



USAID | **PAKISTAN**
FROM THE AMERICAN PEOPLE

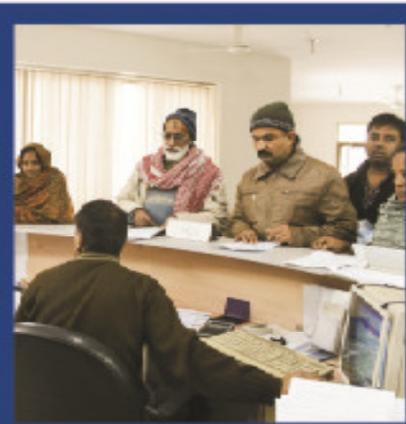
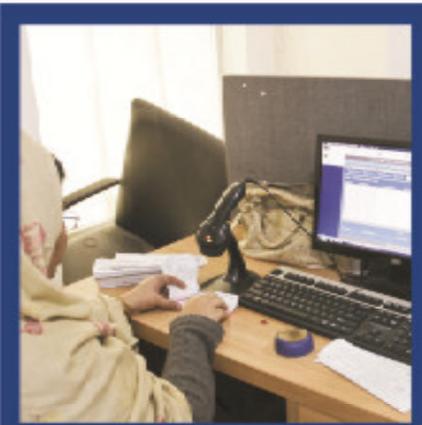
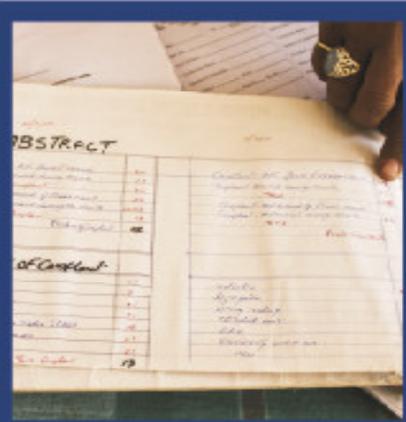
FIRST QUARTERLY PERFORMANCE REPORT OCTOBER-DECEMBER 2010

MWP-USAID POWER DISTRIBUTION IMPROVEMENT PROGRAM

COMPONENT I

31 DECEMBER 2010

This report was produced for review by the United States Agency for International Development (USAID). It was prepared by International Resources Group (IRG) for the Power Distribution Improvement Program (PDIP).



¹ Commercial audit in progress at HESCO

² Manual record of customer complaints

³ PDIP's, COP, Dick Dumford briefing the participants of the Power Sector Reforms Workshop, November 11-12, 2010

⁴ A model of transformer and transmission lines in the T & P Lab

⁵ PDIP's audit team at a briefing session at HESCO

⁶ A staff member from the MIS Department, LESCO entering data from the electricity bill stubs

⁷ Meter technology display in a T & P lab

⁸ Customers at a complaint centre at LESCO

⁹ USAID's COTR, Charles Moseley and PDIP's COP, Dick Dumford at the Power Sector Reforms Workshop

PAKISTAN-US ENERGY PARTNERSHIP

MWP-USAID POWER DISTRIBUTION IMPROVEMENT PROGRAM

FIRST QUARTERLY PERFORMANCE REPORT
OCTOBER-DECEMBER 2010

ENERGY II IQC CONTRACT EPP-I-00-03-00006
TASK ORDER 13

MWP-USAID Power Distribution improvement Program
House 23, Street 19, F-6/2
Islamabad, Pakistan
Phone: +92 (0) 42 662 2427/8
Email: ddumford@pdip.pk

Disclaimer

This publication was made possible through support provided by the U.S. Agency for International Development, under the terms of Award No. EPP-I-00-03-00006-00. The opinions expressed herein are those of International Resources Group and do not necessarily reflect the views of the U.S. Agency for International Development or the United States Government.

TABLE OF CONTENTS

I.	PROGRAM OVERVIEW	1
I.1.	Program Background	1
I.2.	Main Program Components	1
I.2.1.	Component 1 – Implementation Planning and Start-up	1
I.2.2.	Component 2 – Program Implementation – Performance Improvement Action Plans	2
I.3.	Outcome of the Program	2
I.4.	Program Acceleration	2
I.5.	Program Financial Summary	3
2.	PROGRAM HIGHLIGHTS	4
3.	KEY PERSONNEL	6
4.	PROGRAM STAFFING	7
5.	GEOGRAPHIC COVERAGE	9
6.	PROGRESS AND ACCOMPLISHMENTS	10
7.	KEY EVENTS AND MEETINGS	20
8.	SUCCESS STORIES	21
8.1.	Agents of Change for the Power Sector	21
8.2.	PDIP Business Plan – Key to Success	22
8.3.	Empowering the Power Sector	23
9.	PROBLEMS AND OBSTACLES	24
10.	SECURITY RISKS	25
	ANNEX-A: COMMUNICATION PRODUCTS DEVELOPED	26
	ANNEX-B: DRAFT COMPONENT I WORK PLAN	28

ACRONYMS

AA	Ask Corporation
ACSS	Allocated Cost of Service Study
ADB	Asian Development Bank
Af/Pak	Afghanistan/Pakistan Task Force
Barqaab	Barqaab Consulting Services (Pvt.) Limited
CCN	Cooperating County National
CEDD	Coal and Energy Development Department
CPPA	Central Power Purchasing Agency
CEO	Chief Executive Officer
CFL	Compact Fluorescent Lamp
CFO	Chief Financial Officer
CIS	Customer Information System
CM	Change Management
COP	Chief of Party
COTR	Contracting Officer's Technical Representative
CPFF	Cost plus Fixed Fee
CPR	Contractor Performance Reports
CRCP	Consumer Rights Commission of Pakistan Limited
CRM	Customer Relationship Management
CSO	Civil Society Organization
CT	Current Transfer
CTS	Capital Techno Security
DCOP	Deputy Chief of Party
DISCO	Power Distribution Company
DSM	Demand Side Management
EAM	Enterprise Asset Management
EBRD	European Bank for Reconstruction and Development
ECI	Empowerment thru Creative Integration (Pvt.) Limited
EDS	Electricity Distribution System
EEC	USAID/Pakistan Energy Efficiency and Capital Program

EGAT	Economic Growth Agriculture and Trade Bureau, USAID
EMG	Energy Markets Group
ENERCON	National Energy Conservation Centre
EPP	USAID/Liberia Emergency Power Program
ERP	Enterprise Resources Planning
ESCO	Energy Service Company
EU	European Union
FAR	Federal Acquisition Regulation
FESCO	Faisalabad Electric Supply Company Ltd.
FT	Field Team
GENCOs	Government-Owned Thermal Power Generation Companies
GIT	Government Indicator Toolkit
GOP	Government of Pakistan
GRA	Gas Regulatory Authority
HESCO	Hyderabad Electric Supply Company Limited
HO	Home Office
HR	Human Resource
HT	High Tension
IEC	International Electro technical Commission
IEEP	Institution of Electrical and Electronic Engineers Pakistan
IESCO	Islamabad Electric Supply Company Limited
IPP	Independent Power Producer
IQC	Independent Quality Contract
IRG	International Resources Group
IT	Information Technology
JBIC	Japan Bank for International Cooperation
KESC	Karachi Electric Supply Company Limited
KPI	Key Performance Indicators
KPMG	KPMG Tasee Hadi & Company
KV	Kilovolts
kVARh	Kilo Voltage Amperes Reactive per hour
KW	Kilowatt

KWh	Kilowatt-hour
LEAP	USAID/Liberia Energy Assistance Program
LEC	Liberia Electric Corporation
LESCO	Lahore Electric Supply Company Limited
LIFE	USAID/Egypt Lifting Incomes from Environment
LOE	Level of Effort
LRMC	Long Run Marginal Cost
LT	Long Term
LT	Low Tension
LV	Low voltage
M&E	Monitoring and Evaluation
MD	Managing Director
MIS	Management Information System
MOF	Ministry of Finance
MOU	Memoranda of Understanding
MEPCO	Multan Electric Power Company Limited
MPNR	Ministry of Petroleum & Natural Resources
MW	Megawatt
MWP	Ministry of Water and Power
NEPRA	National Electric Power Regulatory Authority
NGO	Non-Governmental Organization
NRECA	NRECA International Limited
NTDC	National Transmission and Dispatch Company Limited
O&M	Operations and Maintenance
PCP	Power Conservation Plan
PDIP	Pakistan Power Distribution Companies Performance Improvement Program
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Power Company
PIAP	Performance Improvement Action Plan
PITCO	Pakistan Industrial Trading Company (Pvt.) Limited
PM	Project Manager
PNAC	Pakistan National Accreditation Council

