

*USAID Contract #388-C-00-06-00008-00*  
*USAID Project #388-06-MA-D-S012-002*

# Rural Electrification Development Program (REDP) Quarterly Report July - September 2009



Member Awareness / Education Workshop Audience

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## ABBREVIATIONS

BERC	Bangladesh Energy Regulatory Commission
BPDB	Bangladesh Power Development Board
BSTI	Bangladesh Standards and Testing Institute.
CAP	Country Assistance Plan (DFID)
CFR	Cost and Freight (Incoterm)
CIF	Cost, Insurance and Freight (Incoterm)
CPT	Carriage Paid To (Incoterm)
DFID	United Kingdom Department for International Development
ESW	Enhanced Scope of Work
GBP	Pound (Sterling)
GOB	Government of Bangladesh
GOB PPR	Government of Bangladesh Public Procurement Regulations
HDRC	Human Development Research Centre
IPP	Independent Power Producer
MAEBD	Member Awareness / Education Board Development
MDG	Millennium Development Goals
MIS	Management Information System
MOF	Ministry of Finance
MPENR	Ministry of Power, Energy and Mineral Resources
MW	Megawatt (1000 kW)
NGO	Non-governmental organisation
NRECA	National Rural Electric Cooperative Association
PBS	Palli Bidyut Samity (Rural Electricity Cooperative)
PDB	Power Development Board
PKSF	Palli Karma Sahayak Foundation
PPR	Public Procurement Regulations
REB	Rural Electrification Board
REDP	Rural Electrification Development Program
SPG	Small Power Generation
TOR	Terms of Reference.
USD	United States Dollar
USAID	United States Agency for International Development

## **EXECUTIVE SUMMARY**

During the period of July through September 2009, work on REDP continued to progress. The monitoring and assistance to REB procurement activities as well as the Master Plan and Construction Plan verification and field inspection are nearing completion. Development of the expanded member awareness / education and board development programs continues but at a faster pace with the hiring of professional staff to support the additional tasks assigned. The Socio-economic evaluation process took a major step forward with the completion of the Baseline Study and the start of the “Brahmanbaria Pilot Project” data collection. Key issues affecting the program include; power shortage (load shedding), the BERC approved wholesale power rate increase without an accompanying retail rate increase and the increase of program delivery staff.

During this period we participated in several pre-delivery inspections conducted by REB at various sites around the country. Also, following our concurrence REB placed orders for material including; poles, conductor, guy assemblies, fuse cutouts, lightning arresters and meter seals. There was a question regarding the awarding of bid for submarine cable solicitation and discussions were held to evaluate the TEC recommendation and subsequent Board action. In the areas of Master Plan and Construction Plan verification and field inspection we completed all field work and we are now compiling the results. Once the data is entered into the computer we will complete our evaluations and report on each PBS.

We continued to make progress in the socio-economic evaluation of the REDP. In August HDRC submitted the completed Socio-economic Baseline Study. The baseline survey provides an excellent compilation of data from the nine (9) focus PBSs and six (6) control group PBSs. The overall objective of the socio-economic baseline survey is to conduct the survey itself through collecting, collating and analyzing baseline data for all five Observation Measurement Units (OMUs) – Household, Commercial unit, Industrial unit, Irrigation unit, and Social/human development units) – in such a way that all pertinent baseline information will persist for evaluation and measurement of economic and social impact and benefits following program completion. The collection of the additional baseline data for the Pilot Project - Micro-finance Component of REDP has been completed.

During this time period our Member Awareness Education and Board Development (MAEBD) team was expanded to address the additional tasks contained in the DFID Enhanced Scope of Work – Contract Modification #4. A strategic planning session was held and a work plan developed to address the additional tasks assigned. We continue to explore options regarding the hiring of various consulting experts and local professionals in the areas of board development, communications and graphics art. We also continued to be actively involved in a number of current education activities

As part of the training, orientation and information sharing with new employees several meetings were held with REB officials and a special “in-house” presentation of the Member Awareness and Education (MAE) Program was presented. A pilot test on the recently completed manuals for the trainers and trainees for the program “Performing the Job Effectively in the Board Room” was conducted at REB Training Directorate in the presence of selected representatives from REB and PBSs. Revisions to the program were made and all manuals were delivered to REB. Manuals were also completed for the course “Interpersonal Communication (IM-152) and Performance Appraisal and the PBS Board (IB 345) while the course IM-165, “Controlling / Measuring Results” is beginning to be reviewed and revised including curriculum development activities.

The MAE Team “hit the road” to conduct workshops in Cox’s Bazar and Chittagong PBS-2. Total participants numbered 306 in the six (6) workshops with 36 (12%) female.

We participated in and worked alongside the REB Training Directorate on a five day orientation training program for PBS Board of Directors. Our team provided the course materials and provided

program support helping to facilitate the presentation when called upon to do so. Twenty-five PBS board members participated including eight female directors.

In summary the principal achievements during the reporting period were:

- The REDP team continued to monitor the overall REB procurement process. Towards this end, we participated in several pre-delivery inspections, monitored the procurement process for the 9 PBS and 10 Lac projects and participated in the capacity of observer at tender openings and REB Technical Evaluation Committee meetings, as well as reviewing all TEC recommendations.
- We reported to five (5) PBSs the results of our monitoring of construction quality and comparing this work with REB standards. The overall line construction quality was found to be satisfactory; however, there were several locations where corrections need to be addressed. The PBSs were notified of the results and provided details of specific locations where corrections were required via our 'Line Inspection Forms'.
- We continued to make progress in the socio-economic evaluation of the REDP. In August HDRC submitted the completed Socio-economic Baseline Study. The collection of the additional baseline data for the Pilot Project - Micro-finance Component of REDP was also completed during this reporting period.
- During this time period our MAEBD team was expanded to address the additional tasks contained in the DFID Enhanced Scope of Work – Contract Modification #4. A strategic planning session was held and a work plan developed to address the additional tasks assigned. We continue to explore options regarding the hiring of various consulting experts and local professionals in the areas of board development, communications and graphics art. We also continued to be actively involved in a number of current education activities
- As part of the training, orientation and information sharing with new employees several meetings were held with REB officials and a special “in-house” presentation of the Member Awareness and Education (MAE) Program was presented.
- Training Manual work was performed on the following courses; “Performing the Job Effectively in the Board Room”, “Interpersonal Communication, Performance Appraisal and the PBS Board and “Controlling / Measuring Results”.
- We participated in and worked alongside the REB Training Directorate on a five day orientation training program for PBS Board of Directors

In an effort to stimulate economic growth, reduce poverty and improve the quality of life in rural and peri-urban Bangladesh, REDP focuses on increasing access to affordable and sustainable electric services. Outputs include: 1) Increasing the number of customers using and paying for electric service within existing distribution areas; and, 2) Increasing the number of poor people receiving electric service providing for income generating opportunities.

**(Moratorium** - A moratorium against providing new connections to various categories of PBS consumers, including most households, was finally lifted by the Power Division within the Energy Ministry in June 2008. During the moratorium the Ministry's position was to simply instruct REB to stop the PBSs from making new connections as a means of controlling the increase of demand for electricity. In effect the PBSs were bearing the brunt of the poor performance of BPDB and Ministry officials who had very limited success in being able to improve the power generation situation and thus the PBSs were not allowed to expand their customer base and enhance reviews. It should be noted that since the moratorium has been lifted the addition of more consumers to the rural electric distribution system will exacerbate the power deficit situation in addition to challenging the ability of PBSs to recover the cost of service. This could result in negative impacts on the financial condition of all the PBSs, and potentially jeopardize the long-term financial viability of many of the PBSs.)

<b>SUMMARY PHYSICAL PROGRESS / DFID FUNDED PROJECTS</b>					
<b>TASK A – SUPERVISION AND MONITORING - PROCUREMENT</b>					
<b>Project Name</b>	<b>Closing Date</b>	<b>Component / Work</b>	<b>Target</b>	<b>Progress Sept. 09</b>	<b>Remarks</b>
9 PBS	Extended to June 2010	Line Construction, km	8,000	7,316	
		Line Renovation, km	2,000	1,227	
		Consumer Connections	250,000	148,701	Facilities created for 337,417 consumers
10 Lac	June'10	Consumer Connections	1,000,000	119,269	Of the 119,269 cons. connected, 13,604 are accounts other than domestic (e.g. commercial, irrigation)
67 PBS	Closed in June'08	New Construction and Renovation, km	13,000	12,397	
		Consumer Connections	100,000	259,823	Facilities Created for 580,524 consumers
Master Plan & Construction Verification	December 2010	Field Inspection & Data Collection for Sample Construction Projects	9 PBS	5 PBS	All field data collected
<b>TASK B – MEMBER AWARENESS &amp; BOARD DEVELOPMENT PROGRAMS</b>					
<b>Sub-Task B.1 Expanded Assistance for PBS Member Education</b>					
Member Awareness Building	December 2010	Member Awareness Workshops Implemented in 50% of PBSs	35 PBS	28 PBS and REB	86 MAE Workshops 4,241 participants, 429 female participants.
Member Awareness Building	December 2010	Workshops for PBS Member Services Dept. and Village Advisors – Member Education	9 PBS		Staff added in Sept. '09 – Program Development 04/10
Women's Participation	December 2010	Women Participation in AGM at 9 PBS increased 5%	TBD		Staff added in Sept. '09 – Visiting PBSs – Baseline Determination 11/09
<b>Sub-Task B.2 Expanded Assistance for Board Development</b>					
PBS Director's Accountability	December 2010	New PBS Board Member Development Orientation Training – 5 day workshops for 50% of new board members elected in past 2 years	149 New Board Members elected in 2007-20090	307 total participants 77 (25%) female participants	15 Five-day workshops with 68 PBSs represented
PBS Director's Strengthening	December 2010	PBS Directors Strengthening program completed in 50% of PBS	35 PBS		Staff Added 3 Sept 09. Final draft of program submitted to REB & Training approval - Sept 09.
<b>TASK C – SOCIO-ECONOMIC PROGRAM EVALUATION</b>					
Socio-Economic Program Evaluation	December 2010	Program Evaluation	9 PBS		Baseline Survey Completed – Brahmanbaria Micro-finance data collection completed

