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# USAID/PAKISTAN: ENERGY POLICY PROJECT

QUARTERLY PERFORMANCE REPORT - I  
JULY – SEPTEMBER 2009

**OCT. 2009**

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(JULY – SEPTEMBER 2009)

Contract: EPP-I-00-03-00004-00, Task Order 08

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# ACRONYMS

ADB	Asian Development Bank
ADS	Automated Directives System
AOTR	Agreement Officer's Technical Representative
AR	Annual Report
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
CRISP	Community Rehabilitation and Infrastructure Project
CSF	Competitiveness Support Fund
DQA	Data Quality Assessment
DSM	Demand Side Management
EEC	Energy Efficiency and Capacity
EG	Economic Growth
EP	Energy Policy
ESCOs	Energy Service Companies
F	Firms
FDI	Foreign Direct Investment
FSN	Foreign Service National
FY	Fiscal Year
GDP	Gross Domestic Product
GIS	Geographical Information System
GOP	Government of Pakistan
IMF	International Monetary Fund
IP	Implementing Partner
IR	Intermediate Result
IT	Information Technology
J	Jobs
LB	Livelihoods Baluchistan
M&E	Monitoring and Evaluation
MFI	Micro-Finance Institution
MSE	Micro and Small Enterprises
MSI	Management Systems International
N/A	Non-Applicable
NGO	Non-Governmental Organization
P	Performance
PC	Program Component
RFP	Request for Proposal
ROZ	Reconstruction Opportunity Zone
SO	Strategic Objective

SOW	Scope of Work
T	Trade
TBD	To Be Determined
US	United States
USAID	United States Agency for International Development
USG	United States Government
WB	World Bank

# PROJECT OVERVIEW

## PROJECT BACKGROUND

The on-going economic and energy crisis requires both immediate and long term measures to overcome the pressing energy shortage. The lack of an integrated energy policy and implementation plan has resulted in the lack of new significant generation additions since 2000. As a result Pakistan cannot meet its energy power requirements. The shortage of power, estimated to be around 4,000 MWs has resulted in regular major load shedding, rolling blackout, that negatively affect the industrial sector and balance of payments due to curtailed electric supply to critical services such as hospitals and schools. This loss of manufacturing also transcends into lost income and lower living standards. Many industries and larger businesses, as a result of poor power sector performance and lost revenues, have installed their own back-up generation capacity using fossil fuels which has increased fuel consumption and product cost. The above have resulted in lower income and enhanced expenditure at the household level.

The cause of Pakistan's energy shortage has been identified from a lack of cohesive and integrated energy policy and resource planning, a lack of effective regulations and the need to rationalize energy and electricity tariffs.

To restore confidence of domestic and foreign investors in participating in the development of the requisite power sector, and to address the policy weaknesses, USAID will provide technical assistance to help Pakistan develop an integrated energy policy and develop consensus on the implementation of such a policy.

USAID's Energy Policy Project complements the ADB, World Bank and other significant donor efforts, while directly addressing areas highlighted by the GOP as requiring significant contributions.

To address the immediate power generation shortfall the Project is also assisting the USAID Mission in identifying measures to quickly enhance generation performance of existing hydro and thermal power facilities.

## PROJECT TASK CHANGES SUMMARY

At Mission's request, in late July 2009, the Project undertook on short notice an additional significant task "assessment of existing hydro and thermal power plants as well as alternate/renewable energy prospects to assess and provide options for possible 'USAID Signature projects' and immediate interventions"

To assist in this new task the Project through a quick and transparent recruitment process, carried out in close collaboration with the Planning Commission (PC) an in consultation with the Mission's COTR, identified and brought on board three highly qualified senior energy experts.

The assessment effort required unanticipated and considerate resources, which necessitated trade-offs within the current SOW. Pressure was further augmented by an unanticipated delay in obtaining urgently required incremental funding from USAID due to a new funding approval process. Recruiting qualified TDY expatriate staff to assist in the Assessment was unsuccessful due to the Mission's requirements at that time for a special CO justification and Mission Director's approval for hiring Third Country Nationals.