PPIB	Private Power and Infrastructure Board
PPP	Public-Private Partnership
PSQACA	Pakistan Standards and Quality Control Authority
PT	Power Transformer (voltage to voltage)
QC	Quality Control
QESCO	Quetta Electric Supply Company Limited
RFTOP	Request for Task Order Proposal
RSO	Regional Security Officer
RIAA	Rizvi, Isa, Afridi and Angell
RTC	Regional Training Centers
SAIDI	System Average Interruption Frequency Index
SIMS	System Information Services
SMS	Smart Systems (SMC-Pvt.) Limited
SOW	Statement of Work
TCEB	Thar Coal and Energy Board
TDY	Temporary Duty
TelcoNet	TelecoNet Services (Pvt.) Limited
TESCO	Tribal Area Electric Power Company Limited
TNA	Training Needs Assessment
TOT	Training of Trainers
UN	United Nations
USTDA	United States Trade and Development Agency
US	United States
USAID	United States Agency for International Development
USEA	United States Energy Association
USG	United States Government
USTDA	United States Trade and Development Agency
V&A	Vitelli & Associates
VAR	Voltage Amperes Reactive
VP	Vice President
WAPDA	Pakistan Water and Power Development Authority
WB	World Bank

1. PROGRAM OVERVIEW

This report covers the efforts made by United States Agency for International Development (USAID) to improve overall commercial performance of the participating Pakistan Government owned Power Distribution Companies (DISCOs) and related power sector reforms. The Ministry of Water and Power (MWP)-USAID Power Distribution Improvement Program (PDIP) has two components. Under Component 1, “PDIP Implementation Planning and Start-Up,” USAID will familiarize itself with the Ministry of Water and Power, the eight DISCOs, the National Electric Power Regulatory Authority (NEPRA) and their current performance, prepare operating audit reports, and develop in partnership with these agencies performance improvement Action Plans. These will lead to Component 2 of the program where the customized/individualized Action Plans and related Performance Improvement Projects will be finalized and carried out in partnership with the agencies to assist them to address the identified challenges/constraints.

I.1. PROGRAM BACKGROUND

Program approved: September 17, 2010

Program duration: Component 1: 6-12 months. Option for Component 2 for additional period up to three year total program duration. Component 1 and 2 may overlap.

Main Contractor: International Resources Group (IRG)

Sub-contractors: NRECA, CRCP, ECI, EMG, KPMG, PITCO, RIAA, SMART.

I.2. MAIN PROGRAM COMPONENTS

I.2.1. COMPONENT I – IMPLEMENTATION PLANNING AND START-UP

The success of this component leads to the implementation of Component 2 of the project. Proactive activities were organized, which include review of documents, MWP-USAID-sponsored workshops to gain familiarity with Government of Pakistan (GOP) policies and initiate improvements within the DISCOs, meetings with senior management of DISCOs to determine their interest and plans, and other activities required by NEPRA and donors such as World Bank (WB) and Asian Development Bank (ADB). Deliverable reports required by the Task Order were developed which documented key factors affecting the performance of the DISCOs.

A PDIP Implementation Task Force was mobilized and carried out on-site operational audits of each participating DISCO and, in partnership with the DISCO, identified performance improvement actions to assist the DISCOs to improve revenue, reduce technical and non-technical losses, and enable them to function at par with similar companies in other developing countries. This included identifying Performance Improvement Projects to demonstrate improved techniques and equipment to improve DISCO performance.

Concurrently, the Secretary of the MWP requested PDIP to provide a team of expert Senior Manager/Advisors to the MWP to provide assistance with decision formulation regarding the Power Sector Reform and restructuring of the MWP. This Governance Restructuring Team (GRT) is working in partnership with the Secretary and his staff to formulate solutions to MWP problems associated with the power sector reform, and has assessed the MWP organization.

Overall, the PDIP Team has worked with the power-sector related agencies of the GOP to identify improvement actions that can bring about sustainable institutional, operational, organizational, and management reforms at the DISCOs and the MWP. These reforms will create a political and legal will for change.

I.2.2. COMPONENT 2 – PROGRAM IMPLEMENTATION – PERFORMANCE IMPROVEMENT ACTION PLANS

Component 2 will carry out, in partnership with the DISCOs, MWP, and NEPRA, the implementation of Performance Improvement Action Plans to empower DISCO Managers and Boards of Directors to make independent informed decisions to improve their governance, build support for investment in DISCOs, improve revenues, achieve substantial reduction in technical and non-technical losses, and enforce service-oriented and customer needs-focused services.

I.3. OUTCOME OF THE PROGRAM

As per the Task Order, the goal of PDIP is to improve the overall commercial performance of the participating DISCOs to levels comparable to those of well-run distribution utilities in other progressive developing countries. Performance Improvement objectives and targets under PDIP include:

- i. Greatly improved DISCO governance and management.
- ii. Creation of the legal and political space required for DISCOs to be able to operate in a commercially rational manner.
- iii. Establishment of Full-Cost Recovery Tariffs.
- iv. Introduction of Smart meters and other Technologies in areas with a strong potential for performance improvement.
- v. Substantial Improvement of Human Resource Management, including the introduction of performance based incentives.
- vi. Substantial reductions in technical and non-technical energy losses, including reduction in energy theft and power factor optimization.
- vii. Improvement in energy and power factor metering at points of purchase, during flows through network, and end-user sales. The latter will focus initially on large consumption customers.
- viii. Improvement in billings, collections, and revenue management.
- ix. Improvements in customer service to be service-oriented and customer needs-focused, including reduced planned and unplanned outages and voltage fluctuations.
- x. Elimination of dependence on/need for GOP subsidies.

As noted above, key performance improvement indicators will be established on a case-by-case basis with each of the participating DISCOs and other entities under the terms of the GOP-United States Government (USG) Program Implementation Agreement and included in each respective Performance Improvement Action Plan.

While the possibility of the privatization of DISCOs might be improved through participation in PDIP, privatization is not a PDIP objective.

I.4. PROGRAM ACCELERATION

The plans for execution of prerequisite activities for the completion of the Component 2 proposal have been accelerated by six months to advance the completion and submittal of the Component 2 proposal from September 2011 to March 2011. As of December 31, 2010 this activity was maintaining the accelerated schedule, with submittal of the Component 2 proposal planned prior to March 15, 2011.

I.5. PROGRAM FINANCIAL SUMMARY

Contract No:	EPP-1-00-03-00006-00, Task Order 13
Date of Issuance of Task Order:	September 17, 2010
Amount Obligated Under Task Order:	US\$7,202,935
Total Project Funds Expended to Date:	US\$685,064
Project Funds Expended During the Reporting Quarter:	US\$685,064

2. PROGRAM HIGHLIGHTS

- IRG was awarded the Task Order for the PDIP program on Sept. 17, 2010.
- PDIP was launched in September 2010.
- Chief of Party joined PDIP on October 21, 2010.
- **Workshops Attended**
 - PDIP Team participated in a two-day workshop on Power Sector Reform, held in the auditorium of P block Secretariat in Islamabad on October 4-5, 2010. In this workshop, the GOP tasked the PDIP Team to assist DISCOs in preparation of meaningful Business Plans.
 - PDIP Team attended second two-day workshop on Power Sector Reforms held in WAPDA House in Lahore on November 11-12, 2010. The workshop was attended by all Power Sector stakeholders including: MWP, Ministry of Finance, Board of Investment, Ministry of Petroleum and Natural Resources, NEPRA, eight DISCOs, GENCOs, NTDC, IPPs, international donors, World Bank, Asian Development Bank, and KfW. PDIP Team was introduced to the stakeholders by the COP. International cost of service studies were reviewed and data template was developed. The DISCOs committed to begin collecting data to populate the template.
 - A Business Plan Workshop was held at Energy House on December 9, 2010 and attended by more than 40 managers, CFOs, and CEOs from all eight DISCOs.
- **DISCO Visits and Data Collection**

Preliminary data collection on DISCOs for development of Business Plans in accordance with the Task Order as per GOP needs was initiated on October 1, 2010. All eight DISCOs were visited between October 18 and November 4, 2010. The PDIP Team, led by the DCOP, went to each DISCO headquarters and met with the CEOs, Senior Management, and all Manager Operations from the field and introduced the PDIP program. During the visits the following was discussed:

 - PDIP Team shared objectives and tasks under the program with the DISCOs.
 - CEO of each DISCO briefed the PDIP Team on the current performance of the DISCO and highlighted the challenges and roadblocks faced.
 - Possible measures for improving DISCO performance were discussed. Proposal for launching Performance Improvement Project was also discussed.
- **Operational Audits**

2. PROGRAM HIGHLIGHTS

First major activity of the Program was the operational audit of DISCOs to establish baseline information for performance improvement projects in each of the functional areas of finance, commercial management, human resource, engineering & operations, and communications & customer relations. It began with LESCO in Lahore on November 24, 2010 and is on-going.