# **Rural Electrification Development Program Quarterly Report July through September 2009**

## **SECTION 1: INTRODUCTION**

### **1.1 Background to the Rural Electrification Development Program (REDP)**

The REDP is a five year program of activities designed to support the continued development of REB program management capacity, and to support improvements of selected PBS electric distribution systems that are part of the REB rural electrification program in Bangladesh. REDP was designed to provide support for electricity network expansion and intensification within the Second Rural Electrification Master Plan (2000-2020). Support provided directly to REB through DFID funding will finance up to 1.35 million new electricity connections to households and rural businesses, directly benefiting approximately 10 million people. The original REDP/DFID program included a micro-finance component to enable poorer and female led households along with small businesses to cover the connection charge and develop new income earning opportunities. Unfortunately, for a number of reasons, the micro-finance portion of REDP was limited to a pilot program in Brahmanbaria PBS.<sup>1</sup>

The overall REDP programme cost is £ 161 million with the GOB contributing £ 122 million through the Annual Development Programme (ADP). The original DFID contributions to the REDP program totalled approximately £ 50 million (\$87.6 million USD). With the devaluation of the British Pound Sterling the contribution amounts have been reduced slightly. Of the total, DFID is contributing approximately \$ 58.6 million to finance electric system expansion and improvement. Funding is also provided for program management, supervision and monitoring (\$ 1.49 million); and education and awareness building (\$ 1.49 million). NRECA International was contracted by DFID through USAID to design and manage the REDP work program with a total life of project budget of \$2.99 million.

On June 24, 2009 Contract Modification #4 – Enhanced Scope of Work was signed. Based on the findings of the REDP Annual Reviews, the REDP ESW calls for the expansion of activities under Task B entitled “Member Awareness/Education and Board Development Programs”. To provide additional detail, Task B has been divided into two Sub-tasks, as follows:

REDP Sub-Task B.1: Expanded Assistance for PBS Member Education

REDP Sub-Task B.2: Expanded Assistance for Board Development

Sub-Task B.1 will focus on improving PBS member awareness with respect to rights and responsibilities. Sub-Task B.2 will provide additional training and guidance to support development of PBS Boards. Both activities will promote improved governance within the Bangladesh RE Program and are supported by an additional grant of \$1.95 million.

This is the 14th in a series of quarterly reports, providing a summary of activities, progress, and issues for the period July through September, 2009.

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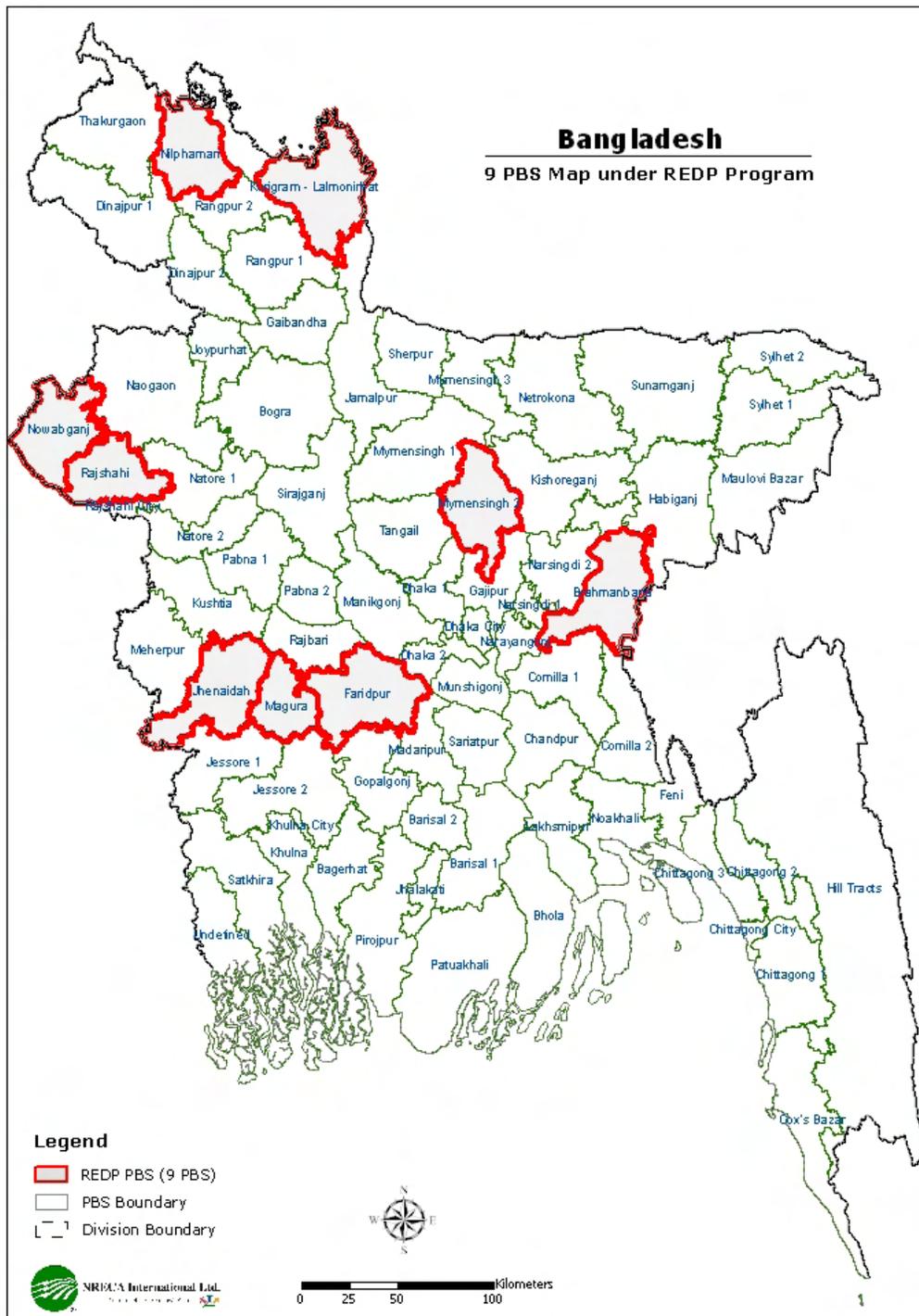
<sup>1</sup> The Micro-finance portion of the REDP program was discontinued December 31, 2008.

## **1.2 The primary objectives of REDP managed by NRECA**

- To verify that material selection by REB is consistent with REDP requirements and the procurement process is in compliance with GOB Public Procurement Policy 2003.
- To review REB bid evaluation processes, providing concurrence when required/requested; to assist REB to retender and re-evaluate unacceptable bids, and, to participate in pre-delivery inspections of materials and pre-contract factory inspections, whenever necessary.
- To monitor and substantiate that materials purchased under REDP are used in accordance with REB Master Plan, REDP investment requirements and, the PBS Construction Work Plans.
- Support ongoing implementation of member education programs by enhancing the capability of the PBS personnel to establish a sustainable education training program for Board Members, Village Advisors and PBS Members.
- Work with the REB Training Directorate and PBS personnel to “institutionalize” delivery of member education programs through village meetings and direct involvement of Village Advisors.
- Design and provide program support for the training of newly elected PBS Board Members using the courses, “Orientation to RE Program” and “Understanding the Financial Reports.”
- Establish baseline socio economic data for REDP areas, effect socio-economic surveys within REDP areas midway and on completion of REDP to include a full report on the socio-economic influence of REDP.
- Present quarterly progress reports and thematic reports on REDP activities and challenges.