**Confidential information redacted**

**Confidential information redacted**

# PROJECT HIGHLIGHTS

## NATIONAL HIGHLIGHTS

- Energy Policy (EP) Project completed assistance to the Mission in assessing most attractive power generation “Signature Project” and short term repair and maintenance opportunities.
- Two donor Roundtable meetings organized and conducted
- Technical input provided the Alternate Energy Development Board (AEDB) for development of PC1 for replacement of gas water heaters with solar water heaters.
- Workshop conducted on Cost of Service Study carried out for the Lahore Electric Supply Company (LESCO). Senior staff from all DISCOS (except Peshawar Electric Supply Company) participated in the Workshop.
- In support of USG’s “Friends of Democratic Pakistan” meeting in New York EP provided high – level GOP policy makers technical support and assistance in finalizing a booklet titled” Energizing Pakistan: Challenges and Opportunities”. Also provided Mission/Embassy with background papers for USG use at the meeting.
- Collected and analyzed data on urgent issue of “Circular Debt”, and shared the information with Mission/Embassy.
- Provided National Electric Power Regulatory Authority (NEPRA) with technical support on tariff methodology, power sector tariffs and pricing. Follow-up efforts are on-going.
- Drafted a plan encompassing a range of proposed public outreach activities for recently established Women In Energy (WIE) a non-governmental organization.
- Initiated detailed discussions with the Planning Commission (PC) for development of a concise road-map of energy policy steps which need to be taken by the GOP in the context of “Prime Minister’s (PM’s) Scorecard”.
- EP initiated informal collaboration efforts with Lahore University of Management Sciences (LUMS) on the on-going two research studies being prepared for the PC (External Fuel Dependency Study and Economic Impact of Unserved Power). The studies are input for GOP’s integrated energy strategy.
- Technical support provided to AEDB for the development of new Mid Term Renewable Energy Policy. This support will gain momentum in the last quarter of 2009.

## PROVINCIAL HIGHLIGHTS – NWFP

### **DISTRICT: SWABI**

- EP assessment of Tarbela hydro power plant conducted (for detail see bullet no. 1 above)

## PROVINCIAL HIGHLIGHTS – PUNJAB

### DISTRICT: LAHORE

- EP's LESCO Cost of Service Study (for detail see bullet no. 4 above)
- EP collaboration with LUMS (for detail see bullet no. 10 above)

### DISTRICT: JHELM

- EP assessment of Mangla Hydro power plant (for detail see bullet no.1 above)

### DISTRICT: OKARA

- EP's LESCO Cost of Service Study (for detail see bullet no. 4 above)

### DISTRICT: SHEIKHURA

- EP's LESCO Cost of Service Study (for detail see bullet no. 4 above)

### DISTRICT: NANKANA SAHIB

- EP's LESCO Cost of Service Study (for detail see bullet no. 4 above)

### DISTRICT: OKARA

- EP's LESCO Cost of Service Study (for detail see bullet no. 4 above)

## PROVINCIAL HIGHLIGHTS – SIND

### DISTRICT: KASHMORE

- EP assessment of Guddu thermal power plant (for detail see bullet no. 1 above)

### DISTRICT: JAMSHORO

- EP assessment of Jamshoro thermal power plant (for detail see bullet no. 1 above)

## PROVINCIAL HIGHLIGHTS – BALUCHISTAN

Key Personnel

**Confidential information redacted**

# PROJECT STAFFING

## A- LONG TERM STAFF

Region	Planned (Total)	Progress During This Quarter					Overall Progress				
		Filled Positions			Percentages		Filled Positions			Percentages	
		Male	Female	Total	% of Total Filled	% Female of Total Filled	Male	Female	Total	% of Total Filled	% Female of Total Filled
<b>Management Positions</b>											
FEDERAL	2	2	0	2	100%	0%			2	100%	0%
NWFP											
PUNJAB											
SIND											
BALUCHISTAN											
<b>Sub Total</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>100%</b>	<b>0%</b>			<b>2</b>	<b>100%</b>	<b>0%</b>
<b>Professional Positions</b>											
FEDERAL	3	2	1	3	100%	33%			3	100%	33%
NWFP											
PUNJAB	1	1	0	1	100%	0%			1	100%	0%
SIND											
BALUCHISTAN											
<b>Sub Total</b>	<b>4</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>100%</b>	<b>25%</b>			<b>4</b>	<b>100%</b>	<b>25%</b>
<b>Support Staff Positions</b>											
FEDERAL	2	1	1	2	100%	50%			2	100%	50%
NWFP											
PUNJAB											
SIND											
BALUCHISTAN											
<b>Sub Total</b>											
<b>TOTAL</b>	<b>8</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>100%</b>	<b>25%</b>	<b>6</b>	<b>2</b>	<b>8</b>	<b>100%</b>	<b>25%</b>