- Schedule of operational audit:
 - LESCO 11/24/10 – 11/30/10
 - FESCO 12/13/10 – 12/18/10
 - HESCO 12/20/10 – 12/24/10
 - PESCO 12/28/10 – 01/01/11
 - The remaining operational audits will be finished in January, 2011.
- During the operational audit DISCOs discussed their Business Plans using the template provided by PDIP. The remaining DISCOs are required to submit their Business Plans by January 2011.
- **Governance Restructuring Team Assigned to MWP**

PDIP received a formal letter from USAID requesting the assignment of up to seven Senior Managers/Advisors to the Secretary MWP in November 2010. PDIP developed and assigned senior personnel to the offices of the Secretary, beginning on November 26, 2010. MWP offices were renovated and the team took up residence at the MWP on December 9, 2010.
- **NEPRA Performance Standards and Their Enforcement**
 - PDIP was introduced to NEPRA as part of the November 2010 program introduction conducted for power sector officials from throughout Pakistan at the Energy Sector Reform meeting held in Lahore on November 11-12, 2010.
 - A comprehensive report on NEPRA has been prepared by PDIP which provides an assessment of the legal and policy aspects of the NEPRA-DISCO operations and relations to NEPRA and its work relevant to distribution operations in Pakistan.
 - Meetings have been held with NEPRA and a list of potential improvement assistance actions developed in conjunction with NEPRA.

3. KEY PERSONNEL

SN	Key Personnel Name	Designation	Employee Type ¹			Employment Type		Contact Number	Email Address
			USN	TCN	CCN	Long-Term	Short-Term		
1	J. R. "Dick" Dumford	Chief of Party (COP)	x	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	0301-8550123	ddumford@pdip.pk
2	M. Saleem Arif	Deputy Chief of Party (DCOP)	<input type="checkbox"/>	<input type="checkbox"/>	x	x	<input type="checkbox"/>	0333-4088513	m.saleem.arif@pdip.pk
3	Patrick O'Leary	Director Finance & Admin	x	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	0336-5135331	OBE in January, 2011
4	Shahid Iqbal	Senior Financial Advisor	<input type="checkbox"/>	<input type="checkbox"/>	x	x	<input type="checkbox"/>	051-2270991-16	siqbal@pdip.pk
5	Michael Gembol	Senior Change Management Advisor	x	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>	051-2270991-16	mgembol@pdip.pk

¹ USN-United States National; TCN-Third Country National; CCN-Client Country National

4. PROGRAM STAFFING

A – LONG TERM STAFF					
Region	Planned (Total)	Progress During this Quarter		Overall Progress	
		Filled Positions	%of Total Filled	Filled Positions	%of Total Filled
Management Positions					
IRG	9 ¹	9	100	9	100
NRECA	3 ²	3	100	3	100
CRCP	1 ³	2	100	2	100
ECI	1 ⁴	2	100	2	100
EMG	4 ⁵	4	100	4	100
KPMG	1 ⁶	1	100	1	100
PITCO	6 ⁷	6	100	6	100
RIAA	1 ⁸	1	100	1	100
SMART	3 ⁹	3	100	3	100
TELCONET	4 ¹⁰	4	100	4	100
USEA	2 ¹¹	0	0	0	0
Sub-Total	35	35	100	35	100
Professional Positions					
IRG	2 ¹²	2	100	2	100
CRCP	1 ¹³	1	100	1	100
PITCO	7 ¹⁴	7	100	7	100
Sub-Total	10	10	100	10	100
Support Staff Positions					
IRG	5 ¹⁵	5	100	5	100
Sub-Total	5	5	100	5	100
B – SHORT TERM TECHNICAL STAFF					

4. PROGRAM STAFFING

Region	Planned (Total)	Progress During this Quarter		Overall Progress	
		Filled Positions	%of Total Filled	Filled Positions	%of Total Filled
Management Positions					
IRG	116	1	100	1	100
USEA	117	1	100	1	100
Total	2	2	100	2	100

¹Chief of Party, DCOP, Director, Finance & Admin, IRG Resident Director, DISCO Finance Management Account Director, Security Manager, Account Manager, IT Manager, Communications & Outreach Manager.

²Finance Management Account Expert, Commercial Ops Billing Cycle Expert, Sr. Manager/Advisor Distribution

³Sr. Customer Info/Outreach Communications Expert

⁴Capacity Training Expert, Deputy Manager

⁵HR capacity Building Expert, Advisor Energy, Advisor Generation, QA Senior Advisor

⁶DISCO Sr. Chartered Accountant

⁷Field Project Manager, HR Team Lead, Senior District Systems Construction Planner, Senior Commercial Operation Expert, Senior cost of Service & Tariff Design, Customer Account Record Specialist

⁸Legal Advisor

⁹Quality Manager, Senior Distribution Planning advisor, Sr. Tariff & Cost of Service Specialist

¹⁰Metering System Advisor, Customer Account & Record Specialist, HR Specialist, Billing Systems Specialist

¹¹Project Manager Associate (Qurat), Project Coordinator Admin (Khurram)

¹²Further staff will be reflected in the next quarter's report to reflect additional recruiting effort in the IT, Finance and Administration areas

¹³Consumer & Market Research Officer

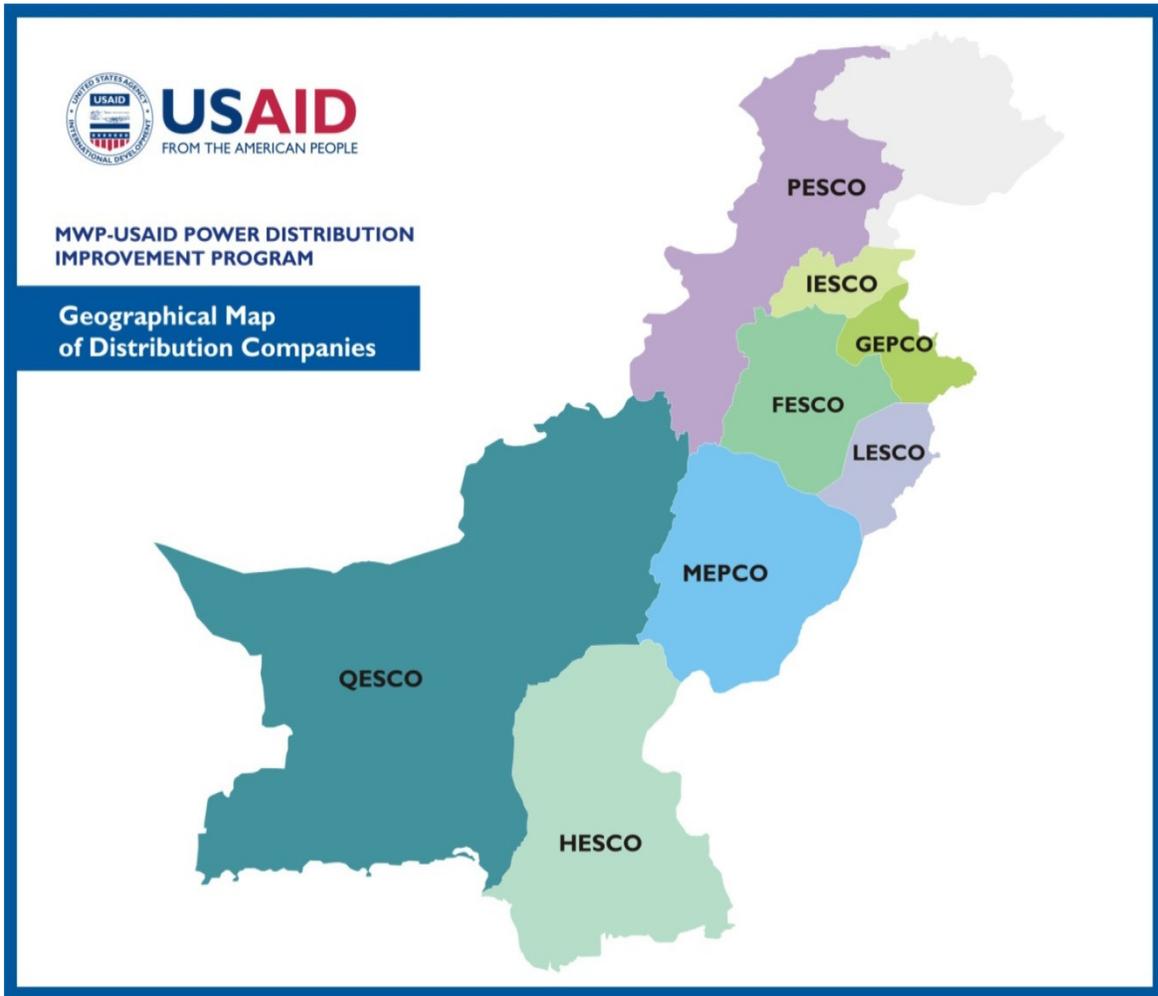
¹⁴HR Specialist, 6 x GIS specialists

¹⁵Further support staff will feature in the next quarter's report to reflect House 22, now being rented

