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ANNUAL REPORT 2008

USAID SOUTH ASIA REGIONAL INITIATIVE FOR ENERGY
(USAID SARI/ENERGY)

CONTRACT NUMBER 386-C-00-07-00033-00



May 22, 2008

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ENERGY (USAID SARI/ENERGY)

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Executive Summary

PA Government Services Inc. (PA) was awarded the SARI/Energy contract on 1 May 2007 and began mobilization activities immediately thereafter. Over the course of the first year the SARI/Energy Program made a number of significant accomplishments and impacts:

- Mobilization was completed within the 90 day period specified in the contract and a fully functional project team was in-place and working on the first year workplan and associated task orders.
- The first year workplan was completed and approved per the contract requirements.
- Twenty two specific task orders were identified and are in various stages of completion, specifically:
 - *Activity 1: Cross Border Trade* – Six task orders supporting cross border trade infrastructure projects from/to Central Asia, Nepal, and Sri Lanka. Most significant is active involvement to support the Government of Pakistan for the CASA-1000 interconnection to Central Asia; the largest electricity cross border infrastructure project in the region.
 - *Activity 2: Energy Markets* – Two task orders promoting the awareness of global energy market trade; including a major event held in New Delhi for key energy sector officials from each SARI country. The event in New Delhi began active SARI/Energy involvement in raising the awareness of key officials in the area of global energy markets, and introduced the first SARI/Energy Energy Security Report. A follow-up program specifically orientated to electricity markets will be initiated in August 2008 and run the duration of the SARI/Energy program.
 - *Activity 3: Clean Energy Access* – Five task orders promoting clean energy access through innovative funding mechanisms, e.g. TO3.2 Hydro Equity Fund in partnership with the Clean Energy Development Bank of Nepal; the establishment of Centres of Excellence in Energy Efficiency in Sri-Lanka and Nepal; and the transfer of the merchant bank models from India to Nepal.
 - *Activity 4: Program Management, Outreach, and Training* – Nine task orders are being implemented, including: publication of SARI/Energy promotional materials, hosting of Afghanistan power sector professionals on an exchange visit to India, a ground-breaking Women-in-Energy regional workshop held in Kerala which brought professional women together for the first time in a regional event on women specific energy issues; and, an ambitious program to train power sector professionals from Afghanistan and establish sustainable partnerships for future exchanges.
- All required reports and other deliverables were completed on schedule.
- Active coordination and support of program partners (NREL and USEA) via participation at events such as the Pakistan/Afghanistan Wind and Solar Mapping conference in Islamabad.

This Annual Report contains a summary of these activities and the Performance Evaluation.

PA wishes to acknowledge the outstanding support of the USAID SARI/Energy Office, the Country Coordinators, and our various counterparts throughout the region.

1.0 Introduction

The SARI/Energy program was introduced to raise awareness and facilitate energy security throughout the South Asia region. The program promotes energy security in South Asia through three activities areas: (1) cross border energy trade, (2) energy markets, and (3) clean energy access partnerships. Through these activities SARI/Energy facilitates more efficient regional energy resource utilization, works toward transparent and profitable energy practices, mitigates the environmental impacts of energy production, and increases regional access to energy. Participating countries include: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

The fundamental objective of this program is to improve energy security in South Asia. The principal means of doing so are to provide assistance on improving market structures for enabling investment in and trade of clean energy, and in the spread of models, technologies and information on sustainable and clean uses of energy. The USAID Operational Plan for SARI/Energy is based on the objective of: “creating linkages among South Asia countries and strengthening the energy security of South Asia”.

PA’s philosophy of implementation during the first year of operation was to focus on establishing country-to-country linkages in support of the overall regional thrust. While the regional approach remains an overall goal, the realities of regional inter-relationships make the country-to-county approach the first logical step to lay the ground work for success over the long term.

PA has been implementing each of the aforementioned SARI/Energy areas on a task order basis, with specific task orders contained within each activity area of this workplan. Task orders shall define: scope-of-work, tasks, staffing, budget, timeline, and monitoring and evaluation. Each task order is developed in conjunction with USAID and incorporated in this workplan via an amendment to the workplan. Each task order is being set-up on MS project or MS Excel for the purposes of tracking and monitoring progress, and making program adjustments as required during the course of implementation.

One fundamental premise of SARI/Energy is the application of cost sharing principals to proponents of cross border trade arrangements. To the extent feasible, PA is applying a cost sharing criteria to all potential task orders under this activity. Together with USAID we are defining specific cost sharing arrangements in each task order.

PA has is managing and implementing the program from its Corporate office in New Delhi, and maintains a network of implementation partners in each of the Program countries. Our approach was to start off lean, and allocate resources as required.