## B- SHORT TERM TECHNICAL STAFF

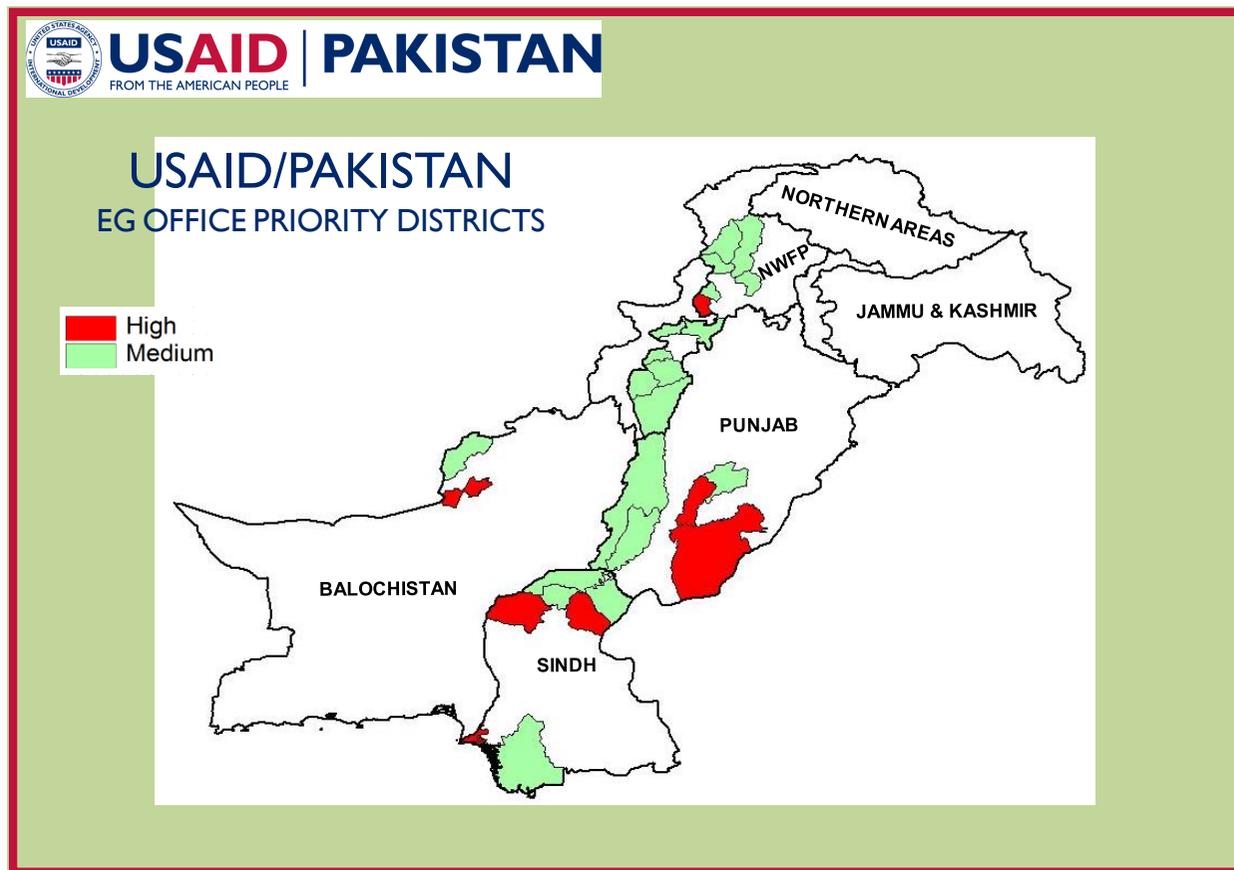
Region	Planned (Total)	Progress During This Quarter					Overall Progress				
		Filled Positions			Percentages		Filled Positions			Percentages	
		Male	Female	Total	% of Total Filled	% Female of Total Filled	Male	Female	Total	% of Total Filled	% Female of Total Filled
FEDERAL	3	3	0	3	100%	0%	3	0	3	100%	0%
NWFP											
PUNJAB	1	1	0	1	100%	0%	1	0	1	100%	0%

PROJECT STAFFING

SIND											
BALUCHISTAN											
<b>TOTAL</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>100%</b>	<b>0%</b>	<b>4</b>	<b>0</b>	<b>100%</b>	<b>0%</b>	

# GEOGRAPHIC COVERAGE

Insert a map like below which shows geographic area of your program activities. Perhaps you should provide color coding to indicate percentage of project funds spent in each province, <5%, 5% - 10%, 11% - 15%, 16% +.



