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## **SHEBERGHAN GAS GENERATION ACTIVITY (SGGA)**

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# **SGGA Annual Report**

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## Acronyms and Abbreviations

ADB	Asian Development Bank
AISA	Afghanistan Investment Support Agency
DABS	Da Afghanistan Breshna Sherkat
E&P	Exploration and Production
FY13	Fiscal Year 2013
FY14	Fiscal Year 2014
GIRoA	Government Islamic Republic of Afghanistan
IL	Implementation Letter
MEW	Ministry of Energy and Water
MoMP	Ministry of Mines and Petroleum
PMU	Project Management Unit
SGDP	Sheberghan Gas Development Project
SGGA	Sheberghan Gas Generation Activity
TFBSO	Task Force for Business and Stability Operations
USAID	United States Agency for International Development
WP	Work Plan

## 1 Executive Summary

Sheberghan Gas Generation Activity (SGGA) began Fiscal Year 2013 (FY13) by focusing its advisory services on supporting Ministry of Mines and Petroleum (MoMP) in meeting all 15 conditions precedent specified in Implementation Letter (IL) 45-01 that are required for MoMP to receive United States Agency for International Development (USAID) funding to administer Sheberghan Gas Development Project (SGDP). SGGA also gave high priority to supporting MoMP with two tenders related to SGDP Phase I drilling to provide confirmation of gas quantity and if technically and economically feasible, complete and equip the wells. The first tender regards services to rehabilitate two existing gas wells and drill one new gas well in the Bashikurd and Juma fields. The second tender pertains to obtaining petroleum engineering services to support MoMP's drilling contract management and operations oversight and provide hands-on training for MoMP personnel in operations, safety, and environmental compliance.

SGGA has moved forward capacity development by completing training needs assessments of MoMP and its sub-organizations, Afghan Gas Enterprise, and Northern Hydrocarbons Unit. SGGA has developed training priorities and plans based on these assessments. As reported in the weekly USAID/SGGA meetings/reports and SGGA Monthly Reports, completion of training objectives has been hindered by high turnover of MoMP's SGDP project managers who were the principal counterparts for organizing capacity building, coordinating capacity building with MoMP's reorganization to create Afghan Petroleum Authority. The reorganization resulted in several months of uncertainty about which training candidates should participate in which courses. As of the conclusion of FY13, MoMP's positions have become more settled, which will allow SGGA to implement of a robust set of trainings in Fiscal Year 2014 (FY14). Further, in accordance with SGDP schedule revisions, SGGA will provide Da Afghanistan Breshna Sherkat (DABS) with relevant capacity building services, including the trainings on how to evaluate and manage the electrical loads that the planned independent power plant will supply for distribution to Afghanistan's northwest provinces.

It is also important to note that throughout FY13, SGGA has met with USAID on a weekly basis to provide written and verbal reports on progress and challenges, and developed Microsoft Project Schedules for the overall program, contract deliverables, and capacity development, which are shared among Sheberghan stakeholders, including the monthly Sheberghan Working Group.

SGGA completed all of the required three work plans for FY13 on schedule:

1. MoMP SGDP/IL Advice and Support Action Plan
2. Annual Work and Staffing Plan
3. Three-Year Joint Capacity Enhancement, Training, and Monitoring Program with Expat to Afghan Transition Plan

The objectives detailed in the MoMP SGDP/IL Advice and Support Action Plan are duplicates of the related objectives in the more comprehensive Annual Work and Staffing Plan and have been omitted from the Annual Report to avoid redundancy. Table 1 below summarizes SGGA's progress on its work plan during FY13.

SGGA has been implementing its programs in correspondence to the SGDP's progress in order to provide sequenced technical assistance at appropriate timing for MoMP's use. As part of this

programmatic dynamic, certain FY13 objectives have shifted to SGGA's FY14 work plan to correspond with the SGDP's schedule revisions that have occurred as a result of the drilling contract evolution of USAID's first on-budget program in Afghanistan. Tables 2 and 3 contain detailed summaries of the objectives that have been accomplished from the Annual Work and Staffing Plan and FY13's components of the Three-Year Joint Capacity Enhancement, Training and Monitoring Program with Expat to Afghan Transition Plan.