¹⁶Tariq Qazi

¹⁷Mary-Louise Vitelli

5. GEOGRAPHIC COVERAGE



6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
1. (21 days)	Comprehensive Report on Start-Up Workshop	C.4.1.1	The Power Sector Reform workshop was held in Lahore on November 11-12, 2010 which served as the start-up workshop for PDIP. Managers, CFOs and CEOs from all 8 DISCOs participated in this event. It served as an excellent platform to introduce PDIP to not just the DISCOs but all stakeholders of the power sector including: MWP, Ministry of Finance, Board of Investment, Ministry of Petroleum and Natural Resources, NEPRA, GENCOs, NTDC, IPPs, international donors, World Bank, Asian Development Bank, and KfW. Workshop report draft has been provided to USAID 14 December 2010 for approval.	Developed a shared set of reasonable expectations for what PDIP can provide, how the PDIP Team and the DISCOs will cooperate, the capabilities of the PDIP Team, and the respective roles of USAID and the GOP.
2. (28 days)	Factual Report on the present governance of DISCOs including the roles of MWP, NEPRA, PEPCO, and Boards of Directors of DISCOs, and planned changes therein	C.4.1.6	A factual report has been developed which (i) provides the status of each of the DISCOs with emphasis on governance and financial health; (ii) describes the roles of the Government agencies in power distribution sector; and (iii) presents a “think piece” for the constitution of a Task Force and participation of DISCOs in PDIP. Report draft has been provided to USAID 14 December 2010 for approval. This report has been undertaken as a “desk study”, that is, information was taken from published sources in Pakistan, on the Internet, from documents of international finance institutions, and from USAID files as well as Energy Markets Group (EMG) and other PDIP team members files.	The data in this report serve as the “baseline” for PDIP’s performance improvement projects with DISCOs. It identifies major issues in governance, technical infrastructure, network operations, commercial practices, finance, customer care and service, human resources, legal framework, and corruption. It recommends five specific steps through which PDIP will best support GOP’s reform agenda.

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
3. (28 days)	A comprehensive report on current revenue management policies and practices, including the roles of the DISCOs, PEPCO and banks in the policies and practices	C.4.1.4	Report draft has been provided to USAID on November 23, 2010 for approval, which includes an analysis of the revenue collection/management policies in the DISCOs and a comparison of the policies with the practices on the ground. The study evaluates the funds transferred from DISCOs to the Central Power Purchasing Agency (CPPA), and the application of subsidies by GOP to cover differences between the cost of service and authorized tariffs. The report also evaluates the incentives/disincentives in place to DISCOs to ensure cost recovery.	The report identifies needs and opportunities and gives conclusions and recommendations for improvement in revenue management with due consideration to the practicality of recommendations in DISCO-specific scenarios.
4. (28 days)	Draft reports on the review of NEPRA	C.4.1.8	PDIP was introduced to NEPRA during the November 2010 start-up workshop. Subsequent meetings were held with NEPRA in which a list of potential improvement assistance actions was developed in conjunction with NEPRA. Report draft has been provided to USAID December 23, 2010 for approval, which provides a fundamental legal and policy review of NEPRA and DISCO operations and relations. It provides summary information on NEPRA management and operations, legal basis for the appointment of NEPRA chairman and members, how its budget is funded, and the role of NEPRA in DISCO licensing and tariffs.	Key findings and recommendations have been identified in conjunction with NEPRA for revisions in NEPRA's existing legal framework, policies, regulations, and practices, which are required to permit and/or require improvement in the performance of DISCOs as either GOP- or private sector-owned public utilities.
5. (28 days)	Report on review of performance agreements of DISCOs	C.4.1.9	A draft review will be provided to USAID for approval on January 3, 2011 on the "Performance Contracts" which have resulted from the "Performance Agreements" between DISCOs and MWP. It analyses performance indicators and institutional arrangements required for their implementation. It identifies areas where difficulties may be encountered, and where the methodology may be improved, and where gaps may be addressed in areas normally covered in performance contracting.	The key finding of the review is to modify and do not use the Performance Contracts in the proposed manner. It recommends using an alternative approach to improve DISCO performance, redraft performance indicators, and distinguish performance targets based on each DISCO's operations.

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
6. (40 days)	Draft Component I Work Plan		See initial draft Work Plan appended at Annex B.	Final draft will be provided to USAID no later than February 20, 2011 for approval.
7. (40 days)	Draft Component I Security Plan		A Security Handbook has been compiled as a comprehensive policy document in accordance with IRG project office safety and security guide. Report draft has been provided to USAID December 20, 2010 for approval.	The document evaluates country-wide threat and formulates a mandatory security and travel plan for the safety of PDIP staff. A final Security Plan will be developed in the next quarter.
8. (40 days)	Draft Component I Monitoring and Evaluation (M&E) Plan		The M&E Plan has been developed according to the guidelines of the Automated Directives System (ADS) 201-203 to fulfill the management, monitoring, assessment, evaluation and reporting requirements of USAID/Pakistan. Report draft has been provided to USAID December 19, 2010 for approval.	The M&E Plan will support informed management decisions, improved organizational processes, identification of performance gaps, and the setting of goals for improvements. Updating of the M&E Plan will be conducted at the end of the first year of implementation. A short-term M&E consultant will help staff collect performance information. Performance M&E will serve to track the ongoing PDIP deliverables and support the constructive review of Work Plan activities for the adoption of feasible and effective approaches to implementation.
9. (40 days)	Draft Component I Branding and Marking (B&M) Plan		Report draft has been provided to USAID October 2010 for approval. It is currently under revision with PDIP. The branding strategy is guided by USAID's Documentation Outreach and Communications office in Pakistan. This document facilitates PDIP's goals by summarizing PDIP's communications objectives and publicity mechanics, It incorporates a draft list of stakeholders including primary and secondary target audiences to be engaged through appropriate communication methods and materials. The Marking Plan identifies an illustrative list of items that will bear USAID's graphic identity along with key visual templates.	The plan determines how the Program will position, promote, and communicate the USAID brand through most effectively informing the host-country's government, civil society organizations, media, the private sector, multilateral agencies, and bilateral donors about USAID's commitment to the power sector reforms. This message will continue to resonate actively, strategically, and consistently in a variety of ways through PDIP's scheduled completion. The Marking Plan translates into communicating a coherent, consistent and visible USAID brand.

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
10. (28 days)	A report with recommendations and proposals concerning the establishment, staffing and functioning of the PDIP Implementation Task Force	C.4.1.2 & C.4.1.3	Concept meeting and planned organization development meeting held November 23, 2010 with MWP and USAID. The Implementation Task Force of PDIP is being led by IRG under the leadership of the IRG Chief of party (COP) and consists of 47 IRG professional personnel, 37 Pakistani, and 10 expatriates. Fully equipped office facilities, transportation and support services have been established to facilitate the working of the PDIP Team.	In the implementation phase it will be supplemented by additional personnel including employees from the individual DISCOs selected to serve on the PDIP Implementation Team. The Task Force Secretariat will conduct periodic meetings with the DISCOs and MWP and other interested stakeholders to share information, inform progress of performance improvement project activities, and present information regarding problems/solutions to issues common to all DISCOs and other stakeholders.
11. (50 days)	Submission of Final USAID-approved Component I Work Plan, Security Plan, M&E Plan and B&M Plan		Submission pending USAID approval of individual plans.	To be confirmed in the next Quarterly Report.
12. (55 days)	Submission of first Draft DISCO Operational Audit Report	C.4.1.4	First major activity of the Program was operational audit of DISCOs. It began with LESCO in Lahore on November 24, 2010. LESCO Operation Audit Report will be submitted to USAID mid-January, 2011.	USAID representative will attend meeting on review of findings with LESCO in Lahore on January 15, 2011. Report will be subsequently provided to the Secretary, MWVP by USAID for review.
13. (60 days)	Submission of first Final DISCO Operational Audit Report	C.4.1.4	See Task Order Deliverable Ref. # 12.	To be confirmed in the next Quarterly Report.
14. (60 days)	Submission of first Draft Performance Improvement Action Plan	C.4.1.5	LESCO Performance Improvement Action Plan is being drafted along with the description of specific performance improvement projects. The document will present a summary of proposed performance improvements, together with an action plan to accomplish the targets. Two sets of actions are presented in the Action Plan – general interventions that will be the focus of technical assistance and training efforts; and projects that will have a	The goal of this report is to provide a blueprint to modernize LESCO as an electric distribution utility; to present a vision of how LESCO can achieve the high standards of electric distribution performance to which its consumers are entitled; and to present specific targets and actions that define the goals and objectives of the performance improvement program. Lastly, this report will present a time-

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
			<p>more specific purpose, that may have engineering, commercial management, HR and other functions, and may require procurement of materials and construction of works.</p> <p>Draft LESCO Performance Improvement Action Plan will be submitted mid-January, 2011 to USAID for approval.</p>	<p>scheduled plan with estimated investment costs describing how LESCO can achieve the targets defined herein.</p>
15. (65 days)	Submission of first Final Performance Improvement Action Plan	C.4.1.5	Final LESCO Performance Improvement Action Plan will be submitted by January 29, 2011 to USAID for approval.	To be confirmed in the next Quarterly Report.
16. (90 days)	Staggered Submission of the balance of required draft and final DISCO Operational Audit Reports and Draft Performance Improvement Action Plans	C.4.1.4 & C.4.1.5	<ul style="list-style-type: none"> • The PDIP Team paid pre-audit visits to all the eight DISCOs, one by one (18 Oct-4 Nov, 2010), to introduce the Program and to have a preliminary assessment of their operations and business. • Schedule of pre-audit visits: <ul style="list-style-type: none"> • LESCO 10/18/10 • GEPCO 10/19/10 • FESCO 10/21/10 • HESCO 10/28/10 • IESCO 10/29/10 • PESCO 11/01/10 • QESCO 11/02/10 • MEPCO 11/04/10 • An operational audit of each of the eight DISCOs is being conducted by the PDIP Team in partnership with each DISCO to establish baseline information for improvement interventions in each of the functional area of finance, commercial management, human resource, engineering & operations and communications & customer relations. This intensive activity will be completed in all the eight DISCOs by 28 	To be confirmed in the next Quarterly Report.