PA also works hand-in-hand with the other USAID program partners: USEA and NREL; and other donors, NGOs, and stakeholders to blend resources and ensure synergistic cooperation.

2.0 Summary of Accomplishments

During the first year of operation, SARI/Energy accomplished the following:

- Mobilization was completed on schedule,
- 22 Task orders were identified and are in various stages of completion,
- All required reports were submitted on time, and
- Numerous field trips, coordination meetings, and other direct support to USAID SARI/Energy was completed

Table 2.1 lists the task orders developed during the first year of operation, and Figure 2.1 illustrates the time schedule and completion status with PA’s estimate of % complete for each task.

Table 2.1 SARI/Energy Task Orders

Task Order	Title/ Description		Status
TO 1.1	Cross Border Trade	General support to develop task orders	On-going
TO 1.2	CASA – 1000	Future support to CASA–1000 Project Secretary	On hold
TO 1.3	India – Sri-Lanka Sub Interconnection	TA to support India – Sri-Lanka submarine interconnection project	Under Consideration
TO 1.4	Pakistan Energy Advisory Services	Support to Pakistan under CASA 1000	Approved – Preparing to mobilize in June 2008
TO 1.5	Nepal-India Petroleum Pipeline	Review of Pre-Feasibility Study of alternate financing and trade agreements.	Under Development
TO 1.6	Power Exchange Tracker	Tracking mechanism for power exchange between countries.	Under Development
TO 1.7	Clean Coal Partnership	Reconnaissance workshop on a collaborative clean coal partnership in SA	Under development, tentative September 2008
TO 2.1	Energy Markets	General support to develop task orders	On-going
TO 2.2	Energy Security Quarterly	ESQ Quarterly Report	Renamed TO 4.4
TO 2.3	GEMTP I	Global Energy Markets Program	Completed
TO 2.4	GEMTT II	Regional Electricity Markets – Nepal, Bangladesh, Sri-Lanka	Approved – Preparing for August Training Programs
TO 3.1	Clean Energy Access	General support to develop task orders	On-going
TO 3.2	Nepal Hydro Equity Fund	Support to CEDB for the establishment of a Hydro Equity Fund	Approved – In progress
TO 3.3	RCEEL	Establishment of Regional Centre of Excellence on Energy Efficient Lighting in Sri-Lanka	Approved – Scheduled for June 2008
TO 3.4	RCESH	Establishment of a Regional Centre for Excellence on Small Hydropower in Nepal	Under Development
TO 3.5	S3IDF MBM Transferability	Reconnaissance study to determine the transferability of the S3IDF Merchant Bank Model to SARI countries	Approved – Scheduled for June-September 2008
TO 3.6	Pakistan Energy Efficiency	TA to assist USAID/Pakistan with energy efficiency	Under Development
TO 4.1	Project Management, Outreach, Training	General support to develop task orders and SARI/Energy Project Management	On-going
TO 4.2	Materials Review	Review of relevant SARI/Energy Materials	Completed
TO 4.3	Program Brochure	Updated SARI/Energy program brochure	Completed
TO 4.4	Quarterly Report	SARI/Energy quarterly report(s)	Completed, will continue under 2 nd Year Workplan
TO 4.5	Pre-Feasibility Brochure	Publication of SARI/Energy studies	Completed
TO 4.6	Cancelled		
TO 4.7	Energy Security Quarterly	ESQ quarterly report	Approved – In Progress
TO 4.8	Afghanistan Mission	Support to Afghanistan-India Mission	Completed
TO 4.9	Women in Energy	Support to EMC/Kerala for April workshop	Completed
TO 4.10	Afghanistan Power Training	Training program for Afghanistan power sector personnel	Under Development
TO 4.11	Sri-Lanka Wind Energy Workshop	Presentations and/or training on financing and development of wind energy projects	Under Development

Figure 2.1 SARI/Energy Time Schedule and Completion Status

2.1 Mobilization

PA Consulting mobilized the Chief-of-Party, established the SARI/Energy project within our New Delhi corporate office, assigned necessary staff, and delivered the 1st year workplan within the 90 day period called for in the Contract.