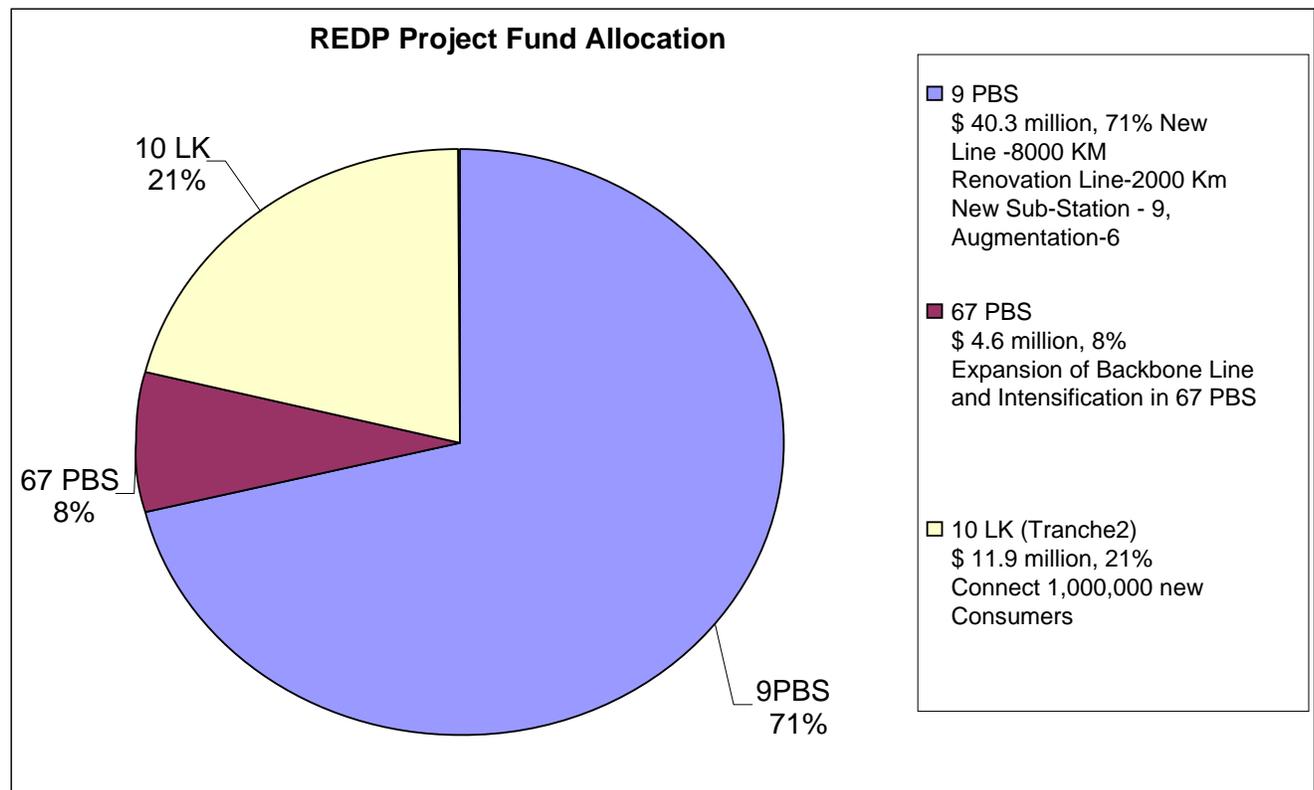
### 1.3 PBSs Targeted for Assistance under REDP

While the REDP was designed to provide support for the rural electrification countrywide, the program contained targeted support to for PBSs. The nine PBSs were identified during the REDP design phase as PBSs providing electric service to more marginal, less affluent rural communities, with consequently lower revenue generating potential. The nine REDP PBSs include: Brahmanbaria, Faridpur, Jhenaidah, Kurigram-Lalmonirhat, Magura, Mymensingh-2, Nilphamari, Nowabganj, and Rajshahi. The map below and the chart on the following page describe the 9 PBSs.



Name of PBS	Name of Thana	Name of District	Area (Sq.Km.)	No. of Villages	Population	Name of PBS	Name of Thana	Name of District	Area (Sq.Km.)	No. of Villages	Population
Rajshahi	Boalia	Rajahahi	96.68	-	294,056	Nawabgonj	Bholahat	Nawabgonj	123.52	91	70,507
	Durgapur	Rajahahi	195.03	122	137,640		Gomastapur	Nawabgonj	318.13	235	191,972
	Godagari	Rajahahi	472.13	396	217,811		Nachole	Nawabgonj	283.68	190	97,119
	Mohanpur	Rajahahi	162.65	154	126,396		Nawabgonj	Nawabgonj	451.80	192	389,524
	Paba	Rajahahi	280.42	261	213,379		Shibgonj	Nawabgonj	525.43	367	422,347
	Tanore	Rajahahi	295.39	207	138,015		Bhaluka	Mymensingh	444.05	102	264,991
Brahmanbaria	Akhaura	Brahmanbaria	99.28	125	112,982	Mymensingh-2	Gafargaon	Mymensingh	401.16	218	379,803
	Banchharampur	Brahmanbaria	217.38	118	258,371		Trishal	Mymensingh	338.98	160	336,797
	Brahmanbaria	Brahmanbaria	495.85	398	659,449		Sreepur	Gazipur	465.24	186	320,530
	Kashba	Brahmanbaria	209.76	236	243,833	Magura	Magura	Magura	406.50	252	286,925
	Nabinagar	Brahmanbaria	353.66	198	378,539		Mohammadpur	Magura	234.29	182	160,340
	Nasirnagar	Brahmanbaria	311.66	129	234,090		Shalikhha	Magura	228.64	118	132,291
	Sharail	Brahmanbaria	239.52	146	254,481		Sreepur	Magura	179.18	160	144,471
Jhenaidah	Harinakunda	Jhenaidah	227.19	129	162,078	Faridpur	Alfadanga	Faridpur	136.00	118	90,873
	Jhenaidah	Jhenaidah	467.75	283	333,192		Bhanga	Faridpur	216.34	227	214,702
	Kaligonj	Jhenaidah	310.16	196	219,126		Boalmari	Faridpur	272.34	255	190,159
	Kotchandpur	Jhenaidah	165.66	79	107,193		Char Bhadrasan	Faridpur	141.59	129	69,876
	Maheshpur	Jhenaidah	416.96	194	246,350		Faridpur	Faridpur	407.02	298	335,386
	Shaikupa	Jhenaidah	373.42	258	293,341		Madhukhali	Faridpur	230.20	238	165,438
Kurigram	Bhurungamari	Kurigram	236.00	124	176,822	Nilphamari	Nagarkanda	Faridpur	379.02	335	267,193
	Chilmari	Kurigram	224.97	152	100,516		Sadarpur	Faridpur	290.21	287	172,059
	Fulbari	Kurigram	163.63	165	129,668		Dimla	Nilphamari	327.00	58	160,000
	Kurigram	Kurigram	276.45	256	217,311		Domar	Nilphamari	251.00	47	152,000
	Nageshwari	Kurigram	415.30	367	279,775		Jaldhaka	Nilphamari	326.00	77	199,000
	Rajarhat	Kurigram	166.23	180	158,648		Kishoreganj	Nilphamari	265.00	130	202,000
	Ulipur	Kurigram	504.19	418	345,205		Nilphamari	Nilphamari	351.00	107	242,000
<b>Total Area (Square km)</b>			<b>15,371</b>		<b>Total Population</b>			<b>11,696,570</b>			

The Following Pie Chart Illustrates the DFID Funding Contribution for Material Procurement Identified by Projects - 9PBS, 67 PBS & 10 Lac (1 million consumers) - \$ 56.8 million



## 1.4 Project Team

The NRECA project team assigned to support REDP includes the following team members, by position:

<b>Person</b>	<b>REDP Duties</b>	<b>Tenure</b>
Robert O. Ellinger	Chief of Party	Full Time
James VanCoevering	Engineering Director	Part Time
Judith A. Burnett	Co-op Institutional Advisor	Full Time
Md. Hasibur Rahman	Project Engineering	Full Time
Ali Al Islam Khan Maruf Hasan Bhuiyan	Project Engineering	Part Time
Md. Shafiquzzaman	Project Engineering	Part Time
Zakir Hossain	GIS Team	Part Time
Narayan Chandra Saha	Education and Training Specialist	Full Time
ABM Ali Hossain Syed Nurul Islam	Board and Institutional Development Specialists	Full Time
Brig. M.A. Malek (Rtd.)	PBS Board / Member Development Consultant	Part Time
Ruh Afza Ruhi Shahana Jannat	Gender Specialists	Full Time
Reza Karim Md. Khasru Shajedul Karim	RE Program Associates	Full time
TBA	Short Term Consultants HR Specialist Board Dev. Specialist Communications Specialist	Part Time Part Time Part Time
Shital Krishna Das	Socio Economic Consultant	Contracted Part Time
TBA	Communications Specialist Graphics Arts Spec.	Full Time

## **SECTION 2: KEY ISSUES**

### **2.1 Power Shortage**

As has been the case for the past several years, the shortage of power dominates the operation of all PBSs and continues to exacerbate public discontent with REB and the PBSs. Due to the importance of this issue with respect to PBS viability and service quality, because of its overall importance and relevance to the REDP we will continue this discussion in this Quarterly Report.