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
			<p>Jan, 2011.</p> <p>Schedule of operational audit:</p> <ul style="list-style-type: none"> • LESCO 11/24/10 – 11/30/10 • FESCO 12/13/10 – 12/18/10 • HESCO 12/20/10 – 12/24/10 • PESCO 12/28/10 – 01/01/11 <ul style="list-style-type: none"> • In the <u>Engineering Audit</u>, the engineering and operations team reviewed DISCOs policies, procedures, and practices and studied DISCOs transmission and distribution system maps and single line diagrams. The engineering team evaluated distribution planning and management processes through interviews with appropriate staff. The processes include planning and design, load forecasting, feeder mapping, system analysis, design and construction of distribution facilities, operations and maintenance, meter security, and procurement of equipment and materials. • The Engineering team selected a group of feeders that, as a whole, represent the principle characteristics of the DISCOs that is sales distribution between domestic, commercial, and industrial consumers, as well as average feeder length and the division between rural and urban service. The team carried out an extensive data gathering exercise to collect load information for peak loading, power factor, typical high side voltage values, and voltage range for a particular substation. Geographical referencing was conducted for selected distribution system feeders and laterals, line alignments, location of all distribution transformers, transformer sizes, pole locations, conductor size for the feeders, 400 volt circuits for selected distribution transformers, and conductor size of the 400 volt circuits. 	<ul style="list-style-type: none"> • The team determined DISCOs actual procedures and practice especially with respect to loss control, restoration of service and safety standards. Baseline information regarding DISCOs performance is established and interventions will be identified. • The data gathered was uploaded from GPS receivers and log sheets into an engineering model, and the results will be evaluated to determine technical loss levels for the feeders and laterals and identification of possible technical opportunities for reduction of non-technical loss.

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
			<ul style="list-style-type: none"> • The Engineering team visited the offices of the National Transmission Dispatch Company (NTDC) to review and evaluate processes and procedures associated with preparation of distribution design specifications, distribution design product descriptions, general product descriptions, and distribution system planning. • The <u>Financial Audit</u> evaluated the following performance parameters: financial reporting, internal control, cash receipts and disbursements, operational financing and investments, internal control, cost containment, and financial reporting including financial performance indicators. • The focus of the <u>Commercial Management Audit</u> was on the revenue cycle which includes registration of new consumers, meter reading practices, bill production and delivery, payments collections and receipt of consumer payment information, disconnection and reconnection process, bill adjustment procedures, customer services, organization of commercial department, meter maintenance, theft control, and customer information system. • The <u>Human Resource Management Audit</u> was geared towards developing an HR model that supports the long-term institutional needs of the DISCOs. • The <u>Communications & Outreach Audit</u> team visited DISCOs and had a series of in-depth focus group discussions and interviews to offer a diagnostic analysis of the state of internal and external communications processes and protocols, outreach campaigns, strategies and activities of DISCOs. 	<ul style="list-style-type: none"> • The financial audit identified operational objectives, expected financial and controls, and key areas of risks. • The commercial audit will assist with identifying opportunities to increase the efficiency and transparency of commercial activities, possibility to reduce non-technical losses and improve the financial performance of the DISCOs. • The goal of the human resource management audit was to identify improvements needed in DISCOs organizational structure and human resource management. • The Communications and Outreach Audit identified areas of improvement to facilitate DISCOs' corporate image, internal communications protocols and external interface with the end-consumer and stakeholders. • The PDIP Team conducted a comprehensive analysis on findings of above mentioned activities and provided necessary guidelines and recommendations for improvement of DISCO

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
			<ul style="list-style-type: none"> • The PDIP Team is continuing to work with all eight DISCOs to help them develop improved Business Plans. They will be submitted to PDIP by February 28, 2011. • Based on the operational audit reports, performance improvement action plans for all the eight DISCOs are being drafted along with the description of specific performance improvement projects. Action Plan drafts will be provided to USAID for three DISCOs (LESCO, FESCO and PESCO) no later than 14 February, 2011 for approval. Drafts will be complete by Feb 28 for all 8 DISCOs. The detailed final Reports are planned to complete by May 30, 2011. • A meeting has been held with LESCO to brief them on the findings of the operational audits and the action plan activities including performance improvement projects. Due to compressed timelines, the other seven DISCOs remain as of this date to be briefed on the findings of their Operational Audit and their Performance Improvement Action Plans. 	<p>operations. In collaboration with USAID each participating DISCO will develop Performance Improvement Action Plan that will identify and describe all activities and performance improvement projects that will be fully or in part supported by the USAID.</p>
17. (90 days)	Submission of first Draft MWP and NEPRA Participation Action Plan	C.4.1.6	<p><u>Activities for Performance Improvement of NEPRA</u></p> <ul style="list-style-type: none"> • Meetings have been held with NEPRA and a list of potential improvement assistance actions developed in conjunction with NEPRA. • Potential Participation Actions for NEPRA will be submitted to USAID no later than January 14, 2011. 	<p>Two situations have developed which may impact the nature of further assistance to NEPRA. First, the recent passage of the 18th Amendment to the Pakistan Constitution empowers the Provinces to have their own regulators, and second, the Friends of Pakistan Report recommends combining the electric and oil regulators. Until these two issues</p>

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
			<p><u>Activities with the Governance Restructuring Team (GRT) Assigned to MWP</u></p> <ul style="list-style-type: none"> • As requested by MWP, PDIP received a formal letter from USAID requesting the assignment of up to seven Senior Managers/Advisors to the Secretary MWP in November 2010. PDIP developed and assigned senior personnel to the offices of the Secretary, beginning on November 26, 2010. MWP offices were renovated and the team took up residence at the MWP on Dec 09, 2010. • GRT is reviewing MWP processes and interviewed MWP officials to understand problems, issues and weaknesses at MWP – Interim report will be submitted and discussed with the Secretary on January 22, 2011. • GRT is developing MWP Action Plan and budget for implementation during PDIP Phase II through September 2013. • If approved by USAID, phase II will assist MWP in the following areas; <ul style="list-style-type: none"> a. Improve sector governance b. Restructure power sector c. Strengthen the MWP d. Develop future leaders for the power sector e. Establish a policy and planning cell f. Develop key performance indicators <p>GRT assisted the Secretary, MWP in a number of meetings for the orderly dissolution of PEPCO. Joined MWP</p>	<p>are clarified efforts at NEPRA will be deferred. TBC in the next Quarterly Report.</p> <p>TBC in the next Quarterly Report.</p>

6. PROGRESS AND ACCOMPLISHMENTS

Task Order Deliverable Ref. #	Task Order Deliverable	Task Order SOW Ref. #	Activities towards Deliverable	Results/Remarks
	(a)	(b)	(c)	(d)
			<p>working group to achieve this objective by June 2011.</p> <ul style="list-style-type: none"> • GRT is assisting MWP in the identification of CEOs and COOs for GENCOs. Newspaper advertisement prepared and published on February 6. Reviewing 1000 plus resumes and will provide MWP a short list by end of March 2011. • GRT is working with an executive search firm to find CEO of CPPA (Central Power Purchasing Agency). Short list will be presented to MWP by March 20, 2011. • GRT is developing a scope of work for the least cost generation study to complement two previous studies; (i) Pak IEM (Integrated Energy Model) developed for the Planning Commission (Energy Wing) under funding from ADB and, (ii) National Power Plan being developed by a Canadian contractor for NTDC (National Transmission and Dispatch Company). • Reviewed feasibility study of proposed CASA-1000 transmission line project from Turkmenistan to Pakistan through Afghanistan. Presented our findings on December 21, 2011. • MWP Action Plan will be provided to USAID and reviewed with Secretary MWP by 18 February 2011. 	