Table 1: Summary of Progress on FY13 Work Plan (WP)

Summary of Progress on FY13 WP		
FY13 WP Element	FY13 Objectives	FY13 Assessment
Annual Work and Staffing Plan	<ol style="list-style-type: none"> <li>1. Address Conditions Precedent for Phase I On-budget funding the Drilling Contract</li> <li>2. Engage Key Subcontractors or Individuals depending on needs and availability for electric power support to DABS Project Management Unit (PMU)</li> <li>3. Prepare the Tender and Bid Documentation for Rehabilitation &amp; Drilling of the Bashikurd and Juma Wells</li> <li>4. Award and Implement the Rehabilitation &amp; Drilling Contracts</li> <li>5. Prepare and Deliver Capacity Building to MoMP and other relevant Government of Islamic Republic of Afghanistan (GIROA) stakeholders</li> <li>6. Support the work of the Legal Transaction Advisors for the essential legal agreements</li> <li>7. Indicate the functional roles of the SGGA staff</li> <li>8. Coordinate with GIROA counterparts to formalize the PMU organization and recommended staffing for each position</li> </ol>	<ol style="list-style-type: none"> <li>1. Completed (1<sup>st</sup> Quarter)</li> <li>2. Postponed to FY14 due to revised SGDP schedule</li> <li>3. Completed (2<sup>nd</sup> Quarter)</li> <li>4. In progress; final award expected in 1<sup>st</sup> Quarter FY14</li> <li>5. In progress with postponed components due to revised SGDP schedule shift</li> <li>6. Postponed to FY14 due to SGDP schedule shift</li> <li>7. Completed (2<sup>nd</sup> Quarter)</li> <li>8. Partially complete; Ministry of Energy and Water (MEW) has delayed implementation of its PMU</li> </ol>
Three-Year Joint Capacity Enhancement, Training, and Monitoring Program with Expat to Afghan Transition Plan (FY13 Components)	<ol style="list-style-type: none"> <li>1. Mentor, with on the job training</li> <li>2. Provide intensive training courses to support completion of SGDP's critical milestones.</li> <li>3. Participate in the Monitor, Negotiation, and Operation Teams</li> <li>4. Drilling &amp; Rehabilitation Training Course</li> <li>5. Bid Evaluation and Financial Analysis Course</li> <li>6. Tender: Contract Award/Finalization Courses</li> <li>7. Well Rehabilitation Oversight Work Course</li> <li>8. Well Drilling Oversight Work Course</li> <li>9. Selection of Expert Team: 2-4 professionals</li> <li>10. Provide Training in Courses in Gas Gathering, Gas Compression, Gas Processing, Gas Sweetening, Sulfur plant</li> <li>11. Travel to Turkmenistan or another country with a sour gas processing</li> </ol>	<ol style="list-style-type: none"> <li>1. In progress; level of mentoring has been dependent upon having staff of requisite skills and qualifications to train</li> <li>2. Postponed to FY14 due to revised SGDP schedule</li> <li>3. Postponed to FY14 due to revised SGDP schedule</li> <li>4. Completed (2<sup>nd</sup> Quarter)</li> <li>5. Partially completed : Bid evaluation completed (2<sup>nd</sup> Quarter), Financial analysis delayed due to SGDP schedule revision</li> <li>6. Postponed to FY14 due to revised SGDP schedule</li> <li>7. Postponed to FY14 due to SGDP schedule shift</li> <li>8. Postponed to FY14 due to SGDP schedule shift</li> <li>9. Postponed to FY14 due to revised SGDP training schedule</li> <li>10. Postponed to FY14 due to revised SGDP schedule</li> <li>11. No longer applicable due to revised planning</li> </ol>