# PROGRESS AND ACCOMPLISHMENTS



## PROGRESS AND ACCOMPLISHMENT – NATIONAL

### ACTIVITIES

Activity Ref.#	Activity	Description	Descriptive Results	Impact Achieved
1.1	Power sector policy development and implementation	The number of public/private professionals provided with USG supported training (formal coursework, on-the-job, seminars) on issues concerning energy policy and regulation.	Training to NEPRA, DISCOs	Improved guidelines shared for determining Discos' costs and enhanced prospects for improved NEPRA tariff methodology
2.1	Improvement of existing policies and institutional capacities	The number of energy and concerned agencies, utilities, etc, where USG programs have directly supported assessment of institutional capabilities in order to develop plans to enhance them	Capacity and gaps analysis of NEPRA	Improved guidelines for institutional capacity for improving tariff determination and follow through
3.1	Support to energy entities in institutional capability development	The number of energy and concerned agencies, utilities etc. where USG programs are directly supporting strengthening of institutional capabilities	Support to PC through focused studies for informing integrated energy strategy development	Integrated energy strategy developed for improving sector performance and efficiency
4.1	Analysis of current GOP energy sector measures and reforms	The number of reforms/regulations/administrative procedures analyzed to enhance sector governance and/or facilitate private sector participation and competitive markets as a result of USG assistance	Regulatory policy gap analysis, recommendations for new tariff methodologies and more transparent data input	More enabling policies and regulations to increase sector efficiency, attract investment and enhance sustainability
5.1	Draft and present policy reforms/regulations and administrative procedures for submission to appropriate GOP stakeholders	The number of reform measures, regulations, rules and procedures etc. that have been analyzed as part of the USG program with the objective of improving overall sector governance, the enabling environment, private sector investment and management, competition within the sector etc.	Draft and submission to PC, AEDB, NEPRA and Ministry of Environment policies on Ethanol Fuel, Solar water heaters, CDM procedures and tools for facilitating full cost recovery tariffs. Submission to PC roadmap for development of "PM Scorecard".	Bring in more meaningful sector reforms and improve performance
6.1	Secure full, formal approval of reform measures, rules and procedures etc.	The number of reform measures, regulations, rules and procedures etc. that have been enacted/adopted/approved as part of USG program with the objective of improving overall sector governance, the enabling environment, private	Drafts of various reform tools are at varying levels of review and approval by the concerned stakeholders	Adoption of critical policy/procedures for sector efficiency and improved performance

PROGRESS AND ACCOMPLISHMENTS

Activity Ref.#	Activity	Description	Descriptive Results	Impact Achieved
		sector investment and management, competition within the sector etc		

**Section**  
**2**

# QUARTERLY PROJECT INDICATORS UPDATE

## QUARTERLY PROJECT INDICATOR UPDATE – NATIONAL

Ind. Ref. #	Result Indicator	Activity Ref. # <sup>2</sup>	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1	Number of people trained in energy related policy and regulation practices	1.1	25	25	Increase in number is based on on-the-job training for NEPRA and workshop conducted for LESCO	100
<b>Component 2:</b>						
2.1	Number of energy agencies, regulatory bodies, utilities and civil society organizations undertaking capacity assessment	2.1	1	2	Target overachieved with inclusion of WAPDA and PEPCO in the context of Repair & Maintenance work	3
<b>Component 3:</b>						
3.1	Number of energy and concerned agencies, utilities etc. where USG programs are directly supporting strengthening of institutional capabilities	3.1	2	1	Issue of formal working arrangement for direct work with Ministry of Water and Power remains the reason for underachievement	5
<b>Component 4:</b>						
4.1	Number of policy reforms/regulations, administrative procedures analyzed to enhance sector governance and/or facilitate private sector participation and competitive markets	4.1	2	2	Completed Cost of Service Study and review of existing Renewable Energy Policy,	5

<sup>2</sup> Include activity reference number from the previous section.

Ind. Ref. #	Result Indicator	Activity Ref. # <sup>2</sup>	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 5:</b>						
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	5.1	2	4	Tools for tariff rationalization shared with NEPRA, LESCO Cost of Service Study model shared with LESCO and NEPRA, Road map for development of "PM Scorecard" shared with. Technical input provided to AEDB on PC1 on solar water heaters	6
<b>Component 6:</b>						
6.1	Number of reform measures, regulations, rules and procedures etc. that have been enacted/adopted/approved with the objective of improving overall sector governance, the enabling environment, private sector investment and management, competition within the sector etc.	6.1	1	0	Drafts of reform tools are at varying levels of stakeholders' review and consideration. Favorable response received from the public sector policy makers indicative of a likelihood of approval.	3

## QUARTERLY PROJECT INDICATOR UPDATE – NWFP

### DISTRICT – I

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component1:</b>						
1.2						
1.3						
<b>Component 2:</b>						
2.2						

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
2.3						
<b>Component 3:</b>						
3.2						
3.3						
<b>Component 4:</b>						
4.2						
4.3						
<b>Component 5:</b>						
5.1						
5.2						

**DISTRICT - 2**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
4.2						
<b>Component 5:</b>						
5.1						
5.2						

**DISTRICT - 3**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

## QUARTERLY PROJECT INDICATOR UPDATE – PUNJAB

### DISTRICT – I

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1	See first activity under Federal above	1.1			See first activity under Federal above	
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

### DISTRICT – 2

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

**DISTRICT – 3**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

## QUARTERLY PROJECT INDICATOR UPDATE – SIND

### DISTRICT – I

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

**DISTRICT – 2**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

**DISTRICT – 3**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

## QUARTERLY PROJECT INDICATOR UPDATE – BALUCHISTAN

### DISTRICT – I

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
4.2						
<b>Component 5:</b>						
5.1						
5.2						

