

**TECHNICAL ASSISTANCE FOR
RURAL POWER FOR POVERTY REDUCTION PROGRAM**

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RPPR II QUARTERLY REPORT

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Prepared By

NRECA INTERNATIONAL, LTD.

In Partnership With

RURAL ELECTRIFICATION BOARD OF BANGLADESH

And

USAID MISSION TO BANGLADESH

QUARTERLY REPORT FOR 04/06 TO 06/06
*Technical Assistance for Rural Power For
Poverty Reduction II Program*

TABLE OF CONTENTS

- I. **Executive Summary**
- II. **Quarterly Reporting and Overview of RPPR II Program**
 - Background on Quarterly Reporting
 - General Description of RPPR II Program
 - RPPR Mission Statement
 - RPPR II Program Objectives
- III. **Quarterly Status & Planning of RPPR II Program – Program Activities with Tasks**
 - Program Activity A: Planning and System Engineering**
 - Task A.1: Service Territory Database
 - Task A.2: PBS Short and Medium Range Planning
 - Program Activity B: Operations and Maintenance Programs**
 - Task B.1: Preventive Maintenance Programs
 - Task B.2: Material Supply for O&M Program
 - Program Activity C: Strengthen Utility Performance**
 - Task C.1: Strengthen Training Program and Procedures
 - Task C.2: Enhance Computerization in REB and PBSs
 - Program Activity D: Supplemental Tasks**
 - Task D.1: Updating Engineering and Construction Standards
 - Task D.2: Socio-Economic Impact Assessment
- IV. **Quarterly Status and Planning of RPPR II Project Management**
- V. **Brief Summary of Related Observations and Other RE Program Activities**
- VI. **Quarterly Report Exhibits**
 - Implementation Schedule
 - Budget Information

Executive Summary

The following serves as a summary of the progress made on various activities under each of the four Activities and the subsequent Tasks, with additional details included under section III:

Program Activity A: Planning and System Engineering

Task A.1: Service Territory Database

- Completed field data collection for updating the GIS database for Pabna PBS 2 and the data processing for updating the GIS database for Manikganj PBS.
- Initiated the processing of field data for updating GIS database for Natore PBS-1.
- Started the development of plans for conducting further training on GIS for REB/PBS and consulting firm personnel which will be implemented in the coming months.

Task A.2: PBS Short and Medium Range Planning

- Completed the development of the Future System, Future Load WindMil Model for Tangail PBS as part of the development of the Construction Work Plan development.
- Concluded the engineering and economic analyses of identified construction projects that will represent cost-effective ways for Tangail PBS to improve their quality of service.
- Initiated and completed the actual writing the Construction Work Plan report for Tangail PBS and assembled elements like voltage drop studies, economic conductor analysis, etc. in the report.
- Began the development of initial plans for updating the Construction Work Plan for Manikganj PBS, which will serve as a training experience for the PBS's Consulting Firm (ECBL) on the new system planning approach and the use of the Windmil soft engineering package.

Program Activity B: Operations and Maintenance Programs

Task B.1: Preventive Maintenance Programs

- Continued with "hands-on" training for REB personnel at the Savar Workshop in order to improve the quality and quantity of the equipment repair work being done at that facility.
- Provided additional training for REB System Operations personnel on how to properly provide oversight to the PBS substation maintenance program.
- Provided training for REB and PBS personnel on how to properly carry out "substation acceptance tests" after the substations have undergone the annual maintenance program by PBS personnel.

Task B.2: Material Supply for O&M Program

- Sorted out the O&M items that can be utilized by Savar Workshop only and advised for the required storage.

- Assisted the concerned REB personnel on storing O&M items transferred from Khulna to Savar Warehouse for proper storage on newly built shelves at Savar Warehouse.

Program Activity C: Strengthen Utility Performance

Task C.1: Strengthen Training Program and Procedures

- Completed the task of preparing first draft of the Training Manual on Photovoltaic System (PVS)/Solar Home System (SHS) (TW 012).
- Proceeded with the work of reviewing the Training Manuals on Operation, Maintenance and Repair of Transformer for Engineers (TO 232).
- Submitted the first draft Training Manuals on Interpersonal Communication for REB and PBS officers (IM 150, IM 151 and IM 152).
- Facilitated the workshop for seeking consensus on suggested corrections on the REB Chart of Accounts, Materials Accounting Policy etc. for getting it approved by REB authority in order to develop the training manual on REB Material Accounting Procedure (IF 520), REB Accounting Procedures (IF 505) and Understanding Financial Reports (IF 335).
- Prepared related documents and initiated preliminary work for organizing the workshops scheduled for July that is aimed at finalizing the Training Needs Assessment (TNA) for the officers and employees of REB and PBSs that is scheduled for July.