2.2 Activity 1: Cross Border Trade

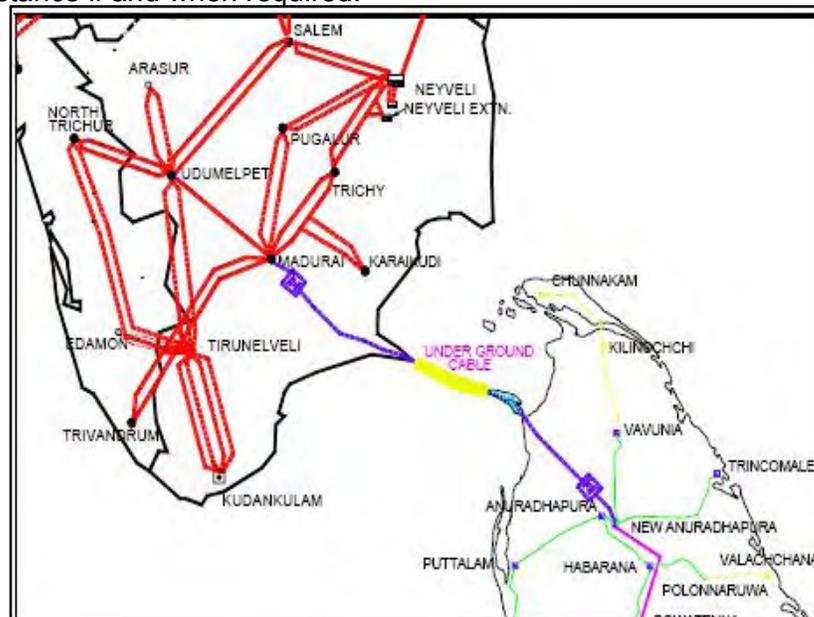
Cross border trade and investment are both the end and the means by which South Asia can achieve energy security. Through investment and cooperation, South Asia will be able to both close its burgeoning supply/demand gap and stimulate further reform, which will in turn open markets for further investment. Thus, assistance to the development of projects will be the focal point of PA's efforts to enhance energy security under the SARI/Energy program under this. However, USAID has established a requirement that technical assistance shall be applied only when there is a very real possibility of a project coming to fruition; i.e. interested and capable parties that have a clear intention of closing cross-border trade arrangements.

The 1st year activities have concentrated on the following task orders:

1. Identification of potential SARI/Energy projects - This will be accomplished by coordination with stakeholders, CCOs, developers, financiers, donor organizations, and by maintaining a general awareness of cross-border trade opportunities throughout the region. For each potential project, PA's approach is to work with USAID and project stakeholders to assess needs and provide the necessary training and/or technical assistance to bring the project to financing and implementation.

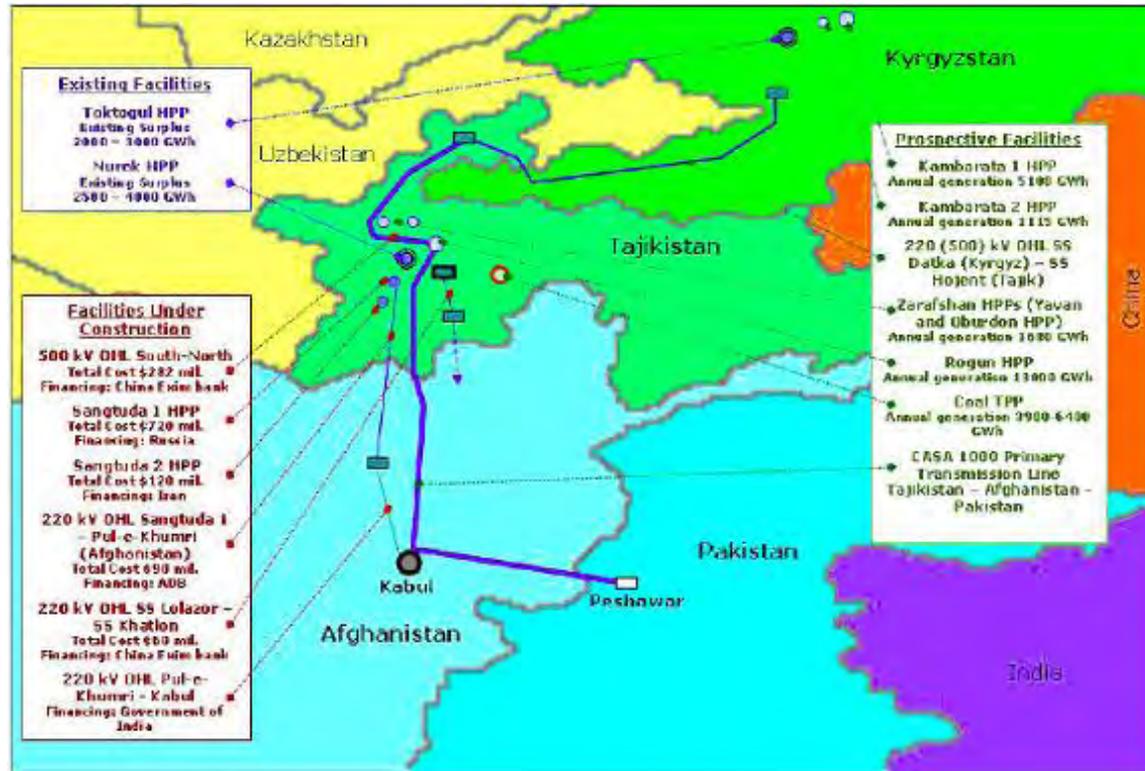
For this sub-activity, PA has initiated three primary task orders:

TO 1.3 India Sri-Lanka Submarine Cable Interconnection (under development) – Review of past pre-feasibility studies, maintaining contact with interested parties, and provide available technical assistance if and when required.



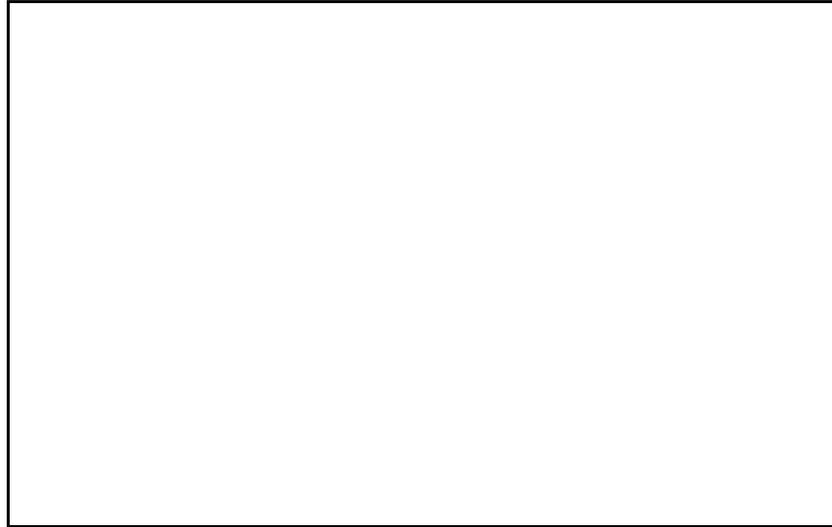
Proposed India – Sri-Lanka Submarine Cable Interconnection

TO 1.4 Pakistan Energy Advisory Services (approved – scheduled start June 2008) - Support to the CASA-1000 project by providing technical advisors to review the technical design, specification, and interconnection requirements on behalf of the Government of Pakistan. PA has identified key staff, scope of work, and made preliminary mobilization arrangements for a June 2008 start.



CAREC Energy Committee progress Report September 2007
Proposed CASA-1000 HV Transmission Interconnection

TO 1.5 Nepal-India Petroleum Pipeline (under development) – This task order consists of an update of the prior SARI/Energy pre-feasibility study and a renewed initiative to market this project to potential investors and developers.

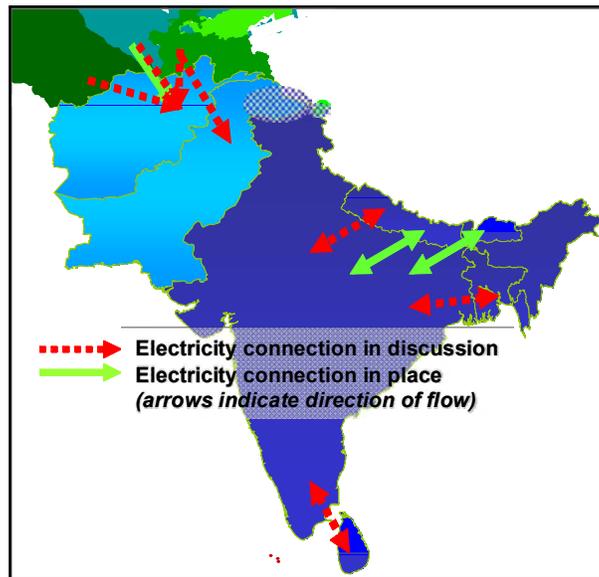


Proposed India – Nepal Petroleum Pipeline

- 2. Other – Other specialized activities (e.g. pre-feasibility studies) as needed in the same context of bringing cross border trade projects to fruition.

For this sub-activity, PA has initiated two primary task orders:

Task Order 1.6 Power Exchange Tracker (under development) – This task order would provide a current profile of cross border exchange of electricity (GWh), investment, infrastructure, and potential for additional cross border exchange between SARI/Energy participating countries. PA is currently finalizing the task order scope, budget, and schedule for USAID review and approval.