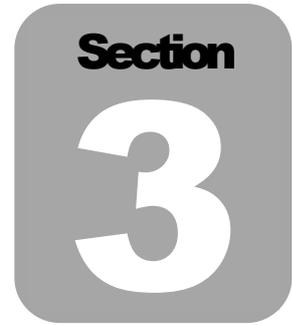
**DISTRICT - 2**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

**DISTRICT – 3**

Ind. Ref. #	Result Indicator	Activity Ref. #	Target results for the reporting quarter	Actual results for the reporting quarter	Comments	Cumulative Total (2009)
<b>Component 1:</b>						
1.1						
1.2						
<b>Component 2:</b>						
2.1						
2.2						
<b>Component 3:</b>						
3.1						
3.2						
<b>Component 4:</b>						
4.1						
4.2						
<b>Component 5:</b>						
5.1						
5.2						

# KEY EVENTS AND MEETINGS



## TRAININGS AND MENTORING

### TRAININGS AND MENTORING – NATIONAL

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

### TRAININGS AND MENTORING – NWFP

#### DISTRICT 1

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

#### DISTRICT 2

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

#### DISTRICT 3

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

### TRAININGS AND MENTORING – PUNJAB

#### DISTRICT 1

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

#### DISTRICT 2

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

#### DISTRICT 3

TITLE	DATE	Participants			Outcome/Result

		Male	Female	Total	

**TRAININGS AND MENTORING – SIND**

**DISTRICT 1**

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

**DISTRICT 2**

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

**DISTRICT 3**

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

**TRAININGS AND MENTORING – BALUCHISTAN**

**DISTRICT 1**

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

**DISTRICT 2**

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

**DISTRICT 3**

TITLE	DATE	Participants			Outcome/Result
		Male	Female	Total	

## MEETINGS<sup>3</sup>

### MEETINGS – NATIONAL

Meeting with	DATE	Purpose	Outcome/Result
Dr Ahmed J Durrani ( VC – LUMS) and Dean of the Economics faculty, Dr Ali Cheema.	7-09-2009	Research visit to LUMS, to make use of its intellectual capacity to facilitate the econometric studies done for the Planning Commission. Studies include, a)The “External oil dependency study for Pakistan” and b) The “Economic Impact of Power Outages in Pakistan”	Interaction with some of the brightest economists in Pakistan, and people who understand the domestic economy well. Interaction led to assistance in the form of guiding the studies to a level of acceptability.
Meetings with members of Nepra, Director Generals dealing with consumer affairs, Accounting and Tariffs.	31-07-09	Giving presentations to NEPRA on the new Tariff model.	There has, however been some communication gap, as the NEPRA does not acknowledge the receipt of the new Tariff model from the consultants.
Meetings with Disoc’s	08/2009	During the quarter under focus, various briefs e.g. “ Problems Faced by Discos, Incorporation of special purpose company for addressing the issue of huge liabilities of Disco’s, Peppo receivables & pending liabilities were prepared for the information of the management.	Guiding the Disco’s towards increased financial viability, efficiency and customer responsiveness of DISCO’s.
Visits to Tarbela and Mangla Hydro power stations	08/2009	To make an assessment of the immediate repair & maintenance works required at Tarbela hydro power stations ( 3478 MW) and Mangla power stations (1000 MW).	Assessment of the works required was made after discussion with technical staff of Tarbela & Mangla power stations, and estimates of the costs and benefits (Gain in MW & Gwh) were prepared and submitted.
Meetings with TP. Muzaffargarh ( Technical staff, CEO& resident engineers)	08/2009	To assess & review the rehabilitation works.	Consensus on initial and rapid implementation program achieved.
TP. Jamshoro	08/2009	To assess & review the rehabilitation works.	Consensus on initial and rapid implementation program achieved.
TP. Guddu	08/2009	To assess & review the rehabilitation works.	Consensus on initial and rapid implementation program achieved.

### MEETINGS – NWFP

#### DISTRICT I

Meeting with	DATE	Purpose	Outcome/Result
Visit to Tarbela Hydro Power station	08/2009	To make an assessment of the immediate repair & maintenance works required at Tarbela hydro power stations ( 3478 MW)	Assessment of the works required was made after discussion with technical staff of Tarbela power station, and estimates of the costs and benefits ( Gain in MW & Gwh) were

<sup>3</sup> Include only high level meetings involving people in important or powerful positions from government or donor agencies at a more extreme or advanced level than usual.

			prepared and submitted.