Task C.2: Enhance Computerization in REB and PBSs

- Continued with the on-going activities related to Consumer Information System (CIS) viz. software deployment in the pilot PBSs (including Mymensingh PBS-2), field-test, debugging, fine-tuning, bill printing, user orientation, preparation of Aging and DNP reports etc. The specific tasks accomplished during this quarter includes:
 - Installed CIS in the LAN of Mymensingh PBS -2 and organized training for the Billing Assistants and other relevant users of the PBS
 - Provided hands-on training on CIS operation for the Billing Assistants in Nandaï and Kotiadi Zonal Offices of Kishoreganj PBSs and Mymensingh PBS-2
 - Conducted demonstration on CIS for the senior officials of REB Office System and concerned Billing Assistants from a group of PBSs working with vendor developed Billing software package
 - Distributed the first draft of CIS User Guide to the concerned officials of REB Office System, PBS MOs, ICT, and the Pilot PBSs.
 - Distributed CDs with soft copy of format of preprinted Bill Form to all the eight PBSs selected for CIS implementation
 - Held meetings/discussions with relevant REB personnel including REB Chairman on various CIS implementation issues to highlight the importance of resolving issues that are preventing the implementation of the CIS, namely having necessary hardware in PBSs and contracts with the eight local vendors who have been selected by REB to help with the implementation of the CIS.

- Continued to provide ongoing support and training to PBS and REB personnel at NRECA office or if necessary at the PBSs on an "as needed basis".
- Continued working with a committee of REB officers on the review and updating of relevant Policy Instructions relating to Finance and Accounting task that have been automated in an attempt to ensure that the newly developed software packages match what is included in the formally approved Policy Instructions.

Program Activity D: Supplemental Tasks

Task D.1: Updating Engineering and Construction Standards

- As part of standard practice, continued to advise and assist REB regarding engineering related issues that impact the overall RE Program.

Task D.2: Socio-Economic Impact Assessment

- Conducted six training courses for PBS personnel on the baseline data collection techniques and procedures.
- Initiated plans for conducting a post-survey to measure impacts of having access to electricity and ensure utilization of the pre-surveyed data collected from the RE consumers.
- Consulted with REB on decision to extend the Baseline Data Collection System to ten (10) additional PBSs.
- Proceeded with required work on document containing 29 success case stories related to positive impacts on use of electricity by member/consumers in different PBS areas in preparation of printing for distribution to concerned stakeholders.
- Continued follow up supports to PBSs and assistances to SEMEC/REB.

Important Issues:

Repeated from previous Quarterly Report –

- **PBS Member/Consumer Unrest:** NRECA is very concerned about the problems related to the member/consumer unrest that developed in Chapainawabganj-Nawabganj PBS over a number of issues including load shedding during load shedding and other issues during this reporting period and how these problems were addressed. Contrary to previous years when similar problems would occur, it appears that REB did not take a proactive approach to the problems in this PBS and consequently the problems escalated due to REB management not becoming sufficiently engaged with the PBS management and Board to help diffuse the problems. Unfortunately the issues were not effectively addressed and eventually significant civil unrest developed which prompted the involvement of police and security forces which then resulted in more than twenty fatalities.
 - This incident clearly indicates the need for an enhanced effort by REB and the PBSs to revitalize the member education programs that were so strongly implemented in earlier years of the RE Program. With the rapid growth of the RE Program, thousands of new members are being connected each and

every day but without having any real understanding of the PBS concept and their role as a member/consumer of that PBS. The role of the member consumer and his/her sense of ownership and involvement in the PBS is the only real difference between the RE Program and an individual simply having a connection from the BPDB or DESA.

- This incident also highlights the need for having effective training programs for all PBS Board of Directors so the individual Directors have a proper understanding in terms of their role as a Board member in diffusing these types of situations on behalf of the PBS need for having proper. While many Directors have continued to serve on PBS Boards, there are many who have been elected but who have not received the necessary training which would prepare them to function properly as a PBS Director. This important activity has to again become a priority for REB if the RE Program in order for the Program to continue as it was designed.
- These two areas were amongst a number of areas that were identified in the Study ("*Bangladesh Rural Electrification Program at the Crossroads: An Analysis of Barriers, Threats, and Opportunities to Enhance Program Sustainability*") completed by NRECA in February 2005. However very little action has been taken on the recommendations included in the Report.
- **Overall Power Supply Crisis:** NRECA is also concerned over the overall shortage of power that is bringing the sector into a major crisis. It is also understood that this situation will likely continue to deteriorate further and put the sector under even more stress with significant negative impacts on the RE Program in particular. The PBSs continue to have excessive load shedding due to the grid substations (33 KV feeders) being operated in such a way that gives preferential treatment to BPDB service territory. With limited new generation expected in the coming months (years), the burden will become even more apparent and will put greater stress on the financial condition of the PBSs. Investments have been made in the system, but with there being no power to sell, the PBSs cannot generate revenues that will allow them to operate from a sound financial position.

II. Quarterly Reporting and Overview of RPPR II Program

Background on Quarterly Reporting:

Under the terms of NRECA International, Ltd's Contract with USAID, Quarterly Reports are to be submitted to provide information as to the status of the technical assistance provided under the Rural Power For Poverty Reduction (RPPR) II Program. It should be noted that this technical assistance effort follows a similar approach as to the RPPR Program in that it is "result oriented" and is very specific in terms of what is to be accomplished during the 5-year program. Unlike earlier Host Country Contracts (HCCs) between NRECA and REB where NRECA provided overall assistance to REB in all aspects of the RE Program, the RPPR II includes only specific Activities and Tasks. For this reason, it should be understood that Quarterly Reports for the RPPR II Program will present information as to the status of these activities and will not provide the same "broad-based" reporting on the entire RE Program as was done by NRECA under the previous HCCs with REB.

Comments on various other observations made by NRECA on the overall RE Program will be included, but for the most part will be primarily related to those areas that have direct and/or indirect impact on RPPR II activities.