Task Order 1.7 Clean Coal Partnership (under development) - The objective of this Task Order is to conduct a reconnaissance workshop on establishment of a Regional Clean Coal Partnership (RCCP) in the South Asia Region with the ultimate aim of Energy Security in the region. The two day workshop will be structured to: 1) gain information from participants on the current state of coal resource development, industry structure, utilization, infrastructure, tariffs, regulation, and policy initiatives; 2) present case studies and/or best practices on coal sector development, and 3) promote the creation of a RCCP for the mutual benefit of the SA countries. PA is currently finalizing the cope, budget, and schedule for USAID review and approval. Anticipated scheduling of the workshop is September 2008.

In addition to the above accomplishments, PA continues to stay abreast of developments and activities in cross border trade, and will keep USAID advised of any opportunities for SARI/Energy to make a contribution in this area.

2.3 Activity 2: Energy Markets

Developing energy markets is an integral element of achieving energy security throughout the SARI region, and within individual member countries. There are a wide variety of approaches and experience in this area, and PA has brought this knowledge base and experience to the SARI/Energy program via several task orders.

The 1st year activities have concentrated on the following task orders:

1. Raising the knowledge base of SARI member countries with respect to global energy market situation and how they are impacted by, and affect, the global energy market. For the most part, SARI member countries (with the exception of India) are affected by the global energy market and must react to, rather than influence, the behavior of this market. However, the picture within the region is somewhat different; with many countries playing potentially influential roles. PA will accomplish this task through the publication of a quarterly energy security analysis report. The objective of developing energy markets is to adopt the principles of a market based economy to the energy sector, and therefore to gain the efficiencies associated with market based operations. This transition can be complex, expensive, and intensive with respect to transforming energy sector operations through the entire supply chain. Most important will be to not lose sight of the ultimate objective: a robust, efficient, and market based energy sector that provides quality and reliable services at least cost. PA accomplished the first step in this process via the following task order:

Task Order 2.3 Global Energy Markets Trade Program GEMTP I (Completed) – PA designed and delivered a 5-day program to familiarize key stakeholders in SARI/Energy member countries with global energy markets and trade. The program provided current data, insights and best practices to the stakeholder group on a number of issues such as power trade, pricing, market design, LNG and coal procurement, hedging, etc. -- and to support their movement to address those issues both by country and regionally. PA associated with the University of Texas, Center for Energy Economics (UT-CEE), to present the international capacity-building program "New Era in Oil, Gas & Power Value Creation ". The program was completed with active participation of SARI/Energy member countries, USAID SARI/Energy CCOs, and received very positive feedback from the participants.



Global Energy Markets Trade Program – New Delhi February 2008

2. Many of the SARI member countries are interested in national energy market formulation; following a trend that has been active among developing countries. PA will provide selected technical assistance as required in the development of these national markets, and will also provide expert advice on the benefits, costs, and potential impacts of transition to a market based energy sector, via the following task order.

Task Order 2.4 Global Energy Markets Trade Program GEMTP II Electricity Markets (approved and in-progress). - Following the successful completion of GEMTP I, PA designed a follow-up training program to familiarize key stakeholders in SARI/Energy member countries with electricity markets. The program will be presented in a phased approach to account for the varying state of electricity markets throughout the region. The goal of each phase is to present electricity market principles, best practices, and relevant case studies to the stakeholder group. This program will support initiatives to address these issues both by country and regionally. Introduction to the principles of electricity markets – A basic 3-day seminar workshop designed to introduce the basics of adopting and establishing a domestic electricity market. This program will be conducted in Nepal, Bangladesh, and Sri-Lanka in August 2008.

2.4 Activity 3: Clean Energy Access

PA will develop and implement a Clean Energy Access Partnership (CEAP) program that is a single coherent multi-year regional program that solicits participation in multiple clean energy areas from throughout the region and engages the private sector and financial institutions to provide funding for qualifying clean energy projects in SARI/energy countries.

The 1st year activities have concentrated on the following task orders:

Task Order 3.2 Nepal Hydro Equity Fund (Approved – and in progress) - The objective of this task order is to support the private sector financial institutions and Clean Energy Development Bank (CEDB) of Nepal to establish a venture/equity fund for making investment in small and

medium sized hydropower project development. CEDB had expressed interest in setting-up and managing the fund. PA Consulting developed a task order for this effort, which was approved, and fielded a team of specialists in February 2008 to Kathmandu. A draft report on the structure and operation of the Fund was delivered and presented to the CEDB and USAID. Finalization of the Fund legal and operational documents continues and is expected to be complete by the end of May 2008.