7. KEY EVENTS AND MEETINGS

Sr. #	Title	Date	Participants	Number of Participants	Outcome/Result
	(a)	(b)	(c)	(d)	(e)
1.	Senior Staff Meeting No: 1	November 15, 2010	PDIP Internal Staff meeting	18	Objectives of PDIP were shared, new team members introduced to the participants to support GIS mapping operations, the requirements of Secretary, MWP assessed, status of deliverables reviewed
2.	Senior Staff Meeting No: 2	December 7, 2010	Senior Staff meeting	16	New schedule for operational audit came under discussion, additional experts to be provided to MWP Secretary. Three Performance Improvement projects were identified; workshop for the training of the Board was discussed.
3.	Power Sector Reform Meeting Islamabad	October 4-5, 2010	Same as above	100 participants	PDIP was requested to assist with DISCO business plans.
4.	Introductory DISCOs Visit Meetings	October 18 – November 4, 2010	PDIP Team and Senior Management of DISCOs	15 per DISCO	PDIP was introduced to DISCO concerns'
5.	PDIP Introductory Kick-off Meeting Lahore	November 11-12, 2010	DISCOs, MWP and other stakeholders	Same as above	PDIP COP presented the program.
6.	Operational Audit	November 24, 2010- January 1, 2011	Same as above	50+	Successful audit of DISCOs
7.	Business Plan Development Meeting	December 9, 2010	DISCO Financial Management	40+	DISCO leaders now developing improved business plans
8.	Project Appraisal (All day) Meeting with USAID	December 8, 2010	PDIP Team Financial Management and USAID	19	Methodology and progress on operational audit, planned actions and time frame to complete the operational audit were discussed besides deployment of expatriate consultants, setting up Secretariat for the PDIP-partnership committee, advisory group and PDIP Operational Audit and Implementation Team

8. SUCCESS STORIES

(The following success stories were furnished to USAID in the first quarter.)

8.1. AGENTS OF CHANGE FOR THE POWER SECTOR

Sitting at his desk, Tahir Mahmood Sheikh exudes a lot of optimism and confidence as he glances over the latest newsletter of Faisalabad Electric Supply Company (FESCO). With the ability to construct news for the media, he was lucky enough to get a job at FESCO, a role which he initially approached with a lot of apprehension. Today, he finds his journalism degree extremely relevant to his career at the utility. His role involves writing press releases and managing media relations.

Mr. Sheikh acknowledges that working for FESCO has been a challenge, especially when it comes to satisfying the demands of the consumer against continuous power outages and load shedding. His role becomes even more challenging as he has to keep himself abreast of the latest in the growing media world, which is a vital part of his job.

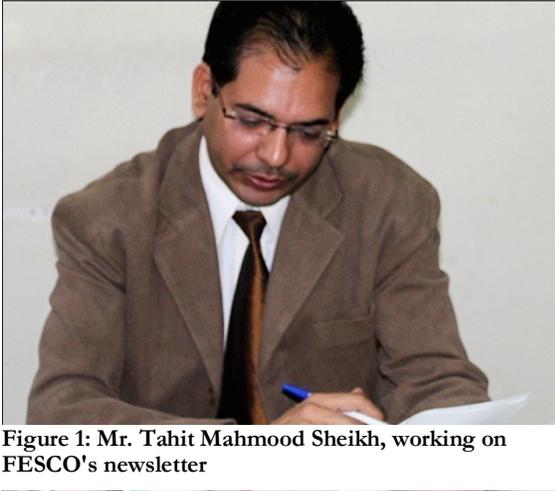


Figure 1: Mr. Tahit Mahmood Sheikh, working on FESCO's newsletter

Mr. Sheikh was quite complacent about his routine work until he participated in the focus group discussion organized as part of the operational assessment of FESCO conducted by the Power Distribution Improvement Program, which is jointly implemented by the Ministry of Water and Power and the US Agency for International Development.

For Mr. Sheikh, who has been working at the helm of affairs with the leadership of FESCO, the interaction turned out to be an eye-opening experience to motivate him towards better understanding of his potential role as one of the agents of change for FESCO.

He says that his ensuing discussion with the team led him to recognize the significance of proactive

communications, which has strengthened his self-belief in using information and communications technology tools for strengthening the relationship of the utility with its consumers.

As a primary step, he has launched the digital issue of the corporate newsletter on FESCO's website, which is a tiny initiative, but heralds the inception of a will to change an institutional mind-set entrenched in orthodox practices. According to Mr. Sheikh, small endeavors that help FESCO in reconnecting with the consumers at various levels can be a source of meaningful change, helping the utility in becoming accessible to the consumer, which may lead to strengthening revenue collection as well as corporate image of the utility. Mr. Sheikh says that at the end of the day just to know that "I am making a difference" is a source of immense satisfaction for anyone working in the power distribution sector.

8.2. PDIP BUSINESS PLAN – KEY TO SUCCESS

Pakistan is adversely affected by the ongoing energy crisis which has paralyzed the economic and social life of the country. The Government of Pakistan wants a resolution to the crippling energy crisis and USAID is supporting the Government of Pakistan in implementation of the power sector reforms which will help to resolve the crisis.

A USAID-funded program, the Power Distribution Improvement Program (PDIP) has been launched to help address the energy crisis in Pakistan. It is a joint program of the Ministry of Water and Power (MWP) and USAID in partnership with the eight Government owned power distribution companies (DISCOs). The purpose of this program is to assist the DISCOs to improve their performance in terms of loss reduction, increased revenues, improved customer services and institutional, operational and financial management.

PDIP is a three-year program funded by USAID and launched in September 2010.

International Resources Group (IRG), a US-based company, has been contracted to carry out the program. PDIP has two components: component one includes assessing the current situation in partnership with the DISCOs to establish a baseline for each DISCO and identify those areas where improvement interventions would be beneficial. Component two of the program includes implementation of improvement action plans that include proposed performance improvement projects selected to demonstrate key improvements the results of which can be shared with all DISCOs participating in PDIP.

DISCOs have been required to prepare and submit business plans to the Ministry of Water and Power that identify the means by which performance improvements can be implemented. In response to a request from the MWP, PDIP has extended support to the DISCOs to focus the business plans to more specifically identify key performance issues, and to present investment requirements to address these needs.

The PDIP designed a business plan framework and outline and sponsored a workshop on December 9, 2010 in Islamabad to present and discuss the business plan framework and outline.

Attendee representatives from all DISCOs included finance directors (FDs), and other senior management officers. The workshop was highlighted by the Lahore Electric Supply Company (LESCO) FD's business plan presentation using the new framework and outline. Based on comments and suggestions received during the workshop, PDIP used the LESCO business plan as model business plan and forwarded it to each DISCO. Several DISCOs have already submitted their new business plans using the new model, and others are in the final stages of completion.

This initiative will empower DISCOs to identify strategies to create attractive investment opportunities, reduce technical and non-technical losses, and improve commercial performance thus meeting customer needs and expectations. This will provide a roadmap to bring the DISCOs to the level comparable to those of well-run distribution companies in progressive developing countries.



Figure 2: PDIP Team met with DISCO representatives at the first Business Plan Development Workshop on December 9, 2010.

8.3. EMPOWERING THE POWER SECTOR

With the costs of fuel skyrocketing, a slow-moving economy, and limited availability of reliable and affordable electric power, the power distribution utilities in Pakistan are struggling to cope. From staggering losses to obsolete operational practices, these distribution companies badly lag behind those of modern utilities elsewhere in the world. Moreover, pervasive corruption, demoralized utility staff and aggressive consumer behavior further exacerbate the problem. For electric distribution utilities, these deficiencies translate into a level of financial performance that cannot be considered self-sustaining.

The momentum for lasting change is slowly picking up, with USAID investing hundreds of millions of dollars to transform the electricity sector, particularly the electric distribution companies through the Power Distribution Improvement Program – a three-year program launched in September 2010 in partnership with the Ministry of Water and Power (MWP)—to transform the electricity distribution utilities across Pakistan.

The first phase of the MWP-USAID Power Distribution Improvement Program has consisted of conducting operational assessments of each of the eight distribution utilities. The aim of these in-depth, operational audits was to establish baseline information that can be used to measure improvement in performance over time.

The operational audits of utilities covered governance, operational, financial, human resources, communications, and customer service areas and identified opportunities for fundamental improvement in all areas. These opportunities are reflected in specific Performance Improvement Action Plans, including implementation of Performance Improvement projects as part of the upcoming second phase of the program to demonstrate a number of key operational improvements and directly measure their

value to the utility.

Part of the challenge faced by the management and the newly-appointed boards of the utilities in seeking to “bootstrap” overall performance and create greater financial self-sufficiency will be to select the right actions at all levels. The program’s Action Plan will assist Pakistan’s power industry to undergo sweeping changes, transitioning to fully autonomous, commercially viable corporate entities that will engage in power generation, transmission and distribution under the Government’s aggressive reform agenda.



Figure 3: The operational audits of electricity distribution utilities provided PDIP Team with extensive insights into the utilities operate and the performance consequences of their current practices.