General Description of RPPR II Program:

The objective of the RPPR II is to continue USAID's support of rural electrification in Bangladesh by concentrating on strengthening business operations and sector management so as to ensure institutional self-sufficiency and sustainability. Ultimately, the RPPR II will support USAID's overall objectives of poverty reduction in Bangladesh. The activities undertaken by REB and NRECA during this first year of the RPPR II program will be aimed at beginning the process of strengthening management and technical capability of the a group of selected PBSs. These activities will promote credibility and viability among these entities so that IFI and MDB donor funding will continue to be available for infrastructure and ongoing technical assistance; and will assist in preparing the REB system for the changes in the Bangladesh electric industry.

RPPR Mission Statement:

"To reduce rural poverty by enhancing the capacity of the PBSs to provide efficient user-owned electric service for the benefit of the customers."

RPPR II Program Objectives:

The overall RPPR II Program will promote the sufficiency and sustainability of the RE Program as a means of ensuring that the gains made over the last twenty five years will be continued with a reduced need for foreign assistance. Specifically the RPPR Program involves the completion of the eight specific Tasks under four Program Activities that support the following four main objectives:

- ***Planning and System Engineering.*** This Activity involves the completion of two tasks, including extending the geographic information systems (GIS) to an additional seven PBSs beyond the four systems developed under RPPR; developing improved planning capabilities at REB and the consulting engineering firms serving two PBSs. These efforts will be led by a long term Engineering and Operations Advisor supported by two short-term specialists. The GIS Specialist will provide specific technical support for development of the GIS task. The Planning Specialists will provide training to the consulting engineers in advanced analysis techniques. The expertise developed from the work in these limited number of PBSs will be expanded to additional PBSs.

- **Operations and Maintenance Program:** The focus of this Activity will include undertaking two tasks - strengthening preventive maintenance programs at two PBSs and working with the REB to institutionalize maintenance materials procurement and warehousing at REB and the PBSs. This Activity will be led by the Engineering and Operations Advisor and will be supported by two short-term specialists. The Maintenance Systems Specialist will provide specific guidance on execution and planning of line and equipment maintenance tasks. The Materials Specialist will work with REB and the PBSs to streamline maintenance material acquisition and warehousing.
- **Strengthening Utility Performance:** This focus area will involve two tasks. NRECA will work to strengthen the REB training function and complete the computerization task begun under RPPR I. The effort will be guided and managed by the Team Leader. Two short-term specialists will support the Team Leader with expertise in training and computerization. Because of the demands on the Team Leader's time and the limited funding available to support the specialists, the bulk of the responsibility for execution of both the training support and computerization programs will fall to seasoned local professionals, all of whom are long term NRECA employees.
- **Supplemental Tasks:** This focus area includes Tasks of a specific nature which have been requested by REB and which do not fall into any of the categories above. One task consists of a review and updating of the engineering and construction standards in use at REB with an eye to adapting them both to changing times and to new requirements for such things as construction of primary line in densely populated urban areas taken over from BPDB. In addition, the need for a socio economic assessment of the impact on rural poverty of electrification has been recognized for some time, and this focus area will include the further institutionalization at REB of capability for evaluating such impacts. The standards review will be carried out by an Engineering Specialist under the supervision of the Engineering and Operations Advisor, while the socio economic assessment will be conducted by local professionals on NRECA's staff under the supervision of the Team Leader.

RPPR Program Elements:

- Implementing Agency: Rural Electrification Board
- Duration: Five Years: Sept 26, 2002 through September 30, 2007
- Total Amount: US\$ 9.69 million (Tk.56.2 crore)
- Donor Funding: US Agency for International Development (USAID) – Contract

Note: NRECA has been advised that the Mission's funding from USAID Washington has been reduced and thus will require a reduction of \$750,000 from the \$9.69 million ceiling previously set for the RPPR II Budget. As of this reporting period, the process to formally amend the contract was underway and expected to be completed next Quarter.

Program Implementation Strategy As "Partnership"

The design and development of the original RPPR I Program was through a "partnership" between the REB, USAID, and NRECA International, Ltd, and this partnership arrangement will continue in RPPR II. The design of the Program was completed under a *Tripartite Agreement* between the partners. With the incorporation of the RPPR II Program into the *Strategic Objective Grant Agreement* which was executed on March 20, 2000 between the GOB's Economic Resource Division (ERD) and USAID, the partners formally entered into a *Trilateral Agreement* that provides direction for the implementation of the RPPR II Program. This Agreement, which was executed on October 29, 2002, outlines the various responsibilities of the respective partners.

III. Quarterly Status & Planning on Program Activities with Tasks

Program Activity A: *Planning and System Engineering*

Task A.1: **Service Territory Database**

Status as of this Quarter:

- Completed data processing for GIS project update for Manikganj PBS.
- Initiated the data processing for GIS project update for Natore PBS 1.
- Completed field data collection at Pabna 2 PBS for updating of GIS database.
- Continued providing ArcGIS training to personnel from local retainer electrical consultants of the PBSs.
- Continued to advise and assist REB regarding how to proceed with the World Bank funded GIS activity in order to keep it consistent with the approach currently established and to help ensure that it is properly completed and work on the development of a strategy to do it.
- Initiated the development of plans for conducting further training on GIS for REB/PBS and consulting firm personnel which will be implemented in the coming months.