PBSs continued to experience power supply curtailments during the reporting period. The shortage of power, particularly at peak demand periods, and resulting load shedding affected all PBSs in the REB program. Maintenance issues at aging PBD power stations contribute significantly to the frequency of outages. Load shedding is most problematic during peak hours throughout Bangladesh, but also occurs during off-peak hours in selected PBSs. Until the necessary steps are taken to increase available capacity, load shedding will continue to negatively impact the RE Program and consequently deleteriously affect productivity of REDP interventions.

Power generation needs are a high priority of the new government. However, the lead time from project inception to completion is well over thirty six months for large, central station power plants, with estimated capacity deficits estimated in the range of 1,500 MW – 2,000 MW. Additional capacity is needed to serve load growth, with the balance required to replace aging plants the efficiencies of which continue to deteriorate with the resulting output being well below the installed capacity.

The inability of Petrobangla (nationally owned gas transmission and distribution company) to provide an adequate supply of gas to fuel the gas-fired plants is also seriously contributing to the power shortage. Declining production in some existing gas fields and “non-existent” pipeline regulation has reduced the availability of gas supply to the power plants, thus requiring plants to reduce power production. Exploration and development of new gas fields has not kept pace with the demand for gas supply. The limited capacity of the gas transmission/distribution system has also contributed to the power crisis. Gas rationing has been and continues to be employed to maintain existing reserves and to help make gas available for power at the newer power plants that are more efficient. In a positive development, Chevron was one of two companies recently awarded an exploration contract for several off-shore natural gas fields to determine capacity and reserves. Chevron is also working with Petrobangla to install compressor station(s) at key distribution system locations across the country.

In addition to scheduled load shedding during hours of peak demand, off-peak load shedding also occurs when system outages are triggered due to low system frequency in PBS areas. Frequent power outages and power quality issues are the cause of recurring difficulties for industrial and commercial operations, particularly export manufacturing processes that require continuous production and are subject to prolonged restart schedules after a power curtailment.

Taken as a whole, scheduled outages during system peaks, and unscheduled outages have introduced substantial and increasing frustration on the part of PBS members, and financial hardship for both PBS consumers, and for the PBSs themselves. PBS revenue is derived primarily through the sale of electricity, so as power availability is reduced, revenue decreases in nearly a direct proportion. Moreover, the less reliable the power supply, the more difficult it becomes for PBS staff to collect revenues from PBS membership.

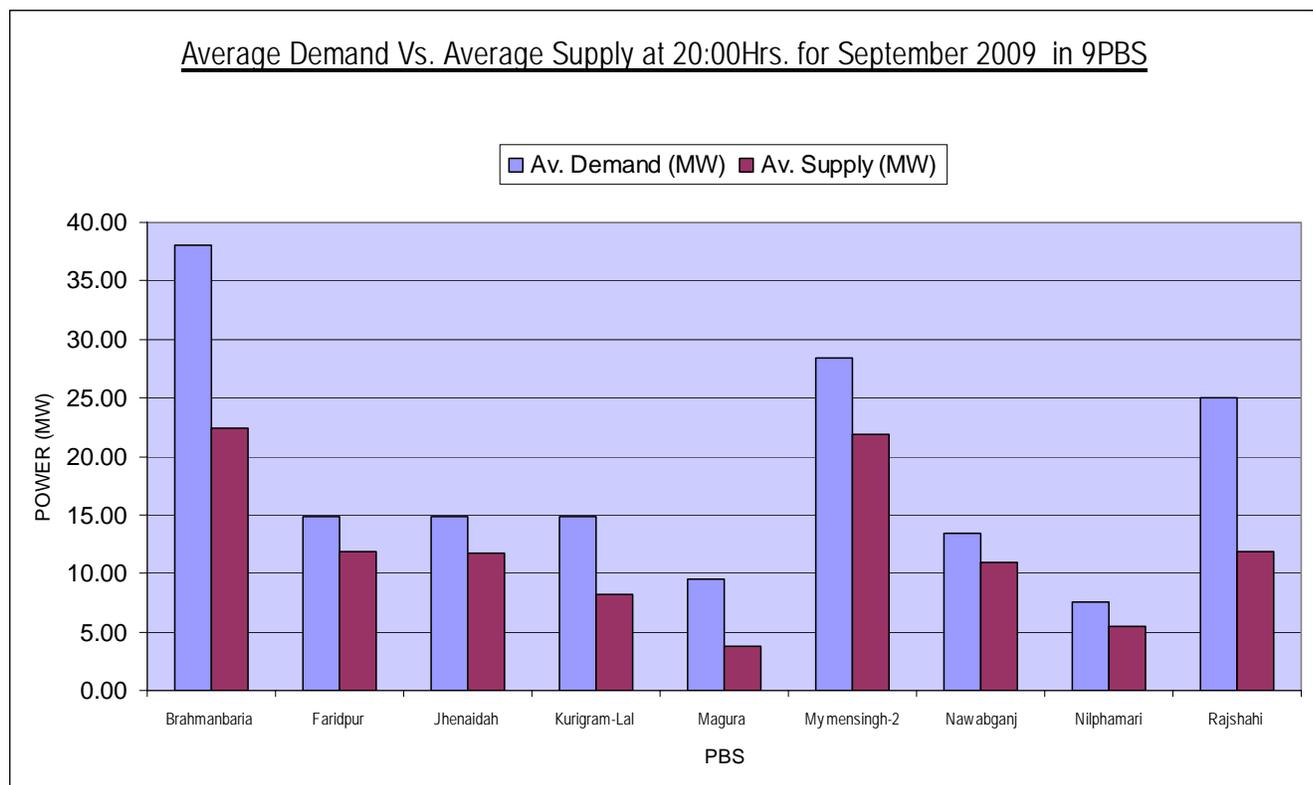
Most PBSs sell over 85% of the commercialized electricity to low income, residential (“domestic”) customers. These PBSs have been extremely challenged to meet operating costs, resulting in delayed repayments to REB. In those PBSs that have relatively higher sales to industrial and

commercial customers, the financial hardships are not as acute, but even the largest PBSs and those that have historically most healthy, it has become significantly more challenging to balance costs with sufficient revenue. Serving to complicate this issue is the BERC’s decision to allow increases in the wholesale power rates being charged without a corresponding retail rate increase.

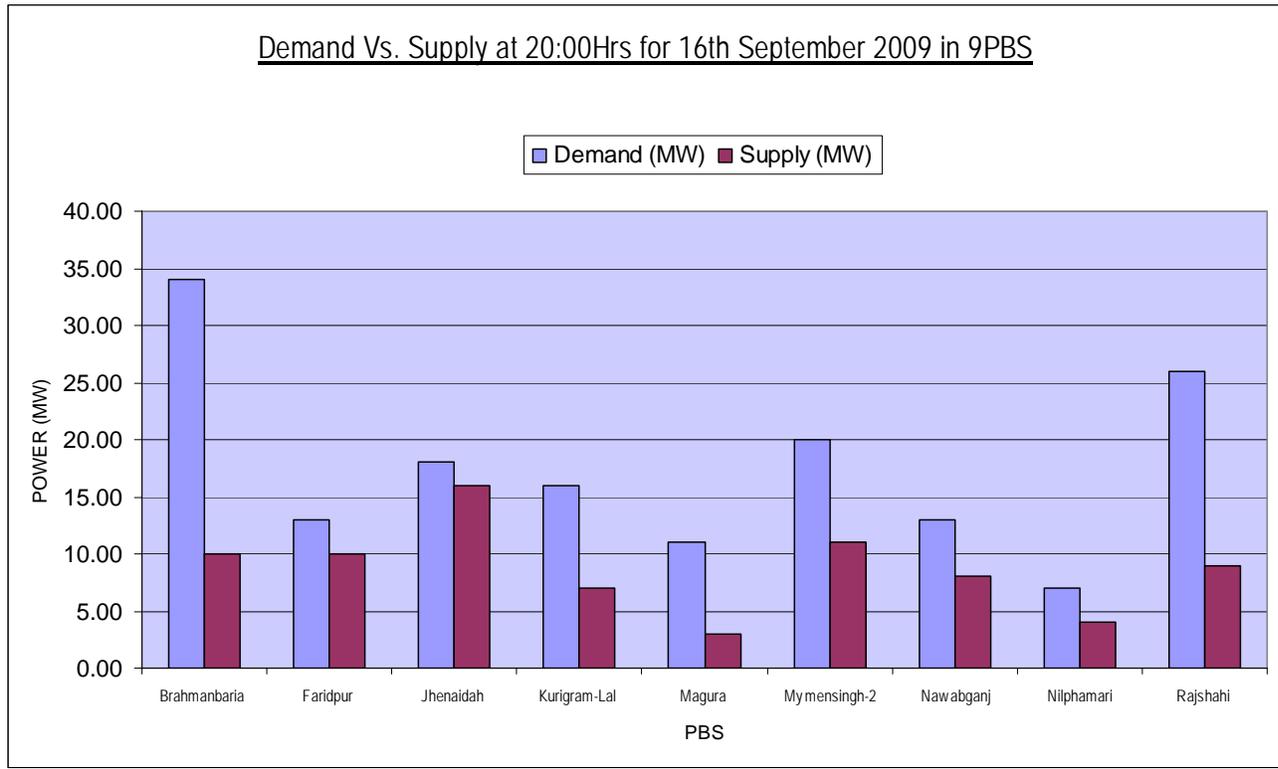
In the 9 PBSs participating in REDP, REB data reveals a leveling in demand and a slight decrease of incidents of load shedding in all but two of the PBSs when compared with September 2008. As can be seen from the graph shown in Illustration 2.1.4, Magura PBS experienced the highest average load shedding of 60% of the demand during peak hours of load for September 2009. Average load shedding for the other PBSs varied from 19% (at Nawabganj) to 51% (at Rajshahi). Overall daily load shedding was noted to be very high on September 16 (illustration 2.1.2). For this date Brahmanbaria, received only 10 MW against a demand of 34 MW and Rajshahi received only 9 MW against a demand of 26 MW. On a positive note, Jhenaidah received 16 MW against a demand of 18 MW. The load data was recorded by the PBSs at 20:00 hrs. - the evening peak.