9. PROBLEMS AND OBSTACLES

Sr. #	Problems/Obstacles/Issues	Steps Taken to Remedy Them
	(a)	(b)
1.	Generally before visiting the DISCOs it was expected that the DISCOs would not cooperate with the PDIP team. DISCOs had been under the impression that an audit was being conducted to lay responsibility for their failures or to pick faults in their systems.	Visiting teams assured the DISCOs that PDIP is a joint program for improvement of DISCOs' performance and the PDIP team was there to assist each DISCO to identify the areas where performance improvement interventions are required. The team promised to work with the DISCOs to find resources and means to troubleshoot the areas of concern. This boosted the confidence of DISCOs in the PDIP team. So in practice the DISCOs provided full support and cooperation to the team.
2.	During the introductory visits and operational audits, the movement of the expats was restricted due to security concerns. Out of the eight DISCOs, the expats could not visit Peshawar (PESCO) and Quetta (QESCO) due to severe security risk. Even while visiting the other six DISCOs their movements were restricted so that they could not receive full exposure of the operations for assessing and appraising the performance of the DISCOs. The expats were confined to the metropolitan area where security was ensured.	The Pakistani members of the PDIP team, under direct supervision of the DCOP, visited the areas precluded to the expats. Daily briefing sessions were led by the DCOP where the team leader appraised the DCOP of daily progress and findings which were then communicated on a daily basis to the COP.
3.	The operational audits of the eight DISCOs are being carried out under compressed timelines due to the USAID requirement to complete the process on 31 March, 2011.	The PDIP Team tried to manage time effectively by dividing the team into five functional areas: engineering, financial, commercial, human resources, and communications & outreach. The PDIP Team prioritized and sampled the areas for conducting each activity so that no area remained unexamined. Anticipating the shortage of time and the quantity of information to be collected, the PDIP Finance team dispatched a separate team ahead of the visit for preparatory activities and to make sure the relevant data could be made available.

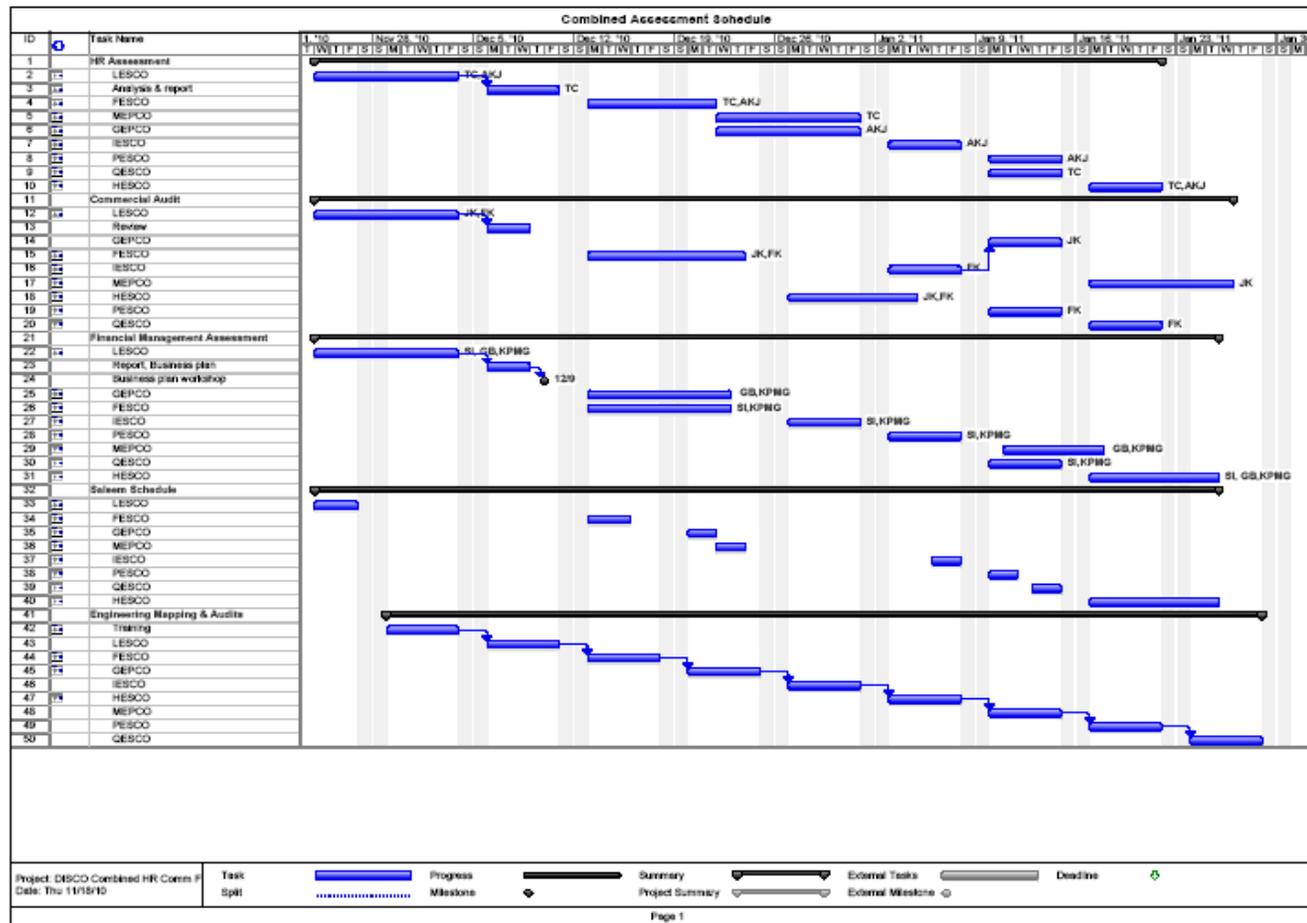
10. SECURITY RISKS

Security Risks	Steps Taken to Overcome Them	Progress
<p>The presence of Al-Qaida, Taliban elements, and indigenous militant sectarian groups poses a potential danger to U.S. and other Western citizens throughout Pakistan. Terrorists and their sympathizers regularly attack civilian, government, and foreign targets.</p>	<p>Hired an ex-military officer (Lt Col (Retired) Javed) in end-September 2010 with experience insecurity-related tasks as Security Manager. He was tasked with the following:</p> <ol style="list-style-type: none"> 1. Preparation of draft security plan 2. Conduct security assessment of House # 23 (PDIP Office) 3. Prepare draft travel instructions 4. Prepare a security brief for all overseas visitors 5. Develop a security plan when renting all other accommodation. 6. Draft emergency/ contingency plan 7. Draft instructions for all the drivers 8. Carry out security assessment of all DISCO cities for Phase II operations. <p>IRG Security Advisor Col (R) Robert Macpherson visited Pakistan in November 2010 to review and advise on all security matters.</p>	<ol style="list-style-type: none"> 1. 1st Draft put up in December 2010 2. Completed in November 2010 3. Draft prepared in December 2010 4. Prepared in December 2010 5. In Progress 6. Draft put up for review in January 2011 7. Prepared in January 2011 8. Completed in January 2011

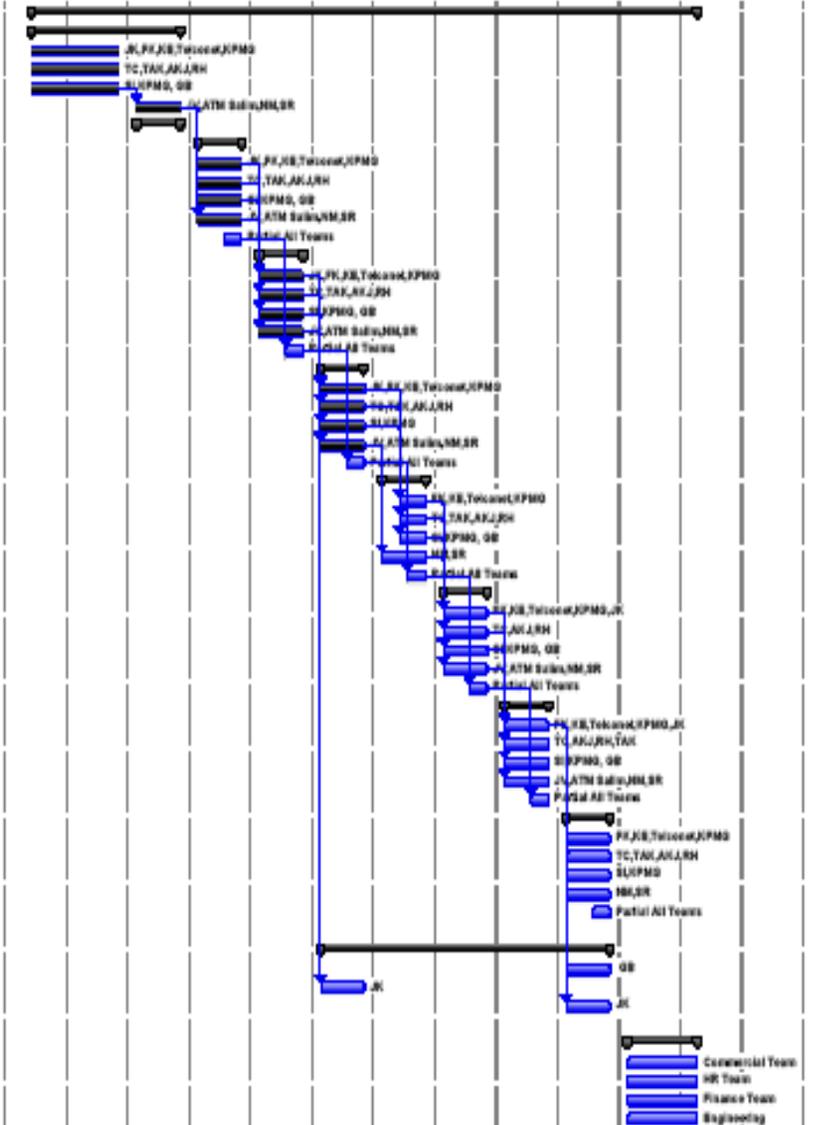
ANNEX-A: COMMUNICATION PRODUCTS DEVELOPED