Plans for Next Quarter:

- Complete the data processing for GIS project update for Natore PBS 1.
- Initiate and complete data processing for GIS project update for Pabna PBS-2.
- Analyze line extension project for Manikganj PBS.
- Continue providing ArcGIS training to personnel from local retainer electrical consultants of the PBSs.
- Continue to advise and assist REB regarding how to proceed with the World Bank funded GIS activity in order to keep it consistent with the approach currently established and to help ensure that it is properly completed and work on the development of a strategy to do it.
- Continue the development of plans for conducting further training on GIS for REB/PBS and consulting firm personnel which will be implemented in the coming months.
- Continue to pursue REB for approval of Policy 100-62 developed by NRECA.

Task A.2: **PBS Short and Medium Range Planning**

Status as of this Quarter:

- Continued to work with REB on the development of a transition plan from REB's current practice of following Master Plan to following the Construction Work Plan as per Policy Instruction 100-23.
- Continued to work with REB to obtain the necessary REB approvals and signatures required for the execution of the "Trilateral Agreement" between ECBL, REB and NRECA related to the use of the available MilSoft software packages for completing work on the Construction Work Plan process.
- Completed the development of the Future System, Future Load WindMil Model for Tangail

PBS.

- Completed the engineering and economic analyses of identified construction projects that will represent cost effective ways for Tangail PBS to improve their quality of service.
- Initiated and completed the actual writing the Construction Work Plan report for Tangail PBS and assembled the various elements included in the report (e.g. voltage drop studies, economic conductor analysis, etc.)
- Began the development of initial plans for updating the Construction Workplan for Manikganj PBS, which will serve as a training experience for the PBS's Consulting Firm (ECBL) using the Windmil engineering package.

Plans for Next Quarter:

- Develop future load and consumption from trend analysis for updating the Construction Work Plan for Manikganj PBS.
- Initiate developing a WindMil model for Manikganj PBS with existing network and existing load.
- Conduct a number of presentations on the developed Construction Work Plan of Tangail PBS to REB, PBS and donor representatives.
- Develop a model Development Project Proforma for Tangail PBS out of the developed Construction Work Plan for enhancing donor participation in materializing the work plan.
- Continue to follow-up the PBSs with respect to their practicing effective data flow process for ERC software.
- Continue to pursue REB for approval of Policy 100-23 revised by NRECA and implementation thereof.

Program Activity B: *Operations and Maintenance Programs*

Task B.1: Preventive Maintenance Programs

Status as of this Quarter:

- Continued to follow-up with REB regarding effort to obtain the Board approval of the proposed revisions of the two main PBS Maintenance Guidelines (PBS Policy Instruction 100-29 (Substation Operation, Inspection and Maintenance Manual) and 100-30 (Distribution Operation, Inspection and Maintenance Instructions)) which eventually got approved by REB.
- Continued with "hands-on" training for REB personnel at the Savar Workshop in order to improve the quality and quantity of the equipment repair work being done at that facility.
- Provided additional training for REB System Operations personnel on how to properly provide oversight to the PBS substation maintenance program.
- Provided training for REB and PBS personnel on how to properly carry out "substation acceptance tests" after the substations have undergone the annual maintenance program by PBS personnel.

(Note: These sessions highlighted various shortcomings that have occurred with respect to substation construction as a means for improving the capabilities of REB personnel who may be involved in overseeing local contractors hired to complete this type of work.)

- Consulted further with USAID on Scope of Work changes related to what can be accomplished with the preventative maintenance task given the required budget reduction.

Plans for Next Quarter:

- Continue the process whereby NRECA will transition from the role of direct supervision of the substation maintenance work at the pilot maintenance PBSs to the role of simply providing monitoring and oversight.
- Purchase additional test equipment for the maintenance program that is presently unavailable in the REB system and begin training of PBS personnel in its use.
- Continue to consult further with USAID on Scope of Work changes related to the work that will be accomplished under this Task due to the required budget reduction and make changes as required that will be reflected in the Contract Modification to be issued by the Contracts Office.

Task B.2: Material Supply for O&M Program

Status as of this Quarter:

- Continued to work with REB in developing a storage facility at Savar Warehouse to properly store substation maintenance items transferred from Khulna Warehouse.
- Continued to provide support to REB and PBS to ensure that the required maintenance materials are procured by REB/PBSs for the next maintenance season in the pilot PBSs.
- Sorted out the O&M items that can be utilized by Savar Workshop only and advised for the required storage.
- Assisted the concerned REB personnel on storing O&M items transferred from Khulna to Savar Warehouse for proper storage on newly built shelves at Savar Warehouse.
- Consulted further with USAID on Scope of Work changes related to what can be accomplished with the material supply task given the required budget reduction.

Plans for Next Quarter:

- Continue to work with REB personnel in assisting them to properly organize and store OMRR items at the Savar Warehouse.
- Continue to support REB and PBS efforts to ensure that the required maintenance materials are procured by REB/PBSs for the upcoming substation maintenance program in the next maintenance seasons in the pilot PBSs.
- Continue to advise PBS personnel on proper storage and accounting of maintenance material.
- Continue to advise PBS personnel on proper storage and accounting of maintenance materials.
- Continue to consult further with USAID on Scope of Work changes related to the work that will be accomplished under this Task due to the required budget reduction and make

changes as required that will be reflected in the Contract Modification to be issued by the Contracts Office.