The following graphs illustrate the load shedding situation in the 9 PBSs of REDP.

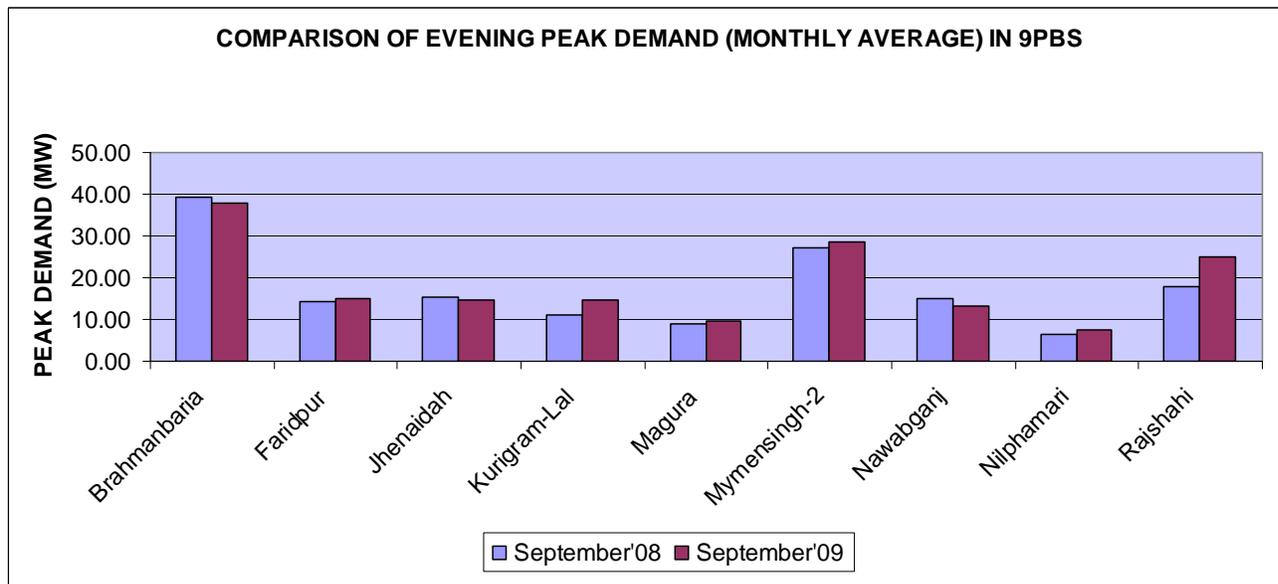
**Graph 2.1.1** Average Demand and Supply at 20:00 Hrs in September 2009:



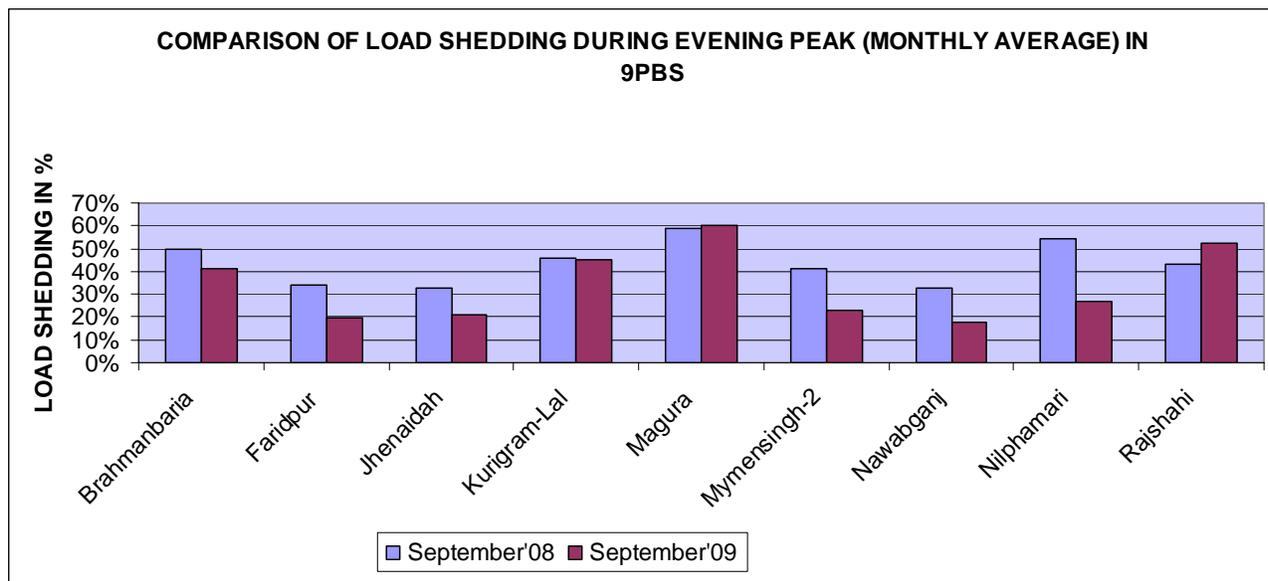
**Graph 2.1.2** Peak Demand and Supply at 20:00 Hrs 9 PBS on September 16, 2009:



**Graph 2.1.3** Shows variation of evening peak demand with last year in 9PBS



**Graph 2.1.4** Variation of Load Shedding during evening peak with last year in 9PBS



From these graphs it may be noted that compared to last year the monthly average peak demand has increased but the monthly average load shedding has decreased in seven out of the 9 PBSs.

## 2.2 Bid Evaluations

During the review period REDP continued to focus significant effort to expedite the evaluation and selection process of bid packages, while fully complying with GOB procurement regulations. Although the review and approval process was not explicitly defined in the DFID/GOB agreement, REB has consistently sought NRECA approval of the tender process, seeking “no objection” or “concurrence” to the bid selection/award process.

It is worth noting that, final indication of “no objection” for bid packages has been granted only after clarification has been received and processed for proposals that have been deemed questionable in content. Once clarifications are presented and consultations with REB resolve pending issues, approval via notification of “no objection” has been forwarded by the REDP/NRECA review team.

The due diligence process has resulted in some delays in the bid evaluation process. However, the results of this process but have illustrated to REB the importance of systematic and thorough due diligence of bid specifications.

## 2.3 Wholesale Power Rate Increase

In October, 2008 the BERC issued a final decision on BPDB’s request for an increase in the bulk tariff for all distribution entities effective October 1. BERC approved a 16% increase in the BPDB bulk power tariff, with specific requirements that BPDB must address, including reduction of transmission losses, and “realizing” arrears from GOB offices and organizations. The final result is as follows:

For distribution companies including DESCO, WPZ, New DESA, and others:

For 132 KV --- from current rate of Tk 2.1132 to 2.4150, plus the wheeling charge to PCGB

For 33 KV --- from current rate of Tk 2.1609 to 2.4452, plus the wheeling charge to PCGB

For PBSs:

At 33 KV -- the increase for the PBSs will be approximately 13%.

With the BERC-approved bulk power increase, distribution companies and REB (representing the PBSs) presented proposals to BERC to increase retail tariffs. Average retail rate increase requests to BERC were 15%. BERC has held hearings in the retail rate increase proposals submitted by the distribution utilities, including REB, and has yet to announce any decision on the rate cases presented.

## **SECTION 3: MATERIALS PROCUREMENT**

### **3.1 Materials Procurement**

#### **3.1.1 REDP Bid Evaluation Procedures**

As presented in previous reports, REDP team members continued to participate in bid preparation and evaluation process for materials procured with funds provided through DFID/REDP. It should be noted that the majority of REDP materials have been ordered and delivered. While fewer tenders were processed during the July – September reporting period, all steps in the procurement process for those tenders that were processed were diligently followed.