Andhi Khola Hydropower Plant - Nepal

Task Order 3.3 Regional Centre for Excellence in Energy Efficient Lighting (Approved – and in progress) - The objective of this task order is to support clean energy access throughout the participating SARI/Energy countries by establishing a regional centre of excellence on efficient lighting in Sri-Lanka . This would be accomplished jointly by USAID and implementing partners following proven and successful initiatives in establishing energy efficiency centres of excellence. PA will team with the Lighting Research Centre at Rensselaer Polytechnic Institute and provide a conceptual framework for the Centre. This would be accomplished via a field trip to Sri Lanka and meet with the Steering Committee, conduct a brief ½ day focused workshop for key stakeholders, and produce a fact-finding report which outlines the steps, considerations, and actions necessary to accomplish the items listed above under. This task is scheduled to be initiated the second week of June 2008.

Task Order 3.4 Regional Centre for Excellence in Small Hydropower (Under Development) – The objective of this task order is to support small hydropower development throughout the participating SARI/Energy countries by establishing a regional centre of excellence in small hydropower; probably in Kathmandu Nepal. The PA COP and SARI/Energy staff held preliminary meetings in Nepal and is presently considering program partners for this activity.

Task Order 3.5 S3IDF Merchant Bank Model Transferability (approved and in-progress) – PA is collaborating with a small firm, S3IDF on this task order. The objective of the task order is to conduct a Reconnaissance Study to assess the potential for transferring and/or applying the S3IDF Sustainable Merchant Bank (SMB) model in Nepal. Ultimately this assessment would ascertain the potential to transfer and/or apply the SMB model and build a pilot portfolio of SMB projects. Nepal offers the greatest near term potential for successful adoption of the SMB model, and there is significant potential for a scale-up of a pilot program integrating the S3IDF SMB model due to the many thousands of traditional water mills that warrant improving. A field trip is planned for 2nd quarter 2008 with the full report to be delivered by September 2008.

Task Order 3.6 Pakistan Energy Efficiency (under development) – USAID Pakistan has requested SARI/Energy to assist with developing the framework of an energy efficiency program in Pakistan. PA plans to address this request during the 3rd quarter 2008 and submit a task order for consideration.

2.5 Activity 4: Project Management, Administration and Outreach

This covers the general program management of SARI/Energy: PA Consulting shall manage and implement the SARI/Energy project with a dedicated field project management team supported by field and home office staff. PA shall also support the overall SARI/Energy project via outreach activities and other administrative support activities which shall be further defined by subsequent task orders. The objective of this task shall be effective project management which ensures the SARI/Energy project is implemented within the expectations of USAID for completion of technical services, achievement of indicators, budget, and timeline.

A number of support and outreach task orders were developed and implemented during the first year of operation:

Task Order 4.2 Materials Review (Complete) - Review and identify any documents, feasibility studies, models, and training and outreach materials from the past contract that are relevant to the unfolding activities under SARI/Energy. Based on this review, PA will submit a recommendation to SARI/E for reproduction of any topic-specific brochures, or the creation of new brochures to summarize older work/reports that are relevant to the current program. This task was completed and a report provided to USAID.

Task Order 4.3 Program Brochure (Complete) - PA designed and produced a new SARI/Energy program overview brochure to be used at all SARI/Energy events. The brochure highlighted both the program's future direction as well as its key accomplishments to date. This task was completed and the new brochure distributed.

Task Order 4.4 Quarterly Report (Complete) - PA will developed a quarterly program activity report that summarizes program activities and successes from the previous quarter; including program partners USEA and NREL. The report was produced quarterly and issued to USAID.

Task Order 4.5 Pre-Feasibility Brochure (Complete) - PA investigated the publication of a brochure that summarizes key findings from SARI/Energy's two pre-feasibility reports: India-Sri Lanka submarine cable, and India-Bangladesh electricity trade. The recommendation was to post these reports on the SARI/Energy website, which was accomplished and finalized.