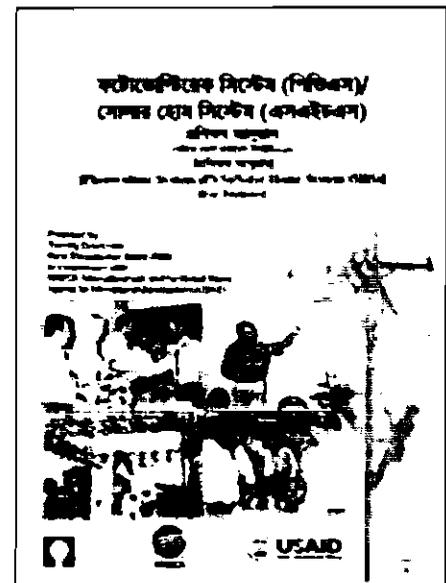
Program Activity C: Strengthen Utility Performance

Task C.1: Strengthen Training Program and Procedures

Status as of this Quarter:

- Continued with following curriculum development activities in consultation with the concerned personnel of REB's Training Directorates:
 - Pilot tested the draft training manual of the following training program:
 - Add copy of Draft Manual Operation, Maintenance and Repair of Transformer for Engineers (TO 230).
 - Developed the draft training manual for the following program at the request of Director, Training of REB:
 - Photovoltaic System (PVS)/Solar Home System (SHS) for the REB/PBS personnel working with the Renewable Energy Project of REB such as Lineman, Village Electricians, Technicians and Engineers.

(Note: While developing this manual, NRECA consultants visited different fields where Photovoltaic System (PVS)/Solar Home System (SHS) have been undertaken by the Renewable Energy Project of REB, interviewed concerned officers, technicians, users and manufacturers in order to assess the training needs. For developing the curriculum materials, the relevant documents were studied, websites were visited and the



practical problems and probable solutions were observed in the field. The first draft has been submitted and the manual is waiting for pilot-testing in next quarter)

- Submitted the draft curriculum materials of the following training program for the officers of REB and PBSs
 - Interpersonal Communication (IM 150, IM 151 and IM 152)

The work on translating the manual is continuing and the pilot testing will be arranged in next quarter.
- Conducted 2 (two) workshops for seeking consensus on suggested corrections on the REB Chart of Accounts, Materials Accounting Policy etc. for getting it approved by REB authority in order to develop the following training manuals:
 - Material Accounting for Ass't. Directors (Finance) & Accountants of REB (IF 520)
 - Understanding Financial Reports (IF 335)

(Note: As it has been identified that development of this training manual needs a precedence of some relevant modification in REB Instructional Series and Policy, extensive review of the same has been undertaken thorough consultations with REB concerned authority. Accordingly, draft recommendations has been submitted to REB for modification of the REB Material Accounting Policy in this quarter)

- Contributed in finalizing the draft "Rights Reference Manual for Zones of Good Governance", an Initiative which was developed jointly by seven USAID-financed technical assistance projects with the overall objective of improving local governance by empowering local citizens and making them active partners in determining the use and allocation of resources in their areas.

(Note: A committee which includes a local staff person from each project has been working on the development of this communication toolkit. Since this is training related, NRECA's representative is the Director of Training and Curriculum Development.)

- Proceeded with the preliminary work for organizing 3 (three) workshops schedule for July to be attended by three separate REB/PBS selected groups of officers and employees i.e. management, engineering and finance with the objective to finalize the draft report on the "Training Needs Assessment (TNA) of Officers and Employees of REB and the PBSs.
- During the reporting period following number of participants were involved in various training programs arranged by REB, PBS and NRECA:

Month	Organization	Male	Female	Total
April 2006	REB/PBS	387	130	517
	NRECA	102	5	107
May 2006	REB/PBS	360	138	498
	NRECA	35	3	38
June 2006	REB/PBS	410	165	575
	NRECA	76	0	651
Total		1370	441	2386

Plans for Next Quarter:

- Continue with curriculum development subtasks including:
 - Proceed with the task of finalizing the following engineering curriculum materials for the following engineering courses:
 - ▣ Photovoltaic System (PVS)/Solar Home System (SHS) for the REB/PBS concerned personnel working with the Renewable Energy Project of REB.
 - ▣ Operation and Maintenance of Transformer for Engineers (TO 230).
 - Proceed with the task of finalizing the following finance training manual (Trainer and Trainee):
 - ▣ Material Accounting for Assistant Directors (Finance) and Accountants of REB (IF 520)
 - ▣ REB Accounting Procedures (IF 505)

- Supervised data collection and data entry at Koliadi Zonal Office of Kishoreganj PBS as this office has been shifted to a newly rented building and that Oracle and CIS have been installed.

(Note: Part of the reason for the extended time for the completion of this sub task in this particular Zonal Office is linked to problems with data loss and the Server crashing.)

- Finalized the Rules and Parameters Guide
- Organized CIS demonstration for the relevant REB Office System personnel as well as for the Billing Assistant/AGM Finance from some of the PBSS where vendor developed billing packages are currently running as a means of obtaining feedback on the features of the CIS package.

Important: Held meetings/discussions with relevant REB personnel including REB

Chairman on various CIS implementation issues to highlight the importance of resolving issues that are preventing the implementation of the CIS, namely having necessary hardware in PBSS and contracts with the eight local vendors who have been selected by REB to help with the implementation of the CIS. REB was strongly advised of the fact that if proper actions regarding hardware and local vendors were not taken immediately the CIS would not be implemented as previously agreed to given the fact that only 15 months remained in

RPPR II

- Initiated conversion of the previously developed software package and has started with REB Payroll software package, into Oracle to deploy it in the concerned REB Directorate.