Serial No.	Title	Media Type	Media Name	Release Date	Language	Media Tone
	(a)	(b)	(c)	(d)	(e)	(f)
1.	Review of Performance Agreements / Contracts			December 2010	English	
2.	Present DISCO Governance and Roles of MWP, NEPRA and PEPCO			December 2010	English	
3.	Monitoring and Evaluation (M&E) Plan			December 2010	English	
4.	Revenue Management Policies and Practices			December 2010	English	
5.	Legal and Policy Review of the National Electricity and Power Regulatory Authority (NEPRA) Concerning the Regulation of DISCOs in Pakistan			December 2010	English	
6.	IRG Security Handbook			December 2010	English	

ANNEX-B: DRAFT COMPONENT I WORK PLAN



ID	Task Name	Duration	Start	Finish	Predecessors	Resource Names
1	ASST Director for YBSCO	31 days	Wed 11/22/19	Mon 2/1/21		
2	YBSCO	12 days	Wed 11/22/19	Fri 12/13/19		
3	Commercial and Customer Affairs Team	8 days	Wed 11/22/19	Fri 12/13/19		JL,FX,JB,Tokawa,KPMG
4	HR & Capacity Building Team	8 days	Wed 11/22/19	Fri 12/13/19		TC,TAKAJURH
5	Finance & Corporate Affairs Team	8 days	Wed 11/22/19	Fri 12/13/19		SI,KPMG,GB
6	Engineering Team	8 days	Mon 12/2/19	Fri 12/13/19		JV,ATM Subo,NM,SR
7	Report to be submitted for YBSCO Workshop	5 days	Mon 12/2/19	Fri 12/13/19		
11	YBSCO	5 days	Mon 12/13/19	Fri 12/13/19		
12	Commercial and Customer Affairs Team	8 days	Mon 12/13/19	Fri 12/13/19		JL,FX,JB,Tokawa,KPMG
13	HR & Capacity Building Team	8 days	Mon 12/13/19	Fri 12/13/19		TC,TAKAJURH
14	Finance & Corporate Affairs Team	8 days	Mon 12/13/19	Fri 12/13/19		SI,KPMG,GB
15	Engineering Team	8 days	Mon 12/13/19	Fri 12/13/19		JV,ATM Subo,NM,SR
16	Report Write Up	2 days	Thu 12/19/19	Fri 12/13/19 (6PH) days		Partial All Teams
17	YBSCO	5 days	Mon 12/23/19	Fri 12/24/19		
18	Commercial and Customer Affairs Team	8 days	Mon 12/23/19	Fri 12/24/19		JL,FX,JB,Tokawa,KPMG
19	HR & Capacity Building Team	8 days	Mon 12/23/19	Fri 12/24/19		TC,TAKAJURH
20	Finance & Corporate Affairs Team	8 days	Mon 12/23/19	Fri 12/24/19		SI,KPMG,GB
21	Engineering Team	8 days	Mon 12/23/19	Fri 12/24/19		JV,ATM Subo,NM,SR
22	Report Write Up	2 days	Thu 12/23/19	Fri 12/24/19 (6PH) days		Partial All Teams
23	YBSCO / YBSCO	5 days	Mon 12/23/19	Fri 12/24/19		
24	Commercial and Customer Affairs Team	8 days	Mon 12/23/19	Fri 12/24/19		JL,FX,JB,Tokawa,KPMG
25	HR & Capacity Building Team	8 days	Mon 12/23/19	Fri 12/24/19		TC,TAKAJURH
26	Finance & Corporate Affairs Team	8 days	Mon 12/23/19	Fri 12/24/19		SI,KPMG,GB
27	Engineering Team	8 days	Mon 12/23/19	Fri 12/24/19		JV,ATM Subo,NM,SR
28	Report Write Up	2 days	Thu 12/26/19	Fri 12/24/19 (2PH) days		Partial All Teams
29	YBSCO	5 days	Mon 12/31/19	Fri 1/1/21		
30	Commercial and Customer Affairs Team	3 days	Wed 1/8/21	Fri 1/15/21		FX,JB,Tokawa,KPMG
31	HR & Capacity Building Team	3 days	Wed 1/8/21	Fri 1/15/21		TC,TAKAJURH
32	Finance & Corporate Affairs Team	3 days	Wed 1/8/21	Fri 1/15/21		SI,KPMG,GB
33	Engineering Team	3 days	Mon 1/12/21	Fri 1/15/21		NM,SR
34	Report Write Up	2 days	Thu 1/14/21	Fri 1/15/21 (2PH) days		Partial All Teams
35	YBSCO	5 days	Mon 1/18/21	Fri 1/18/21		
36	Commercial and Customer Affairs Team	8 days	Mon 1/18/21	Fri 1/18/21		FX,JB,Tokawa,KPMG,JK
37	HR & Capacity Building Team	8 days	Mon 1/18/21	Fri 1/18/21		TC,AKJURH
38	Finance & Corporate Affairs Team	8 days	Mon 1/18/21	Fri 1/18/21		SI,KPMG,GB
39	Engineering Team	8 days	Mon 1/18/21	Fri 1/18/21		JV,ATM Subo,NM,SR
40	Report Writeup	2 days	Thu 1/13/21	Fri 1/18/21 (6PH) days		Partial All Teams
41	YBSCO	5 days	Mon 1/19/21	Fri 1/21/21		
42	Commercial and Customer Affairs Team	8 days	Mon 1/19/21	Fri 1/21/21		FX,JB,Tokawa,KPMG,JK
43	HR & Capacity Building Team	8 days	Mon 1/19/21	Fri 1/21/21		TC,AKJURH,TAK
44	Finance & Corporate Affairs Team	8 days	Mon 1/19/21	Fri 1/21/21		SI,KPMG,GB
45	Engineering Team	8 days	Mon 1/19/21	Fri 1/21/21		JV,ATM Subo,NM,SR
46	Report Writeup	2 days	Thu 1/20/21	Fri 1/21/21 (6PH) days		Partial All Teams
47	YBSCO	5 days	Mon 1/26/21	Fri 1/26/21		
48	Commercial and Customer Affairs Team	8 days	Mon 1/26/21	Fri 1/26/21		FX,JB,Tokawa,KPMG
49	HR & Capacity Building Team	8 days	Mon 1/26/21	Fri 1/26/21		TC,TAKAJURH
50	Finance & Corporate Affairs Team	8 days	Mon 1/26/21	Fri 1/26/21		SI,KPMG,GB
51	Engineering Team	8 days	Mon 1/26/21	Fri 1/26/21		NM,SR
52	Report Write Up	2 days	Thu 1/27/21	Fri 1/26/21 (6PH) days		Partial All Teams
53						
54	Signal Team not visiting YBSCO and YBSCO	20 days	Mon 12/23/19	Fri 1/28/21		
55	daily not visiting YBSCO	8 days	Mon 1/26/21	Fri 1/28/21		GB
56	Joint not visiting YBSCO	8 days	Mon 1/26/21	Fri 1/28/21		JK
57	Joint not visiting YBSCO	8 days	Mon 1/26/21	Fri 1/28/21		JK
58						
59	Performance Improvement Action Plans	8 days	Mon 1/26/21	Mon 2/1/21		
60	Commercial	6 days	Mon 1/26/21	Mon 2/1/21		Commercial Team
61	HR	6 days	Mon 1/26/21	Mon 2/1/21		HR Team
62	Finance	6 days	Mon 1/26/21	Mon 2/1/21		Finance Team
63	Engineering	6 days	Mon 1/26/21	Mon 2/1/21		Engineering



U.S. Agency for International Development

1300 Pennsylvania Avenue, NW

Washington, DC 20523

Tel: (202) 712-0000

Fax: (202) 216-3524

www.usaid.gov