Summary of Progress on FY13 WP		
FY13 WP Element	FY13 Objectives	FY13 Assessment
	plant for three month internship program 12. Training by Monitoring Construction of Task Force for Business and Stability Operations (TFBSO)/Asian Development Bank (ADB) funded Gas Plant 13. Provide Economic Modeling of Exploration and Production (E&P) Investment course 14. Energy Project Development Course 15. Economic Fundamentals of Natural Gas Markets Course 16. Contract Negotiation Course 17. Power Fundamentals Course 18. Contract Management in Power Sector Course 19. Legal Aspects in the Energy Sector Course 20. General Management Course	12. No longer applicable due to revised planning 13. Completed (2 <sup>nd</sup> Quarter) 14. Postponed to FY14 due to revised SGDP schedule 15. Completed (3 <sup>rd</sup> Quarter) 16. Postponed to FY14 due to revised SGDP schedule 17. Postponed to FY14 due to revised SGDP schedule 18. Postponed to FY14 due to revised SGDP schedule 19. Postponed to FY14 due to revised SGDP schedule 20. Partially complete; organizational development course was provided in (2 <sup>nd</sup> Quarter)

Table 2: FY13 Annual Report on Work and Staffing Plan

FY13 Annual Report on Work and Staffing Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<ol style="list-style-type: none"> <li>1. Address Conditions Precedent for Phase I On-budget funding the Drilling Contract</li> <li>2. Engage Key Subcontractors or Individuals depending on needs and availability for electric power support to DABS PMU.</li> <li>3. Prepare the Tender and Bid Documentation for Rehabilitation &amp; Drilling of the Bashikurd and Juma Wells</li> <li>4. Award and Implement the Rehabilitation &amp; Drilling Contracts</li> </ol>	<ol style="list-style-type: none"> <li>1. All conditions precedent drafted delivered to USAID (1<sup>st</sup> Quarter)</li> <li>2. SGGA has held discussions with Siemens to provide a power assessment and capacity development for DABS.</li> <li>3. Tender and bid documentation were completed (2<sup>nd</sup> Quarter)</li> <li>4. SGGA has taken the following actions to support MoMP in awarding the rehab and drilling contracts: 1) Assisted in preparing the tender and coordinating the required review of the tender by the Afghan Reconstruction and Development Service and USAID, 2) supported first MoMP/Afghanistan Reconstruction and Development Services bid opening, 3) assisted in the first MoMP bid evaluation committee bid review, 4) facilitated the re-</li> </ol>	<ol style="list-style-type: none"> <li>2. Postponed to FY14 to match SGDP schedule revision</li> </ol>	<ol style="list-style-type: none"> <li>1. At the end of FY13, USAID had not approved the Human Resource Manual. SGGA requested that USAID more expeditiously review the conditions precedent in the future.</li> </ol>

FY13 Annual Report on Work and Staffing Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<p>5. Prepare and Deliver Capacity Building to MoMP and other relevant GIRoA stakeholders</p>	<p>tendering agreement by MoMP/USAID/ SGGA, 5) assisted in second tendering, 6) supported second MoMP bid evaluation committee bid work, and 7) assisted the MoMP bid evaluation committee report.</p> <p>5. Details on specific trainings completed are available in the Capacity development section below.</p>	<p>5. Several capacity building components have been postponed in order to coincide with the SGDP's revised schedule. Additionally, several administrative challenges delayed implementation, including: MoMP staff turnover, especially the SGDP project manager position created challenges for course planning, 2) initially preferred training providers were not willing to come to Afghanistan, and 3) attempts to meet USAID's requirement for potential contractors to provide proof of Afghanistan Investment Support Agency (AISA) licenses was very difficult for firms that had not previously done business in Afghanistan.</p>	<p>5. In FY14 SGGA will start the vetting process as quickly as possible for prospective all non-United States of America (USA) sourced specialized capacity building providers. Vetting would proceed more quickly if the AISA registration requirement for vetting were eliminated for short-term training delivery for contractors with no office or business facilities in Afghanistan. Co-ordination with ministries and DABS in designating trainees and arranging schedules and logistics can be improved.</p>
<p>6. Support the work of the Legal Transaction Advisors for the essential legal agreements</p>	<p>6. The work of the Legal Transaction Advisors was segregated into local and international. Solicited proposals from and interviewed</p>	<p>6. The local legal transaction advisers that SGGA intended to hire were not able to be vetted due to administrative challenges in</p>	<p>6. The re-organized local law firm will be vetted and sub-contracted in FY14. Afterwards, the solicitation for the international Legal</p>