- Continued to provide support to REB's Rate Cell on an as needed basis with respect to the utilization of the Statistical Database that is used to produce the monthly MIS Reports and which also provides other types of new reports that are requested by Ministry and others from time to time.

- Started working on the REB General Ledger that was initiated quite a long time ago and in the process of preparing required reports for which some additional input would be required.
- Continued to provide ongoing support and training to PBS and REB personnel at NRECA office or if necessary at the PBSS on an "as needed basis".

- Continued working with a committee of REB officers on the review and updating of relevant Policy Instructions relating to Finance and Accounting task that have been automated in an attempt to ensure that the newly developed software packages match what is included in the formally approved Policy Instructions.

- Consulted further with USAID on Scope of Work changes related to Computerization Task due to the required budget reduction and prepare a revised strategy for continuing the work which is to be completed under this Task.

Plans for Next Quarter

- Continue with the on-going CIS activities in the pilot PBSS as well as in next group of eight PBSS selected for CIS implementation. The specific tasks to be involved in these activities are as follows:

- Provide training and support as required for the preparation of Aging reports and cross-checking them in Kishoreganj HQ as well as in Nandail Zonal Office
- Supervise and monitor progress in preparation of the CIS generated electricity bills in Kishoreganj PBS's Nandail Zonal Office, as well as in Koliadi Zonal Office.

- As part of standard practice, continued to advise and assist REB regarding engineering related issues in support of ongoing changes in equipment and new technology that requires a review prior to making changes in equipment specifications and standards.
- Consulted further with USAID on Scope of Work changes related to the engineering and construction standards due to the required budget reduction and prepare a revised strategy for continuing the work which is to be completed under this Task.

Plans for Next Quarter:

- Continue to advise and assist REB regarding engineering related issues in support of ongoing changes in equipment and new technology that requires a review prior to making changes in equipment specifications and standards.
- Continue to consult further with USAID on Scope of Work changes related to the updating of only selected engineering and construction standards Task due to the required budget reduction and make changes as required that will be reflected in the Contract Modification to be issued by the Contracts Office.

Task D.2: Socio-Economic Impact Assessment

Status as of this Quarter:

- Conducted four refresher training courses for 108 staff (98 males and 10 females) of two PBSs and two foundation courses for 49 staff of one PBS on Baseline Data Collection Techniques and Procedures.
- Initiated the pre-implementation for a post-evaluation study following the approval of the Executive Director, REB whereby follow up information will be gathered on consumers who have had access to electricity since July 2001 in 18 PBSs where the baseline system has been functioning.
- Completed the preliminary selection of 10 PBSs to be involved in the extension and establishment of the Baseline Data Collection System with NRECA in the process of formally requesting approval to proceed with implementation from the Executive Director, REB.
- Completed the collection and preparation of 29 case stories of positive benefits coming from having access to electricity of the RE Program that has been underway over the past year with preparations now being made printing copies for distribution to various stakeholders.
- Implemented an orientation course on RE Program for 100 participating imams (religious leaders) under the Leaders Outreach Initiative (LOI) Program being lead by The Asia Foundation and financed by USAID.
 - Attended in a review cum planning workshop about activities related to the LOI Program where participants from nine South Asian countries participated.
- Continued accumulation of the baseline data collected by participating 18 PBSs during FY 2005-06 and providing follow up assistances to them in troubleshooting, as well as, improvement of their performance on data collection.

- In connection to assistance to the SEMEC-REB, attended the presentation of the socio-economic baseline report of the local consulting firm who completed this work under the World Bank financed Rural Electrification & Renewable Energy Project with REB.
- Worked with an expatriate consultant who was involved in examining issues related to the correlation between having access to reliable electricity and the development of Small and Medium industries(SMI) in PBSs areas in different parts of Bangladesh.

Plan for the Next Quarter

- Proceed with planning and implementation of training courses on baseline data collection techniques and procedures to participating 28 PBSs (18 old and 10 new), and follow up supports to them;
- Proceed with utilization of the preserved baseline data already collected during FY 2001 – 2005 through conducting an impact assessment study, and preparation of a concept paper before implementation of the study;
- Proceed with publication of the document on success stories(29) of the RE Program.

IV. Quarterly Status & Planning of Project Management For RPPR

Project Management/Administration For Program-Related Issues

Status as of this Quarter:

- Continued to work with the USAID Mission and with the Arlington office to revise the previously submitted RPPR II budget in order to reflect the \$750,000 reduction to the RPPR II ceiling due to the Mission's reduced 2007 budget.
 - Prepared a revised version of the supporting narrative regarding changes in the budget for submission to the CTO for his review and comment in preparation for subsequent submission to the Contracts Office for approval.
 - Based on further discussions with the CTO and Contracts Office personnel, completed revisions to the Statement of Work which would reflect the work which can now be accomplished given the reduced budget and would be part of the required Contract Modification.
- Completed the required Country Clearances for the following Short Term Advisors who completed assignments during the reporting period: Jim VanCoevering, Sam West, Bud Stanley, and Dan Waddle.
- Provided administrative and logistical support related to John Cook's arrival in Dhaka in April as the Project Engineer/Chief of Party for the new Rural Electrification Development Project (REDP) being funded by DFID through a contract with USAID.
- Based on feedback from the Mission's Contracts Office proceeded with the start of the major repairs of the Ford Explorers that are required through the parts and services available from the local Ford dealership.

