of Mines' Chief Counsel, to discuss Afghan tax system.

- Sheberghan Working Group video-teleconference.
- Orientation meeting with Eng. Zamir.
- Meeting with Abdullah Khalid and Tanka Prasad of ARDS regarding drilling tender document preparation; W. Register, N. Kohsar, and S. Kelley attended from SGGA.
- Meeting with S. Z. Hashemi, chief counsel of Ministry to discuss drilling tender provisions and revisions.
- 28 Nov 12, Met with Eng. A. B. Zamir, Hydrocarbon Unit manager, Ministry of Mines to discuss tender status and terms.

2.3 Challenges

- Slow response to request for comments on revised drilling tender documents from Ministry of Mines, largely due to Ministry's having to devote its limited resources to review of bids for Tajik-Afghan Basin oil and gas
- Jalil telephoned the COP on 19 Nov 12 instructing SGGA to move out of the MoM office it was occupying no later than 20 Nov 12. The instruction came without any previous notice or discussion. SGGA's COP wrote a letter to Minister Shahrani requesting clarification for both the reason and when to vacate the space. SGGA has been planning to move several foreign advisors and Afghan staff into MoM office space – totaling about 12 personnel.
- Fragmented and inconsistent tender review process from Ministry of Mines, ARDS, and USAID, which continues to require extra effort to coordinate with all three organizations in order to achieve advertising.
- Finding suitable petroleum engineering expertise to assist with the Well Drilling tender review and act as upstream engineer during Well Drilling operations.

2.4 Plans for Next Month

- Assist Ministry to confirm contractor tax and customs exemptions for on-budget financing.
- Obtain comments from Ministry on and complete preparation of environmental, health and safety policies/regulations for inclusion in addendum to tender.
- Begin organization of available data for drilling bidder review.

3 ENERGY AND POWER WORKSTREAM (DABS and MEW)

3.1 Achievements / Activities

- Prepared presentation for MEW to present at the Sheberghan Working Group (SWG).
- Prepared presentation for DABS to present at the SWG.
- Attend ADB meeting with Mr. Durrani to mutually update projects of interest.
- Traveled to Sheberghan to review infrastructure to assist with future plans.

3.2 Meetings

- Met with Policy Director Eng. Malalai and Eng. Rahmat of MEW regarding domestic generation policy.
- Met with Khwaja Mohammad Masood of DABS regarding domestic generation policy.
- Follow-up meeting with Policy Director Eng. Malalai and Eng. Rahmat of MEW regarding domestic generation policy and SWG presentation.
- Follow-up meeting with DABS' Khwaja Mohammad Masood and DABS' executives, COO Eng. Shekeeb and CCO Mirwais Alami regarding domestic generation policy.
- Follow up meeting with Eng. Shekeeb of DABS regarding re-conducting of the 110KV line between Mazar and Sheberghan as well as the status of the PPSA with Turkmenistan.

- Follow up meeting with DABS's PMO Director Waheedullah Popalzai to discuss ADB's projects related to Sheberghan future IPP (200 MW) regarding Transmission Line to increase the Capacity from the North to Kabul and Turkmenistan Interconnection.
- Follow up meeting with ADB's Senior Project Officer Hamidullah Durami regarding above subject.
- Follow up meeting DABS COO Technical Deputy for the northern towns' expansion plan.
- USAID Weekly meeting.
- Met with Counterpart at DABS in preparation for trip to Sheberghan.
- Met with Afghan gas and energy contacts in Sheberghan.

3.3 Challenges

3.4 Plans for Next Month

- Continue review at Sheberghan and return to Kabul.
- Finish near-term deliverables

4 CAPACITY BUILDING (DABS & MoM, ECONOMICS, TRAINING)

4.1 Achievements / Activities

- Continued working on the job descriptions, skill sets, and minimum qualifications for the staff to be recruited and trained for the SGDP.
- Conducted interviews with qualified local economics support candidates.
- Reviewed and revised the work on the job descriptions, skillsets, and minimum qualifications for the staff to be recruited and trained for the SGDP.
- Worked to recruit two translators for capacity building.
- Arranged internal planning meeting for capacity assessment for DABS & MEW.
- Recommended task assignments for the capacity building staff.
- Arranged translations of the job descriptions and questionnaires into Dari.
- Finalized the capacity assessment trip for AGE and O&GS staff in Sheberghan.

4.2 Meetings

- Met with DG Jalil Jumriani, to explain capacity assessment work and request assistance from to meet with MoM, AGE
- and Oil & Gas Survey Directorate officials to identify staff for the targeted needs assessment.
- Met with counterparts in Sheberghan to conduct additional capacity assessment surveys.

4.3 Challenges

4.4 Plans for Next Month

- Complete the capacity assessment effort for AGE and O&GS staff in Sheberghan and prepare Capacity Assessment and Three Year Capacity Building Plan deliverables.

5 RISK MANAGEMENT AND TRANSACTION ADVISOR WORKSTREAM

5.1 Achievements Activities

- Prepared draft presentation for MoM Attorney Hashemi to present at the Sheberghan Working Group.
- Prepared and revised the Legal Transaction Advisors scoping matrix Updated the draft Gantt chart to track the actual versus planned progress.
- Prepared Legal Transaction Advisors scoping matrix to compare OPIC proposed scope of work for the Legal Transaction Advisor with SGGA proposed scope.
- Completed and delivered the Branding Implementation Plan and Marking Plan report.
- Completed and delivered the Deliverable 1-2 Revised Annual Work and Staffing Plan.
- Worked on other early deliverables under USAID contract modification.