In compliance with its internal policies and procedures, and as planned under the REDP, REB was the sole responsible party to manage the bid evaluation process. The tender process was managed in compliance with GOB PPR 2003 requirements.

To comply with its role under REDP, the NRECA evaluation team performs a parallel bid evaluation process, without REB participation. The parallel bid evaluation facilitates an independent verification of results. The parallel bid evaluation processes conducted by REB and NRECA follow similar methodologies. Evaluations undertaken focus on the following steps:

- Determination of commercial responsiveness.
- Determination of financial responsiveness.
- Determination of technical responsiveness.
- Financial adjustments to bid evaluation prices where applicable for late delivery, capitalized cost of transformer losses and qualifying local preference.
- Detailed evaluation of pre-selected bids.
- Other adjustments as appropriate.
- Preparation of bid evaluation report for Tender Evaluation Committee and recommendations for contract award.

GOB PPR 2003 requires an evaluation committee to be established to review results of each respective procurement action. For purposes of the REDP-financed procurement packages, the REB Tender Evaluation Committee is responsible for reviewing the tender documents, documenting the results of the evaluation process, and submitting recommendations to the REB Board. The results are thereafter submitted to the Ministry of Energy prior to finalizing selected contracts. Contracts with values of up to Taka 120 million, (approximately USD 1.71 million) are evaluated and approved internally by the REB Board of Directors. The Ministry of Energy approval is required for contracts with values exceeding the REB financial authorization limits.

As was done throughout this process, NRECA representatives continued to attend the REB Tender Evaluation Committee (TEC) meetings as observers. While NRECA/REDP specialists participated in evaluations in the capacity of observers; decision making authority for all tenders rests with the REB TEC, with no NRECA/REDP direct participation. In compliance with REDP design, the NRECA/REDP team simply monitors the procurement processes.

In those cases wherein the REB TEC recommendation agrees with the NRECA independent evaluation, NRECA issues a formal “no objection” in response to the results of the TEC presented to the NRECA team. In most cases, TEC evaluation conclusions have agreed with NRECA independent evaluation results; the lowest price commercially acceptable bid was selected by REB for award of the contract. In those cases wherein the two results have not been in agreement, “no objection” statements have been withheld by the NRECA team. In these instances, NRECA presented detailed explanations to provide REB with guidance to resolve the differences that were noted in the two evaluations. While most of these cases have been resolved, some are still under review by REB. The status of the relevant sub-packages is presented in tables presented in Section 3.1.2.2.

### 3.1.2 REDP Bid Tendering and Evaluation Results

#### 3.1.2.1 Project 9PBS (1<sup>st</sup> Tranche)

One bid sub-package worth \$ 0.9 million for the supply of submarine cable was subsequently included in the revised procurement plan by REB and was re-tendered with NRECA concurrence. Bids that were received from this re-tendering are under evaluation. The Tender Evaluation Committee (TEC) of REB recommended for awarding this bid to the lowest responsive bidder but the Board decided for re-tendering for the second time to which NRECA did not agree. NRECA requested that the Board reconsider its decision and accept TEC recommendation.

#### 3.1.2.2 Project 10Lac

REB has advertised the following bids for the 10 Lac project:

**Table 3.1.2.1:**

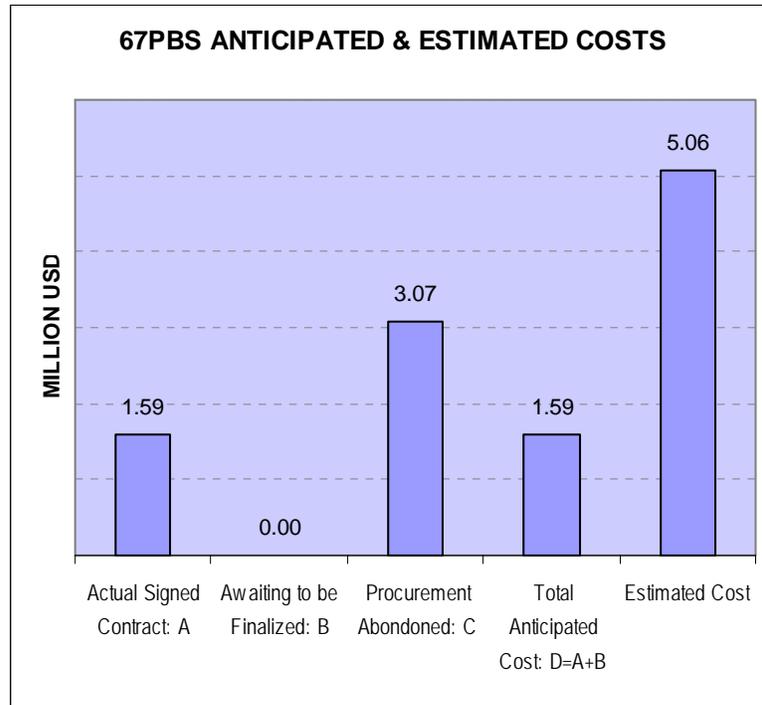
<u>Sl. No.</u>	<u>Tender Sub-Package No.</u>	<u>Principal Item</u>	<u>Estimated Amount</u>	<u>Remarks</u>
1	DFID (10 Lac)-060	Conductor (Insulated)	USD 2,264,600	Bid receiving and opening is scheduled on October 28, 2009.
2	DFID (10 Lac)-061	Conductor (Insulated)	USD 2,065,600	
3	DFID (10 Lac)-062	Conductor (Insulated)	USD 1,780,800	
4	DFID (10 Lac)-063	Conductor & Guy Accessories	USD 218,000	
5	DFID (10 Lac)-064	Fuse Cut Out & Lightning Arresters	USD 83,370	
6	DFID (10 Lac)-065	Twist Tite Meter Seal	USD 66,000	

**Table 3.1.2.2 Summary of Commodity Procurement Status against REDP through September 2009**

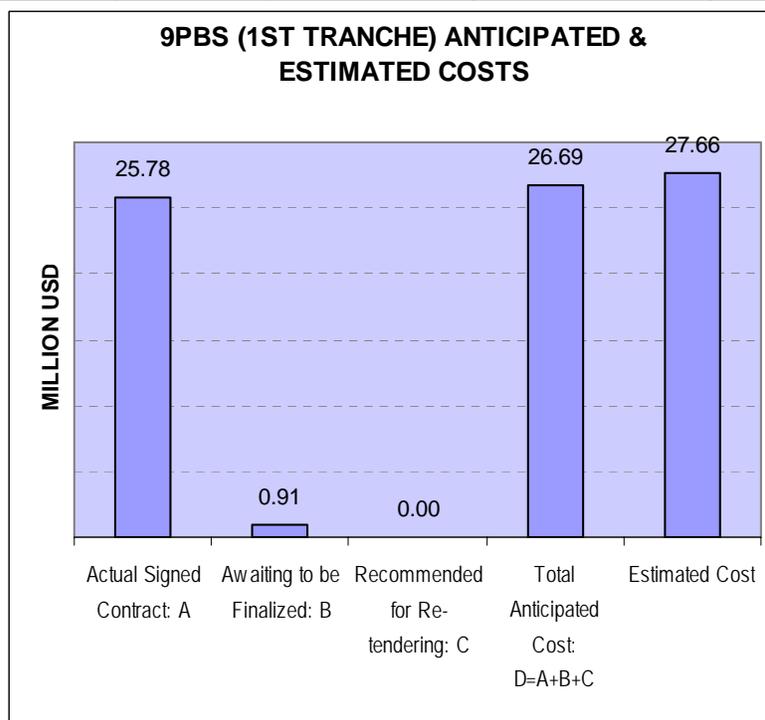
Item	Projects				
	67PBS	9PBS (1st Tranche)	9PBS (2nd Tranche)	9PBS (3rd Tranche)	10Lac
<b>Available sub-package:</b>					
Number	7	29	7	5	11
Estimated amount (Million USD)	5.064	27.664	14.291	5.109	6.046
<b>Sub-package tendered:</b>					
Number	7	29	7	5	11
Estimated amount (Million USD)	5.064	27.664	14.291	5.109	6.046
In % of total estimate	100%	100%	100%	100%	100%
<b>Tendered sub-package under evaluation:</b>					
Number	0	0	0	0	0
Estimated amount (Million USD)	0	0	0	0	0
In % of total estimate	0%	0%	0%	0%	0%
<b>Tendered sub-package awarded:</b>					
Number	4	18	5	5	8
Order amount (Million USD)	1.591	14.085	9.993	5.415	4.887
In % of total estimate	31%	51%	70%	106%	81%
<b>Sub-package decided to be re-tendered:</b>					
Number	3	11	2	0	3
Estimated amount (Million USD)	3.072	12.445	4.103	0	0.177
In % of total estimate	61%	45%	29%	0%	3%
<b>Re-tendering of sub-package under process:</b>					
Number	0	0	0	0	0
Estimated amount (Million USD)	0	0	0	0	0
In % of total estimate	0%	0%	0%	0%	0%
<b>Re-tendered sub-package under evaluation:</b>					
Number	0	1	0	0	0
Estimated amount (Million USD)	0	0.91	0	0	0
In % of total estimate	0%	3%	0%	0%	0%
<b>Re-tendered sub-package awarded:</b>					
Number	0	9	2	0	3
Order amount (Million USD)	0	11.694	4.831	0	0.198
In % of total estimate	0%	42%	34%	0%	3%
<b>Sub-package abandoned:</b>					
Number	3	0	0	0	0
Order amount (Million USD)	3.072	0	0	0	0
In % of total estimate	61%	0%	0%	0%	0%
<b>PAYMENT SITUATION</b>					
<b>Amount ordered (Million USD):</b>	1.591	25.779	14.824	5.415	5.085
<b>Amount disbursed (Million USD):</b>	1.471	24.51	9.549	4.386	4.073

The following graphs present information highlighting the US dollar amounts of the material purchases for the 67 PBS, 9PBS and 10 Lac procurements. The graphs show the dollar amounts of the contracts awarded, bids to be finalized and awarded, retendering amounts (loss of funds due to project closure prior to award – 67PBS) and the final projected costs compared to the initial project estimates.