(Note: As noted in previous Reports, having the proper service from the local dealer has been very problematic for NRECA and other USAID partners who purchased the Ford Explorers in 1998. There have been limited solutions to this problem so efforts were made to again attempt to see if the dealer will provide the service and spare parts to keep the vehicles on the road.

Plans for Next Quarter:

- Proceed with the completion of the work involving the Arlington Office and the Mission's Energy Team and Contracts Office that is necessary to complete Contract Modification which will reflect the revised budget and revised Scope of Work.
- Work the Arlington office to complete logistical processing (ticketing, visas, etc.) for the following ST Specialists who are scheduled for assignments in Bangladesh during the upcoming quarter: Sam West, Jim VanCoevering, Craig Dickson, and Dan Waddle.
- Support the efforts needed to complete the requirements for executing the Contract Agreement between USAID and NRECA for the REDP (DFID-funded) and provide further assistance to mobilize the project staff to further initiate the project activities.

V. Brief Summary of Related Observations & Other RE Activities

Key Operational Information

The following table reflects key operational information regarding the seventy (70) commercially operating PBSs included in the RE Program for the months of April, May and June '06, as contained in the selected REB Management Information System (MIS) Reports:

Description	Mar 2006	April 2006	May 2006	June 2006	Change 3 M - Period
System Loss (12 mo. Avg.)	12.85%	12.77%	12.78%	12.66%	- 0.19%
System Loss (this month's Avg.)	13.60%	12.08%	12.72%	14.23%	+ 0.63%
Percentage of Collection (12 mo. Avg.)	97.06%	97.52%	97.57%	95.58%	- 1.48%
Percentage of Collection (this mo. Avg.)	94.88%	89.61%	103.64%	123.29%	+ 28.41%
Accounts Receivable (# mo. Outstanding)	2.10	2.15	2.11	2.00	- 0.10
Total Villages Energized	45,537	45,621	45,683	45,794	+ 257
Number of New Meter Connections	47,768	47,513	50,768	49,588	+ 147,869
Total # of Meters Connections	6,723,396	6,770,909	6,821,677	6,871,265	+147,869
Total Km of Energized Line	197,866	198,666	199,491	201,998	+ 4,132
MWH Purchased YTD - % of change last yr.	15.84%	14.88%	14.17%	13.18%	—

Note: This quarter marked the end of FY 2005-06 and stimulated the PBS staff to make extra efforts to achieve the PTA marks that were set for the year. Positive results were shown as a result of this, however the severe power crisis has the potential for having negative impacts on a number critical operational areas, particularly system loss and bill collection.

- For this three-month reporting period, the operational statistics for the 70 energized PBSs continue to reflect that the overall RE Program shows significant **expansion** with **147,869 new connections** being made during this reporting period. This averages out to **49,290 per month** or **1,933 per working day** based on an average of 25.5 day working days/month. As part of this ongoing **expansion**, **257 new villages** received electric service. Also, the total amount of **energized line increased** by **4,132 km** during these three months for an average of **1,377 km/month** or **54 km/day** during an average month of 25.5 working days.

(Note: For FY 2005-06, REB continued to do its part to expand the distribution network into new village areas and connect new member/consumers. There was an annual **increase** of **741,095 new connections** for the year. An **additional 13,974 kms** of line was added to the distribution network during the twelve month period with **1,570 new villages** being electrified. However the positive performance of

REB is unfortunately tarnished when one examines the continuing power shortage and the inability of PBSs to provide reliable power to both old and new member/consumers.)

- As of the end of the reporting period, the overall *12-Month Average System Loss* for all 70 operating PBSs decreased by 0.19% over the three-month reporting period with this indicator being at 12.66% for the month of June 2006.

Note: As has been indicated in previous reports, some PBSs are still involved with controlling losses in takeover areas that have become part of the PBS service territories under the ongoing World Bank project and this has meant system loss figures are higher in these PBSs. While a significant portion of the line transfers have been completed under this project, renovation work continues as does efforts to reduce the losses.)

- There was a slight increase of 0.63% in the *Average Monthly System Loss* for the reporting period which bringing this statistic to 14.23%.

(Note: Controlling losses and dealing with theft of power through illegal connections is proving to be more difficult during the current power crisis as the PBSs find it difficult to patrol PBS areas due to the fact that member/consumers are so upset with the extensive load shedding that has been occurring in recent months.)

- The overall *Percentage of Collection (12 mos average)* shows a slight increase of 1.48% bringing the collection rate to 95.58%. Even during the current power crisis, this collection rate continues to reflect an earnest effort on the part of the PBS to collect its bills, as well as willingness by the PBS members to pay their electric bills. The *Percentage of Monthly Collection (this month Average)* showed a marked increase of 28.41%, which moved from 94.88% for April'06 up to 123.29% for June'06.

(Note: This positive statistic reflects the efforts of PBSs to achieve their PTAs for the current fiscal year.)

- The total *Accounts Receivable* showed a slight decrease of 0.10 months during the reporting period thus resulting in a total of 2.0 months outstanding and thus owed to the PBSs.

(Note: While this figure of 2.0 months outstanding at the end of the fiscal year is noteworthy, the figure for June 2005 was 1.85 months.)