FY13 Annual Report on Work and Staffing Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<p>7. Indicate the functional roles of the SGGA staff</p> <p>8. Coordinate with GIRoA counterparts to formalize the PMU organization and recommended staffing for each position</p>	<p>several local law firms to provide local support. Completed SGGA hiring process, job descriptions, and organizational chart in 2<sup>nd</sup> Quarter.</p> <p>7. All SGGA staff positions, with job descriptions and assignments of roles and responsibilities were completed in 3<sup>rd</sup> Quarter.</p> <p>8. Positions in the MoMP and DABS PMUs were appointed 4<sup>th</sup> Quarter.</p>	<p>obtaining their tax clearance and renewal of their registration from AISA. A split and reorganization of the selected law firm attorneys also delayed the implementation.</p> <p>7. MEW has been reviewing the PMU agreement for the last 6 months of FY13 without a response; however, since SGDP schedule shift, no substantive impact is foreseen.</p>	<p>Transaction Advisors can begin.</p> <p>7. SGGA has engaged most of the staff it requires. There may be a periodic need for a petroleum or process engineer that would likely be met through temporary consultant arrangements.</p> <p>8. Following the appointment of the 8th different MoMP project manager for SGDP, substantial efforts will be undertaken to finalize, empower, and mobilize the MoMP PMU organization for the SDGP.</p>

Table 3: Annual Report on Capacity Enhancement, Training and Monitoring Program with Expat to Afghan Transition Plan

Annual Report on Capacity Enhancement, Training and Monitoring Program with Expat to Afghan Transition Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<ol style="list-style-type: none"> <li>1. Mentor, with on the job training</li> <li>2. Provide classroom training courses to support completion of SGDP’s critical milestones.</li> <li>3. Participate in the monitor, negotiation, and operation teams</li> <li>4. Drilling &amp; well rehabilitation Training Course</li> </ol>	<ol style="list-style-type: none"> <li>1. Bid evaluation trainings were provided in lecture settings as well as through working side-by-side with MoMP staff in preparing tenders and evaluating bids. Preparation of MoMP’s application for a certificate of environmental compliance to the National Environmental Protection Agency was similarly conducted through side-by-side work with MoMP SGDP and legal department staff.</li> <li>2. SGGA completed the following training courses: Petroleum Engineering Basics, Economic Modeling, Organizational Development, Gender Awareness, Risk Analysis &amp; Contract Design, National Action Plan for the Women of Afghanistan, Bid Evaluation Committee Trainings and Natural Gas Economics.</li> <li>4. The drilling &amp; well rehabilitation training was delivered (2<sup>nd</sup></li> </ol>	<ol style="list-style-type: none"> <li>2. Procurement training was postponed due to SGDP schedule revision. The training has been rescheduled for FY14 to coincide with SGDP schedule shift.</li> <li>3. Due to SGDP schedule revisions, the monitor, negotiation, and operation team establishments have been postponed to FY14 to coincide with SGDP schedule shift.</li> </ol>	<ol style="list-style-type: none"> <li>1. While it appears that long-term staffing from MoMP for the SGDP has been identified, assuring that all SGDP managers and staff are also trained is critical.</li> <li>2. Coordinate with other donors to maximize resources and avoid duplication of effort. USAID support in this coordination will be helpful.</li> <li>3. SGGA will work to facilitate the final selection of the MoMP staff for training for monitor, negotiation, and operation teams.</li> </ol>