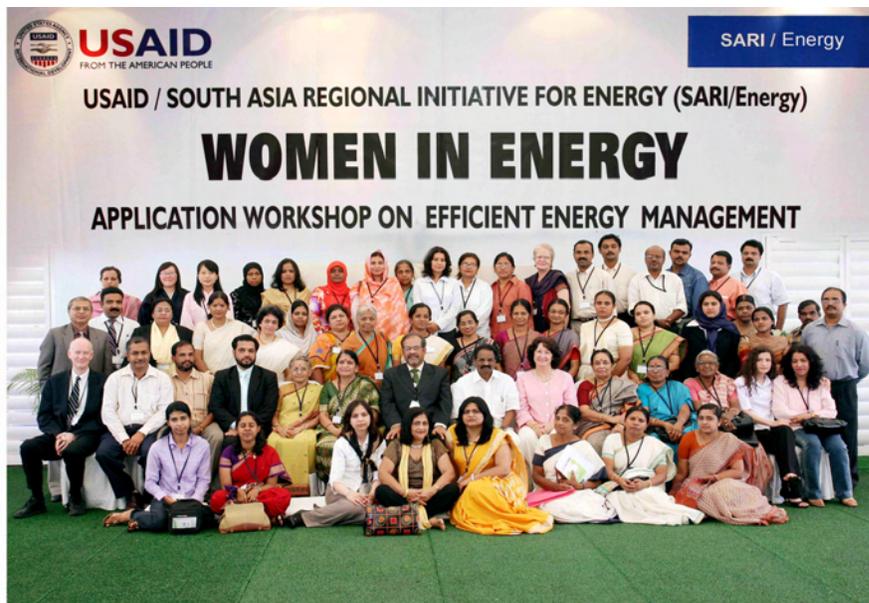
Task Order 4.7 Energy Security Quarterly (Complete) - PA developed an Energy Security Quarterly (ESQ) Report that summarizes for decision makers at energy companies, policy makers and local and regional energy analysts, a concise report describing key energy security and sector performance indicators and figures in the region. This report was presented at the Global Energy Markets Trade Program in February 2008, and posted to the SARI/Energy website. The report was well received and PA is now developing the 2nd report based on feedback from readers and USAID.



Presentation of the SARI/Energy Energy Security Report by the University of Texas Center for Energy Economics at the Global Energy Market Trade Program, New Delhi, February 2008

Task Order 4.8 Afghanistan Mission (Complete) - PA supported a delegation of energy sector specialists from Afghanistan to India for the purpose of establishing linkages and presenting potential SARI/Energy collaborative programs. PA provided: logistical support in India with travel, lodging, transportation, etc., SARI/Energy technical advisor to accompany the USAID team in India, interpreters, and a wrap-up conference. The Mission was deemed highly successful and paved the way for future cooperation.

Task Order 4.9 Women-in-Energy (Complete) – PA, in association with our knowledge partner the Energy Management Center Kerala, developed a five day women-specific workshop on ‘clean and efficient energy management’ for the South Asian women. The purpose of the workshop was to present various energy efficiency related programs, projects, and concepts to women from other countries in the region and exchange ideas and transfer best practices in energy conservation and efficiency. The event was completed in April 2008 and was judged highly successful with a number of follow-on activities planned.



Women-in-Energy Workshop – Trivandrum April 2008

Task Order 4.10 Afghanistan Power Training (Under Development) – PA has been working with USAID SARI/Energy to develop a comprehensive training program for Afghanistan energy sector specialists, in India, and create partnerships and linkages between the two countries. This task order is pending a buy-in for funding.

Task Order 4.11 Sri-Lanka Wind Energy Workshop (Under Development) - This task order would support NREL’s workshop with a presentation of financing wind energy projects. Currently, PA is awaiting further direction from NREL for the workshop.

In addition, during the first year of operation, PA provided:

- A fully functioning office and all support requirements,
- Three full-time staff: Chief of Party, Outreach & Events Coordinator, and Senior Technical Advisor.
- Reports, invoices, and all contractual requirements in a timely manner
- Home office support

For monitoring each subtask of SARI/Energy, PA provided specific information on approved task orders contained in the work plan with the objectives and targeted outcomes for each task, USAID approved indicators, and associated MS Project tracking reports. Specifically, PA provided the following:

- Informed the CTO on a regular basis regarding the status of any priority activities and any problematic issues that may arise.
- Met with the CTO bi-weekly to report on the recent issues, challenges and opportunities that the project is facing, and provide the CTO with regular feedback on accomplishments and outcomes.
- Provided monthly and annual reports to the CTO outlining activities completed under each task, coordination with other USAID implementing partners and other donors, implementation problems and proposed actions, proposed alterations to the work plan, results and impacts, and energy sector recent developments.
- Held briefings, as required, for the USAID officials regarding sector issues, actions taken in line with the project’s objectives and the results achieved.
- Reported on selected performance indicators and targets related to USAID’s Operational Plan for Energy Security in South Asia.
- Requested feedback from the CTO about PA’s actions and results, and his/her assessment and evaluation of PA’s performance.
- Independent program progress meetings with USAID in Delhi by PA Home Office officer in charge

2.6 Summary of SARI/Energy Program Impacts for the First Year

SARI/Energy has achieved a number of positive and substantial program impacts, including:

- Continuation of the SARI/Energy program through outreach activities that informed our program partners, associates, CCOs, and key stakeholders in each SARI country that SARI/Energy was proactive in the region and a source of technical assistance.
- Enhanced relations, across borders, with other SARI/Energy countries via outreach activities, conferences, workshops, visits by USAID and PA staff, and cross border exchange.
- Initiated a substantive program for women specific energy programs and networks.