**DISTRICT 2**

Meeting with	DATE	Purpose	Outcome/Result

**DISTRICT 3**

Meeting with	DATE	Purpose	Outcome/Result

**MEETINGS – PUNJAB****DISTRICT I**

Meeting with	DATE	Purpose	Outcome/Result
Dr Ahmed J Durrani ( VC – LUMS) and Dean of the Economics faculty, Dr Ali Cheema.	7-09-2009	Research visit to LUMS, to make use of its intellectual know how to facilitate the econometric studies done for the Planning Commission. Studies include, a)The “External oil dependency study for Pakistan” and b) The “Economic Impact of Power Outages in Pakistan”	Interaction with some of the brightest economists in Pakistan, and people who understand the domestic economy well. Interaction led to assistance in the form of guiding the studies to a level of acceptability.
Meetings with Disco’s	08/2009	During the quarter under focus, various briefs e.g. “ Problems Faced by Discos, Incorporation of special purpose company for addressing the issue of huge liabilities of Disco’s, Pepco receivables & pending liabilities were prepared for the information of the management.	Guiding the Disco’s towards increased financial viability, efficiency and customer responsiveness of DISCO’s.
Meetings with TP. Muzaffargarh ( Technical staff, CEO& resident engineers)	08/2009	To assess & review the rehabilitation works.	Consensus on initial and rapid implementation program achieved.

**DISTRICT 2**

Meeting with	DATE	Purpose	Outcome/Result

**DISTRICT 3**

Meeting with	DATE	Purpose	Outcome/Result
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**MEETINGS – SIND**

**DISTRICT I**

Meeting with	DATE	Purpose	Outcome/Result
TP. Jamshoro	08/2009	To assess & review the rehabilitation works.	Consensus on initial and rapid implementation program achieved.
TP. Guddu	08/2009	To assess & review the rehabilitation works.	Consensus on initial and rapid implementation program achieved.

**DISTRICT 2**

Meeting with	DATE	Purpose	Outcome/Result

**DISTRICT 3**

Meeting with	DATE	Purpose	Outcome/Result

**MEETINGS – BALUCHISTAN**

**DISTRICT I**

Meeting with	DATE	Purpose	Outcome/Result

**DISTRICT 2**

Meeting with	DATE	Purpose	Outcome/Result

**DISTRICT 3**

Meeting with	DATE	Purpose	Outcome/Result

# SUCCESS STORY



## SUCCESS STORY

### LESCO “Listens” To Its Customers!

Lahore Electric Supply Company (LESCO) is one of the nine public utilities serving over three million customers in 5 districts’ of Punjab. “Each customer’ is an asset for us and we very interested to know how they view our services” said a senior manager of LECSO. And “our customers always seem dissatisfied and we need to know why and what can we do about it” commented another senior official. This triggered the ‘first ever’ process – Focus Group Discussions with customers from various categories, domestic, industrial, commercial and agricultural.

In April 2009, LESCO requested USAID’s Energy Policy Project team to provide them technical assistance to conduct a series of 15 focus Group Discussions, covering three of their main operational circles, Eastern, Southern and Sheikhpura. The Project responded enthusiastically as this was the first time any utility had shown interest in engaging proactively with their customers and getting candid, unfiltered, at times ‘charged’, feedback on the quality of their services and areas of improvement. This started an interesting, and unprecedented, process with the Energy Policy Project team working very closely with the LESCO staff to organize and facilitate the FDGs.

The USAID Energy Policy team developed the proposed set of questions and shared it for LESCO review and approval. Finally, it was decided that seven questions will be asked during a given session, ranging from quality of services to elements of meter reading, billing and suggestions for improvement in all domains of operations.

Close to 180 customers were reached through the series of sessions conducted during May and June 2009, out of which 40 were women. Three sessions were conducted exclusively for women’s groups from the domestic category. It came out that women were better informed than males of means and mechanisms of electricity theft! And how did they know it? Well, through the ever ‘reliable’ neighborhood ‘grapevine’! Women also recommended that a Liaison Office for Female Customers be designated at circle offices, because “we find it very difficult to gain access to circle officials due to social constraints” said one of the participants in the session conducted in the Eastern Circle.

“We can’t believe this is happening in Pakistan”, commented a male customer from the domestic category, and “this is the first time any public sector organization has invited us to listen to our opinions and suggestions” commented one of the female participants. Another interesting comment by a male customer was that next time someone asks me what I appreciate about LESCO I would share my experience of participation in today’s session. But at the same time another participant observed “This was a wonderful experience but LESCO should put in place some mechanism to continue this sort of personal interaction with us”.

The sessions were charged, highly participatory and allowed customers to evolve a relationship with a company that was never seen ‘except when they send the bills’. LESCO’s image changed in the process, and the customers viewed them as a utility that “cares about us and that is why it is interested in ‘listening’ to us”. The process was owned by LESCO, with USAID’s Energy Policy Project serving as a bridge to bring customers closer to their utility through a process of listening and learning!



Above: Image of the Focus Group Discussion conducted for customers from small to medium commercial category in LESCO's Eastern Circle

Below: Moment captured during the session held in Sheikhurpra, with an industrial sector customer sharing his views.