Annual Report on Capacity Enhancement, Training and Monitoring Program with Expat to Afghan Transition Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<p>5. Bid Evaluation and Financial Analysis Course</p> <p>6. Tender: Contract Award/Finalization Courses</p> <p>7. Well Rehabilitation Oversight Work Course</p>	<p>Quarter).</p> <p>5. Trained MoMP Bid Evaluation Committees on 1, 5, and 8 June and 21 and 24 August, 2013.</p>	<p>5. Financial Analysis training has been postponed to FY14 due to SGDP schedule revision.</p> <p>6. In accordance with SGDP's revised schedule, contract management courses will be provided in for FY14.</p> <p>7. Several administrative challenges delayed the drilling oversight training: 1) The initial preferred training providers were not willing to come to Afghanistan, which was an initial program priority, 2) Once SGGA identified providers that were willing to come to Afghanistan were discovered, SGGA spent two months attempting to accommodate USAID's stated vetting requirements that the companies provide an AISA license number in order to complete the vetting process. Eventually the AISA registration requirement from USAID was dropped, which will facilitate more expedient training provider selection and contracting in FY14.</p>	<p>7. At the request of MoMP and in part due to the completion of work in Afghanistan that was planned as in-field demonstration to the trainees, SGGA recommends that the oversight trainings will take place outside of Afghanistan in FY14. After the training, SGGA and MoMP plan for the On-Budget petroleum engineering company contracted to monitor the drilling &amp; well rehabilitation contractor will provide complementary on-the-job training to the trainees.</p>
<p>8. Well Drilling Oversight Work Course</p>		<p>8. See the explanation for #7. The drilling and rehabilitation oversight courses are planned to be delivered jointly.</p>	
<p>9. Selection of Expert Team (2-4 Professionals)</p>		<p>9. SGGA decided that expert team selection should occur subsequent to</p>	

Annual Report on Capacity Enhancement, Training and Monitoring Program with Expat to Afghan Transition Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<p>10. Provide training courses in Gas Gathering, Gas Compression, Gas Processing, Gas Sweetening, Sulfur plant</p> <p>11. Travel to Turkmenistan or another country with a sour gas processing plant for three month internship program</p> <p>12. Training by Monitoring Construction of TFBSO/ADB funded Gas Plant</p> <p>13. Provide Economic Modeling of E&amp;P Investment course</p> <p>14. Energy Project Development Course</p>	<p>13. SGGA provided Economic Modeling Course (2<sup>nd</sup> Quarter).</p>	<p>the gas processing trainings so that identification can be based on performance.</p> <p>10. In order to efficiently use resources, SGGA condensed objectives 10-12 to join the TFBSO-led gas processing training for its amine plant and compressor station. SGGA was not made aware of TFBSO's schedule until after the annual plan was developed and in the 4<sup>th</sup> Quarter learned that the trainings will occur in FY14. SGGA plans to conduct training in Gas Gathering, Gas Compression, Gas Processing, Gas Sweetening, and Sulfur plant in a timely manner prior to the actual need.</p> <p>11. This objective was removed from SGGA plans as a result of reviewing alternative training options during subsequent planning.</p> <p>12. This training did not occur due to initial lack of correspondence and planning transparency from TFBSO in FY13.</p> <p>14. Objectives 14, and 16-19, which primarily concern power subjects, were delayed to coincide with the</p>	

Annual Report on Capacity Enhancement, Training and Monitoring Program with Expat to Afghan Transition Plan			
FY13 Objectives	FY13 Achievements	Explanation for Over/Under Achievement in FY13	Recommendations to plan/manage future activities to achieve the overall SGGA Objectives
<p>15. Economic Fundamentals of Natural Gas Markets Course</p> <p>16. Contract Negotiation Course</p> <p>17. Power Fundamentals Course</p> <p>18. Contract Management in Power Sector Course</p> <p>19. Legal Aspects in the Energy Sector Course</p> <p>20. General Management Course</p>	<p>15. SGGA provided the Natural Gas Economics course (3<sup>rd</sup> Quarter) to in both Sheberghan and Kabul.</p> <p>20. SGGA provided an Organizational Development Course to MoMP (2<sup>nd</sup> Quarter).</p>	<p>SGDP's revised schedule.</p> <p>15. Due to staff turnover at MoMP, SGGA was not able to obtain a list of trainees to complete general management training. SGGA will conclude general management courses when MoMP provides staff.</p> <p>16. Objectives 16-19 have been postponed to be delivered in correspondence with SGDP's revised schedule.</p> <p>20. SGGA did not provide additional management courses because it was not able to obtain a list of trainees from MoMP likely due to SGDP schedule slip.</p>	<p>20. SGGA will coordinate with MoMP to obtain the appropriate list to complete management trainings in FY14.</p>