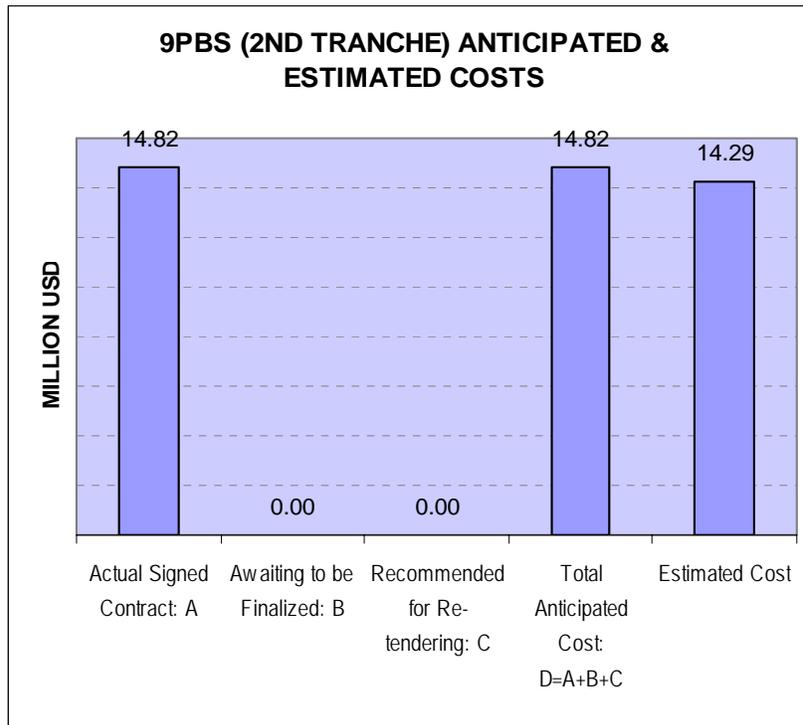
**Graph 3.1.2.3: 67 PBS Materials Composition and Anticipated Contract Costs.**



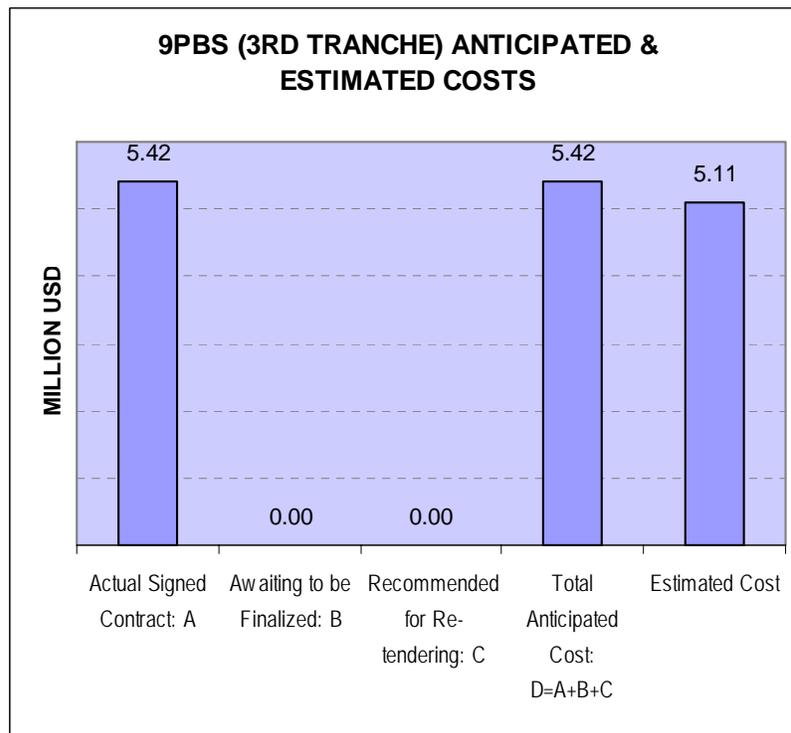
**Graph 3.1.2.4: 9 PBS (1<sup>st</sup> Tranche) Materials Composition and Anticipated Contract Costs**



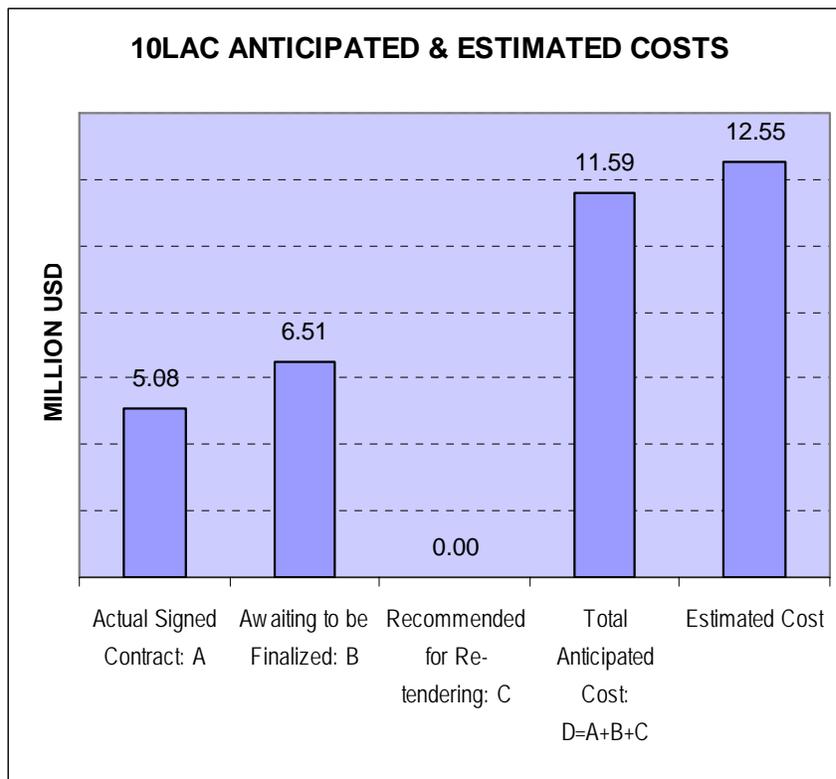
**Graph 3.1.2.5: 9 PBS (2<sup>nd</sup> Tranche) Materials Composition and Anticipated Contract Costs.**



**Graph 3.1.2.6: 9 PBS (3<sup>rd</sup> Tranche) Materials Composition and Anticipated Contract Costs.**



**Graph 3.1.2.7: 10Lac Materials Composition and Anticipated Contract Costs.**



### 3.2 Materials Procurement – Second and Third Tranches

The second tranche of materials procurement process began in June, 2007. This second tranche has provided an opportunity to provide positive feedback to REB derived from the first tranche procurement, while also attempting to diminish remaining poorly defined bid conditions, while focusing on increasing bidder competition. The third tranche procurement commenced in July, 2008 and clearly shows improvement in the process as procurement decisions are made faster and effectively.

Core procurement monitoring topics were selected with REB during the first tranche of commodity procurement. During the last reporting period, the core requirements were consolidated for the second tranche of material procurement. As noted in previous quarterly reports, REB has agreed to NRECA recommendations to enhance competitive bidding into the procurement documentation.

From July to September 2009, REB evaluation results concurred with independent NRECA evaluation results. In those cases wherein NRECA provided recommendations to REB, the recommendations were accepted and integrated into evaluation reports. REB completed revisions to the bid documentation for second tranche materials; NRECA drafted letters confirming no objection for bid evaluation reports.