5.2 Meetings

- Met with MoM Attorney Hashemi to review AGE corporatization effort and present the special purpose company concept. Also, presented an introduction to project finance.
- Conference call with OPIC regarding the Terms of Reference for the Legal Transaction Advisors.
- Met with USAID regarding re-designing the SGGA work Gantt chart to track the actual versus planned progress.
- Met with USAID on the matrix to compare the OPIC proposed scope of work for the Legal Transaction Advisor with SGGA proposed scope.

5.3 Challenges

- Resolving potential TOR for Legal Transaction Advisors scope differences with OPIC.

5.4 Plans for Next Month

- Schedule Interview legal assistants for transaction matters.
- Work to complete earlier deliverables under USAID contract modification.

6 PROCUREMENT WORKSTREAM

6.1 Achievements / Activities

- Updated and resubmitted drilling tender to ARDS for review.
- Continued to provide Eng. Zamir (new MoM liaison) overview of the project.
- Handed over the conditions precedent binders to MoM and MoF and reviewed the historical documents with them.
- Researched and located copies of USAID's Grant Agreement No. 306-05-00 and the amendments for COP; placed on shared drive.
- Coordinated SWG meeting logistics; briefed status at SWG.
- Researched tax amendment of the USAID Grant Agreement.
- Finalized tender following final comments from ARDS; pending minister signing distribution letters to USAID and ARDS.
- Delivered completed Human Resources Condition Precedent to MoM; they reviewed and approved for forwarding to USAID.
- Delivered HR manual to USAID on 26 Nov-12 - **Final** condition precedent.
- Finished deliverable 1-04, following peer review.
- Developed first cut TOR for MoM Professional Engineering Services.

- Delivered first draft consultancy service tender and environmental impact document to Ministry of Mines.
- Prepared SWG meeting minutes.
- Updated deliverable 1-04 on IL status and officially submitted to USAID.
- Compiled five Weekly Reports.
- Compiled November Monthly Report.

6.2 Meetings

- 3 Nov 12, Met with ARDS to receive their initial tender review.
- 3 Nov 12, Met with USAID, provided update on ARDS review.
- 4 Nov 12, Met with Eng. Zamir, covering Implementation Letter and Program.
- 5 Nov 12, Met with Eng. Zamir and Hizbullah of MoF to train on Conditions Precedent.
- 6 Nov 12, Met with Jalil to resubmit tender and first version of professional engineering TORs.
- 10 Nov 12, Met with MoM and provided tender orientation, taking Eng Zamir and his staff through the tender, start to finish. Also went through the well ranking report so that he could understand why we chose the 4 wells.
- 10 Nov 12, Met with ARDS, Tanka and dropped off tender for ARDS review.
- 12 Nov 12, Met with MoM, Eng Zamir and his staff. Provided overview of M, E, & R Committee and Plan along with review history.
- 13 Nov 12, Attended Sheberghan Working Group meeting, assisted with logistics, and discussed next week's orientation with Eng Zamir.
- 17 Nov 12, Met with ARDS to press for expedient review of the tender.
- 18 Nov 12, Met with Jalil on HR Manual status, availability of minister.
- 19 Nov 12, Met with HR on to clarify final manual staff.
- 20 Nov 12, Met with Jalil on sudden requirement to vacate offices.
- 21 Nov 12, Met with Eng. Zamir on tender and dropped HR manual for Jalil.
- 25 Nov 12, Met with Eng Zamir to provide the update the tender document.
- 26 Nov 12, Met with Eng Zamir to deliver new tender cover letter.
- 26 Nov 12, Met with USAID to deliver HR manual and Drilling tender document.
- 27 Nov 12, Met with MoM (Eng Zamir & Jalil) to pick up reviewed tender.

6.3 Challenges

- Ensure completion of ARDS and USAID final reviews; advertise by 3 Dec 12.

6.4 Plans for Next Month

- Continue providing orientation for Eng Zamir.
- Prepare for tender pre-bid conference, forthcoming in January.
- Complete the next 3 procurement-related deliverables.

7 GAS MARKET WORKSTREAM

7.1 Achievements / Activities

- Worked to organize the gas market feasibility study efforts and prepare the natural gas market status report.
- Conducted interviews with qualified local economics support candidate.
- Began orientation of new local economist, Mr. Fattah Ehrari, for gas market status and feasibility study efforts.

7.2 Meetings

- Interview discussion with market research economists.
- Sheberghan Working Group Meeting, Tuesday 13 Nov 12.

7.3 Challenges

7.4 Plans for Next Month

- Use trip to Sheberghan to get information about the natural gas market.
- Visit official institutions in and around Kabul to get information about the natural gas market in Afghanistan.

8 SECURITY

- 1) Retraining of the APPF guard force assigned to AEAI/SGGA facilities in Kabul at the APPF Training Academy is continuing. The last group will complete training in the next month.
- 2) Movement restrictions were imposed on AEAI international personnel on 21 Nov 12 due to suicide attack in Wazir Akbar Khan, and also 22-24 Nov 12 during Thanksgiving Day and Ashura Day.
- 3) Security team Travelled to Mazar on 25 Nov 12 to support field mission in Sheberghan. There was a security incident on 29 Nov 12 involving the ANP exchanging fire with unknown armed personnel on motorcycles, so and Incident Report was prepared and staffed through appropriate officials.

9 PROJECT SCHEDULE AS OF NOVEMBER 2012

Note: Due to the expected advertisement of the tender a few days into December, the project schedule below will be revised for next month's report.