## SUCCESS STORY

### **‘Re-powering’ Pakistan!**

In early August 2009, the increasing economic crisis, triggered in part by unprecedented power shortages and unscheduled outages, affected the life of each and every Pakistani. The macro impact of these factors logically were felt at the household level – with women bearing the major brunt of the fast deteriorating situation. This situation resulted in social unrest with serious potential of escalating if some immediate and viable measures were not taken to respond. Waves of public protests, demonstrations and critical incidences of violence were evident of things going from bad to worse if an effort for responding to the problem was not put together – post haste!

USAID Mission decided to not initially start re-inventing the wheel by providing support for new power generation facilities, but to instead go with what is already on the ground. This was the beginning of the Repair and Maintenance efforts geared to increase the generation capacities of GOP’s existing hydro and thermal power facilities. The on-going EP Project was the logical partner for the Mission in the process. The Project team responded with enthusiasm and efficiency to the challenge of conducting an extensive assessment to come up with best prospects for increasing the generation capacities of Mangla and Tarbela hydro, and Jamshoro, Guddu and Muzafarab thermal, power plants. Working closely with the Planning Commission, a team of local energy experts was brought into the Project team. The team visited each of the select power facilities and went into the minutest details to assess and recommend “What can be done in the shortest possible time to add more generation?”, and “How can the support from the American people be channelized to provide short term relief to the Pakistani people?”

“We have been waiting for such offer of help to get our plant producing at its full capacity” commented one of the senior engineers at Mangla when the Project team visited them for the assessment. This feedback was echoed by another high level official at Jamshoro plant when he requested a senior member of the EP Project team to “Ask USAID to mobilize this support on priority basis as our plant can produce much more power using the same resources. All we need is to have our equipment in better shape”.

The assessment effort, carried out in record time simultaneously in Punjab, NWFP and Sindh provinces, came with complete information on the needs of individual plants, expected increases in generation if the USG support kicks-in and the economic impact of enhanced power generation. The results of the Assessment are expected to significantly assist in the design of USAID prospective “signature projects” and other initiatives.

In terms of generation, the USAID Assessment anticipates that if repair and maintenance efforts, coupled with focused training and capacity building are put in place, one can expect approximately a 500 MWs increase in generation. The total cost of this USG support is estimated to be in the range of \$78 million. Compared to financing new power plants this cost is significantly lower.

The entire Assessment effort was a great example that when the end is to address urgent needs means are not to build new but get existing facilities back to better shape- using local technical resources.



Muzaffargarh Thermal Power Facility – efforts to restore its lost ‘generation’ glory!



Mangla Hydro Power Plant- Trying to make over the signs of gener-aging!

# PROBLEMS AND OBSTACLES

## FEDERAL LEVEL

Problems/Obstacles/Issues	Steps Taken to Remedy Them
Issues related to poor Repair and Maintenance (R&M) of GOP power facilities are long standing. If the USG embarks on the proposed significant R&M effort it must ensure that the GOP stakeholders “buy-in” into much improved R&M practices so that USG assistance proves sustainable.	EP Project plans to complement R&M efforts with training of both technical and management staff to promote sustainable good practices.
The National Power Regulatory Authority (NEPRA) has serious problems relating to political interference and training & retention on sufficient number of capable technical staff.	To ensure that our Technical Assistance (TA) and training interventions are optimally applied, we have focused a significant portion of our efforts on promoting a more transparent data submission process in determining and adjudicating power tariff determinations

## PROVINCIAL LEVEL

Problems/Obstacles/Issues	Steps Taken to Remedy Them

## DISTRICT LEVEL

Problems/Obstacles/Issues	Steps Taken to Remedy Them

## ADMINISTRATIVE ISSUES

Problems/Obstacles/Issues	Steps Taken to Remedy Them
Engaging qualified technical consultants is made more difficult by the existing Mission TCN policies	We have encouraged the Mission to adopt a more flexible TCN policy as a number of other USAID missions (such as Mission Kabul) have done.

# SECURITY RISKS

## FEDERAL LEVEL

Security Risks	Steps Taken to Overcome Them
A worsening security situation puts the EP Project office arrangement in a public building at a greater risk	We have identified a suitable, low profile premises in a residential area as a potential EP Project office and are moving quickly to hopefully secure it.