- Established a solid working relationship with energy sector entities in the private sector (e.. Clean Energy Development Bank of Nepal), government, NGOs, and other donors.
- Trained approximately 100 professionals in various energy sector initiatives.
- Began the development of substantial task orders to support major infrastructure projects such as the CASA-1000 high voltage transmission line, etc.
- Initiated the 'center of excellence' program to establish regional centers of technology information.

All of these impacts will achieve the goal of the SARI/Energy program and aid in securing energy security throughout the region.

3.0 Indicators and Tracking

The first year workplan denoted seven indicators for the purpose of project tracking and monitoring. For monitoring each subtask, PA provided the following specific actions that clearly link approved task orders with the objectives and targeted outcomes for each task, USAID approved indicators, and associated MS Project tracking reports. PA accomplishments under these seven indicators are noted in the following Table 3.1:

Table 3.1 First Year Workplan Indicators and Accomplishments

No.	First Year Workplan Indicator	PA Accomplishments
1	Inform the CTO on a daily basis regarding the status of any priority activities and any problematic issues that may arise.	PA maintains full and open communication with USAID CTO. PA has been fully responsive to CTO requests on all priority activities. PA has kept CTO fully informed of any problematic issues that have arisen by promptly informing the CTO and then working through an appropriate solution.
2	Meet with the CTO weekly to report on the recent issues, challenges and opportunities that the project is facing, and provide the CTO with a weekly report on accomplishments and outcomes.	Subsequent to the development of the workplan, with USAID's change in CTO, USAID requested bi-weekly PA COP and technical staff meetings, which PA has accomplished per request. In addition, PA has also held numerous meetings with USAID on specific task orders and program progress. The weekly report to the CTO was also removed from the workplan as it was not a contractual requirement.
3	Provide detailed monthly and annual reports to the CTO outlining activities completed under each task, coordination with other USAID implementing partners and other donors, implementation problems and proposed actions, proposed alterations to the work plan, results and impacts, and energy sector recent developments.	All monthly and annual reports have been completed per the workplan. This report is the first annual report.
4	Hold briefings for the US Ambassador, USAID Mission Directors, and others on an as-needed basis regarding sector issues, actions taken in line with the project's objectives and the results achieved.	Briefings with USAID Mission Directors have been held as requested, usually in conjunction with other activities as the opportunities arises, no other meetings have been requested.
5	Report on selected performance indicators and targets related to USAID's Operational Plan for Energy Security in South Asia.	PA has provided all inputs on selected performance indicators requested by USAID to the operational plan.
6	Request feedback from the CTO about PA's actions and results, and his/her assessment and evaluation of PA's performance.	PA has requested feedback from the CTO on all task orders: both pre and post completion via regular meetings and debriefings.
7	Conduct independent program progress evaluations between Senior PA Advisory Team and the USAID CTO	PA conducted independent program review by the officer in charge in February 2008.

4.0 Financial

A first year budget of approximately 25% the contract base period budget (\$ 2,207,836) was assumed and noted in the first year workplan. Actual expenditures have been approximately \$ 1 Million. Following award, the USAID CTO informed PA that USAID would be carrying out the program according to a task order approach. This deviated substantially from PA's proposal and represented a reduced staffing and expenditure plan (e.g. PA did not mobilize the DCOP). PA's flexibility and economy has enabled USAID's program to husband significant resources to be applied in the future. PA appreciates the opportunity to assist USAID to meet its goals.

5.0 Second Year Planned Activities

SARI/Energy has a number of planned second year activities, which include:

- Continuation with open task orders, particularly:
 - Task Order 1.4 Pakistan Advisory Services
 - Global Energy Markets Trade
 - Clean Coal
 - Women-in-Energy
 - Regional Centres of Excellence
 - Outreach
- Development of an integrated workplan for the contract base period, and
- Identification of new initiatives, particularly in cross border trade, whereby SARI/Energy can provide impetus for infrastructure projects and/or exchange of models and programs.

The 2nd year annual workplan will be submitted in August 2008.

6.0 Issues and Concerns

PA Consulting wishes to acknowledge the outstanding support of the USAID SARI/Energy Office, the Country Coordinators, and our various counterparts throughout the region.

No specific issues and/or concerns are identified at this time.