- Another indicator that identifies positive growth is the one related to *MWH Purchased Year to Date*. The continued growth in demand is reflected by the monthly increases for the three months of the reporting period of 14.88%, 14.17% and 13.18%.

Other Related Activities and Relevant Information

- Another breakfast meeting with arranged by NRECA on May 10th to provide an initial opportunity for donor representatives to meet with the newly assigned REB Chairman, Mr. Tauhidul Islam who replaced Dr. Halaluzzaman in late April. The meeting allowed the new Chairman to frankly and openly present his initial concerns to the donor community in terms of what he felt needed to be done and the areas he would be seeking donor support in order to achieve positive results.
- Important: As noted in the previous Qtrly Report, NRECA remains very concerned about the problems related to the member/consumer unrest that developed in Chapainawabganj-Nawabganj PBS over a number of issues including load shedding during the earlier months of the year and how these problems

were addressed. Contrary to previous years when similar problems would occur, it appears that REB did not take a proactive approach to the problems in this PBS and consequently the problems escalated due to REB management not becoming sufficiently engaged with the PBS management and Board to help diffuse the problems. Unfortunately the issues were not effectively addressed and eventually significant civil unrest developed which prompted the involvement of police and security forces which then resulted in more than twenty fatalities.

- Again NRECA recommends that an enhanced effort is made by REB and the PBSs to revitalize the member education programs that were so strongly implemented in earlier years of the RE Program. With the rapid growth of the RE Program, thousands of new members are being connected each and every day but without having any real understanding of the PBS concept and their role as a member/consumer of that PBS. The role of the member consumer and his/her sense of ownership and involvement in the PBS is the only real difference between the RE Program and an individual simply having a connection from the BPDB or DESA.
- This incident also highlights the need for having effective training programs for all PBS Board of Directors so the individual Directors have a proper understanding in terms of their role as a Board member in diffusing these types of situations on behalf of the PBS need for having proper. While many Directors have continued to serve on PBS Boards, there are many who have been elected but who have not received the necessary training which would prepare them to function properly as a PBS Director. This important activity has to again become a priority for REB if the RE Program in order for the Program to continue as it was designed.
- These two areas were amongst a number of areas that were identified in the Study (*"Bangladesh Rural Electrification Program at the Crossroads: An Analysis of Barriers, Threats, and Opportunities to Enhance Program Sustainability"*) completed by NRECA in February 2005. However very little action has been taken on the recommendations included in the Report.
- As was stated in the referenced Study Report, NRECA continues to have strong reservations about the extent to which PBS "patronage capital" is being used for investments in RPC ventures. NRECA believes that capital for good generation projects are available from other sources (e.g., private investors) and these PBS funds should remain available to support distribution efforts, which still require significant investments and where low-interest capital is not easily accessible.
- In another matter relating to RPCL, at the REB Chairman's personal request, NRECA provided professional advice regarding the questionable plan by RPCL to invest in a 30 MW power plant. Investigations determined that this plant was tendered earlier in the year and the procurement action resulted in only one bid, which was quickly determined to be high for this type of plant. NRECA did an analysis of the related documents and submitted a report to the Chairman that this was not a favorable project for RPCL as it was not economically feasible due to high capital costs, operating expenses, and resulting revenues expected from the plant's operation. It was therefore recommended that RPCL not pursue the project as it was not in the best interest of RPCL or its shareholders (REB and selected PBSs). This proposed project serves as another example of how outside influences are impacting the operation of RPCL and having the potential of further damaging the company's financial position which is totally with the participating PBSs.
- As noted earlier in this report, the Rural Electrification Development Project (REDP) got underway with the Project Engineer/Chief of Party arriving in Bangladesh in April to proceed with getting the project underway.
- Significant progress was made towards finalizing the Contract Agreement between USAID and NRECA. Various meetings were conducted together with numerous communications in order to finalize the budget and contract documents.

- Various other organizational meetings were conducted with staff from DFID, USAID and NRECA to resolve procedural and policy questions with respect to have the project was to be implemented.
- Progress was also made in the identification and selection of local professionals who would be joining the NRECA staff for this project.
- NRECA continued its participation in additional meetings with other development partners working on USAID projects in hopes of developing a meaningful toolkit that includes information on the rights of local citizens with respect to various projects and in an attempt of working collaboratively to establish "zones of good governance" in the same geographical areas as a possible pilot site. The translation of handouts was completed and copies of the relevant items were printed and laminated with the plan for arranging some type of pilot testing to see if the toolkit is effective.
- Other participating partners included the Winrock and MACH Project; ARD and the LGI Project; Pathfinder and the NGO Services Delivery Project; Save the Children-USA with different earlier childhood education programs; and IRG and the Nishorgo Support Project.

Quarterly Report Exhibits

A. Implementation Schedule

The Implementation Schedule presented in this Quarterly Report reflects the draft Annual Work Plan for the RPPR II Program prepared for Year #4, which was pending approval due to reallocation of the budget.

The Implementation Schedules have been developed using *Microsoft Project* in order to monitor progress and modify as necessary.

B. Budget Information

The Budget information presented in this Quarterly Report reflects the total budgeted amounts for the four individual Activities and it also reflects the expenditures for each line item for this Quarter and provides a remaining balance.

EXHIBIT - A

**IMPLEMENTATION SCHEDULE
With Focus on Year #4**