## PROVINCIAL LEVEL

Security Risks	Steps Taken to Overcome Them

## DISTRICT LEVEL

Security Risks	Steps Taken to Overcome Them

# PROJECT SNAPSHOT

## NEXT 90 DAYS (OCTOBER – DECEMBER 2009)

### NATIONAL

#### ACTIVITIES

Ind. Ref. #	Result Indicator	Activity Description	Tentative Completion Date
1.1	Number of people trained in energy related policy and regulation practices	LESCO Cost of Service Study replicated in select other Discos, most likely Multan (Punjab) and Peshawar (NWFP)	TBD
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	A joint study on Pakistan's " External Oil Dependency" is completed for the Planning Commission's Five Year Energy Security Plan. This involved some research collaboration with LUMS.	End October 2009
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	A joint study on the "Economic Impact of Power Outages" completed for the Planning Commission's Five Year Energy Security Plan	Mid November 2009
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	EP drafted a "Communications Plan" on request of the CEO of "Women In Energy" and submit the same to the NGO for review and action	First week of October 2009
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	Significant technical input provided to the development of the draft of the Mid Term renewable Energy Policy on request of Alternate Energy Development Board (AEDB)	End December 2009
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	A transparent "Regulatory Accounting" mechanism developed for power distribution companies, most likely with LESCO as a pilot.	TBD
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	Development of "PM Scorecard" to serve as a roadmap of the energy policy steps that need to be taken by the GOP.	TBD
6.1	Number of reform measures, regulations, rules and procedures etc. that have been enacted/adopted/approved with the objective of improving overall sector governance, the enabling environment, private sector investment and management, competition within the sector etc.	Lahore Electric Supply Company (LESCO) Cost of Service Study formally launched as a major step in improving the tariff determination regime in the country	TBD

Ind. Ref. #	Result Indicator	Activity Description	Tentative Completion Date
5.1	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	Repair and Maintenance work of existing hydro and thermal power facilities will continue over the coming quarter. Reports produced based on assessment of the existing hydro and thermal power facilities with an aim to enhance their capacities. Follow-up assessment of repair and maintenance power generation opportunities, Technical Assistance and training efforts are developed.	End November 2009
51.	Number of policy reforms/regulations/administrative procedures drafted and presented for public stakeholder consultation to enhance sector governance and/or facilitate private sector participation and competitive markets	Technical support to introduction and promotion of Solar Home Systems in Pakistan. This would be a collaborative effort with other USAID initiative/s and private sector.	TBD

**TRAININGS**

Ind. Ref. #	Result Indicator	Training Title and Description <i>(Also add details about type and number of expected participants)</i>	Tentative Completion Date

**OTHERS (INCLUDE MEETING & EVENTS OTHER THAN TRAINING)**

Ind. Ref. #	Result Indicator	Description	Tentative Completion Date

**NWFP****ACTIVITIES**

Ind. Ref. #	Result Indicator	Activity Description	Tentative Completion Date
1.1	See first activity under 1.1 under Federal above		

**TRAININGS**

Ind. Ref. #	Result Indicator	Training Title and Description <i>(Also add details about type and number of expected participants)</i>	Tentative Completion Date

**OTHERS (INCLUDE MEETING & EVENTS OTHER THAN TRAINING)**

Ind. Ref. #	Result Indicator	Description	Tentative Completion Date

**PUNJAB**

**ACTIVITIES**

Ind. Ref. #	Result Indicator	Activity Description	Tentative Completion Date
	See first activity under 1.1 at the Federal above		

**TRAININGS**

Ind. Ref. #	Result Indicator	Training Title and Description <i>(Also add details about type and number of expected participants)</i>	Tentative Completion Date

**OTHERS (INCLUDE MEETING & EVENTS OTHER THAN TRAINING)**

Ind. Ref. #	Result Indicator	Description	Tentative Completion Date

**SIND**

**ACTIVITIES**

Ind. Ref. #	Result Indicator	Activity Description	Tentative Completion Date

**TRAININGS**

Ind. Ref. #	Result Indicator	Training Title and Description <i>(Also add details about type and number of expected participants)</i>	Tentative Completion Date

**OTHERS (INCLUDE MEETING & EVENTS OTHER THAN TRAINING)**

Ind. Ref. #	Result Indicator	Description	Tentative Completion Date

**BALUCHISTAN**

**ACTIVITIES**

Ind. Ref. #	Result Indicator	Activity Description	Tentative Completion Date

**TRAININGS**

Ind. Ref. #	Result Indicator	Training Title and Description <i>(Also add details about type and number of expected participants)</i>	Tentative Completion Date

**OTHERS (INCLUDE MEETING & EVENTS OTHER THAN TRAINING)**

Ind. Ref. #	Result Indicator	Description	Tentative Completion Date



## ANNEX – B: LIST OF SUCCESS STORIES

Success Story Title	Component	Project Year	Release Date	Comments
LESCO “Listens” To Its Customers!	Public Outreach to improve customer services areas of power utilities	2009		Being shared with the current QPR
“Re”-empowering Pakistan	Based on recently conducted Repair and Maintenance efforts of existing GOP hydro and thermal power facilities	2009		Being shared with the current QPR

## ANNEX – C: LIST OF COMPLETED DELIVERABLES

Title	Completion Date
<b>Component 1:</b>	
<b>Component 2:</b>	
<b>Component 3:</b>	
<b>Component 4:</b>	
<b>Component 5:</b>	



## ANNEX – E: GANNT CHART FOR NEXT QUARTER