#### 3.2.1 Bid Conditions and Compliance with Core Monitoring Requirements-Second Tranche

In general, material procurement conditions complied with GOB PPR, and bids were submitted in accordance with good international practice. For the most part, core monitoring topics were addressed

by REB. These core monitoring topics related to:

- Bid Package Size
- Fair Conditions for Bidders
- Advertising

Conditions in the REB bid documentation reflected the monitoring requirements, while REB procurement personnel complied with and respected monitoring conditions. In particular, core monitoring conditions were observed by REB in the following manner:

#### 3.2.1.1 Bid Package Value

The principal requirement is for the bid package financial value to be sufficiently high to attract international bidders. However, the limit of REB financial authority now is US\$ 3.5 million (previously it was US\$ 1.7 million); bid sub packages of values that exceed this value require Ministry of Energy approval. There is however no such bid package of value exceeding US\$ 3.5 million pending for disposal. Given the desire to expedite REDP materials procurement, NRECA recommended that bid package values be allowed to drop below USD \$1.7 million.

#### 3.2.1.2 Fair Conditions for Bidders

Bid documents were formulated to include all information necessary for potential international bidders to equitably compete with domestic bidders.

#### 3.2.1.3 Advertising

The procurement exercise was advertised in four national newspapers and on the GOB Technical Procurement Unit website. As a further aid to disseminating the procurement information to potential international bidders, NRECA requested that copies of the newspaper advertisement be concurrently distributed to embassies and high commissions in Dhaka.

### 3.2.2 Procurement Program

Following NRECA concurrence, procurement advertising was conducted in accordance with GOB PPR with circulation of notices to an appropriate number of newspapers for 6 sub-packages under 10 Lac project. Advertisements appeared in the following newspapers between the 8<sup>th</sup> and 12<sup>th</sup> September 2009.

<u>Newspaper</u>	<u>Language</u>	<u>Date of Publication</u>
The Observer	English Language Daily	September 8, 2009
Ittefaq	Bengali Language Daily	September 12, 2009

In addition to newspaper advertisements, the procurement notices are also sent by REB to GOB Central Procurement Technical Unit website. Concurrent with the newspaper and website advertising, information about the procurement was also sent to the trade sections of diplomatic missions in Bangladesh.

Illustration 3.2.2.1 Copy of Newspaper Advertisement

“বিদ্যুতের আলোর ছটায় বিদ্যা শিক্ষার বিস্তার ঘটায়”

### Invitation for International Tender against DFID Fund under the 10 Lac consumers connection Project of Rural Electrification Board.

1	Ministry/Division	Ministry of Power, Energy and Mineral Resources, Power Division.		
2	Agency	Rural Electrification Board.		
3	Procuring Entity Name & District	Director, Procurement, Rural Electrification Board. Dhaka.		
4	Invitation for	Electrical line Construction Material		
5	Invitation Ref No	DFID/GAF-278(5)/2009/ 128	Date : 06/09/2009	
6	Procurement Method	Open Tendering Method, International Competitive Tender (ICT)		
<b>FUNDING INFORMATION</b>				
7	Budget and Source of Fund	Development Budget under DFID Grant		
8	Development Partners (if applicable)	Department for International Development (DFID), UK		
9	Project / Program Name (if applicable)	10Lac new consumer connection under existing PBSs Project of Rural Electrification Board.		
10	Tender Package No.	DFID (10 Lac)-08 & DFID (10 Lac)-09		
11	Tender Publication Date	11/09/2009		
12	Tender Last Selling Date	27/10/2009 up to office time		
		Date	Time	
13	Tender Closing Date and Time	28/10/2009	12.00 Noon (BST)	
14	Tender Opening Date and Time	28/10/2009	12.30 P.M. (BST)	
15.	Name & Address of the office(s)	<b>Address</b>		
	- Selling Tender Document	Directorate of Procurement (7 <sup>th</sup> floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka- 1229, Bangladesh.		
	- Receiving & Opening Tender Document	REB Auditorium (1 <sup>st</sup> floor), Rural Electrification Board Nikunja-2, Khilkhet, Dhaka- 1229, Bangladesh.		
<b>INFORMATION FOR TENDERER</b>				
16	Eligibility of Tenderer	All Countries except Israel		
17	Price of Tender Document (Tk)	Tk. 3000.00		
18	Brief Description of Related Services	N/A		
19	Brief Description of Goods and amount of tender Security :			
	Tender-Package No.	Sub-Package No.	For the material of	
			Tender Security Amount (USD)	
	DFID (10 Lac)-08	DFID (10 Lac)-08-060	Conductor (Insulated)	57,000.00
		DFID (10 Lac)-08-061	Conductor (Insulated)	52,500.00
		DFID (10 Lac)-08-062	Conductor (Insulated)	45,000.00
	DFID (10 Lac)-09	DFID (10 Lac)-09-063	Conductor & Guy Accessories	5,500.00
		DFID (10 Lac)-09-064	Fuse Cut out & Lightning Arrester	2,100.00
		DFID (10 Lac)-09-065	Twist Tite Meter Seal	1,700.00
20	Regarding Tender Document	Tender Document in English, may be purchased by the interested tenderers on submission of a written application to the address below and upon payment of a non refundable fee of Tk. 3000.00 or USD 50.00. The method of payment will be by Pay order / Bank draft in favor of Rural Electrification Board, Dhaka, Bangladesh. The document may be sent by air mail for overseas delivery and courier or surface mail for local delivery. For overseas delivery, the tenderer may obtain the tender document by any International courier service to collect the same from Rural Electrification Board, Dhaka, Bangladesh. One tender document can not be used for submission of tender proposal (s) by more than one tenderer. One tenderer, however, may submit tenders against any number of sub-packages included in the tender document by purchasing only one copy of the tender document.		
21.	Payment Mode	Payment will be made through Irrevocable Letter of Credit (L/C)		
22.	Delivery Period	Delivery Period shall begin with effect from the day of L/C opening		
<b>PROCURING ENTITY DETAILS</b>				
23.	Name of official inviting Tender	Muhammad Nabi Noor.		
24	Designation of official inviting Tender	Director (Procurement)		
25	Address of official inviting Tender	Rural Electrification Board, Head Office Building (7 <sup>th</sup> Floor), Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.		
26	Contract details of official inviting Tender	Tel. & Fax # 8916420		
27	The procuring entity reserves the right to accept or reject all tenders.			



পল্লী বিদ্যুতায়ন বোর্ড  
RURAL ELECTRIFICATION BOARD

পরি/জন (০২৩) ২০০৮-২০০৯

Director ( Procurement)  
Rural Electrification Board  
Head Office Building (7<sup>th</sup> Floor),  
Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.  
Phone & Fax : 8916420.  
E-mail : rebprocure@yahoo.com

স.ডি: (১০/১০)

**Illustration 3.2.2.2** Copy of Web Advertisement



**Invitation for Tenders (Multiple Lot)**

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH				
<b>Ministry/Division:</b>	<b>Power Division</b>			
<b>Agency:</b>	<b>Rural Electrification Board</b>			
<b>Procuring Entity Name:</b>	REB, Dhaka			
<b>Procuring Entity Code:</b>				
<b>Procuring Entity District:</b>	Dhaka			
<b>Invitation For:</b>	Goods			
<b>Invitation Ref No.:</b>	DFID/GAF-278(5)/2009/128			
<b>Date:</b>	6-Sep-09			
KEY INFORMATION				
<b>Procurement Method:</b>	ICT Open Tendering Method(OTM)			
FUNDING INFORMATION				
<b>Budget and Source of Funds:</b>	Development Budget Aid (Grant/Credit)			
<b>Development Partner:</b>				
PARTICULAR INFORMATION				
<b>Project/Programme Name:</b>				
<b>Tender Package No.:</b>	DFID(10 Lac)-08 & DFID (10 Lac)-09			
<b>Tender Package Name:</b>	Electrical line Construction Material			
<b>Tender Publication Date:</b>	14-Sep-09			
<b>Tender Last Selling Date:</b>	27-Oct-09			
<b>Tender Closing Date and Time:</b>	28-Oct-2009 12:00 PM			
<b>Tender Opening Date and Time:</b>	28-Oct-2009 12:30 PM			
<b>Name &amp; Addresses of the Offices :</b>	<b>Selling Tender Document</b>			
	Directorate of Procurement (7th floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.			
	<b>Receiving Tender Document</b>			
	REB Auditorium (1st floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.			
	<b>Opening Tender Document</b>			
	REB Auditorium (1st floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.			
<b>Pre-Tender Meeting (Optional):</b>	Place:	Date:	Time:	
INFORMATION FOR TENDERER				
<b>Eligibility of Tenderer:</b>	All Countries except Israel.			
<b>Brief Description of Goods or Works:</b>	Electrical line Construction Material			
<b>Brief Description of Related Services:</b>	N/A			
<b>Tender Document Price:</b>	3,000.00			
Lot No.	Identification	Location	Security Amount	Completion Date
1	Conductor	Dhaka	57,000.00	
2	Conductor	Dhaka	52,500.00	
3	Conductor	Dhaka	45,000.00	
4	Conductor & Guy Accessories	Dhaka	5,500.00	
PROCURING ENTITY DETAILS				
<b>Name of Official Inviting Tender:</b>	Muhammad Nabi Noor			
<b>Designation of Official Inviting Tender:</b>	Director (Procurement)			
<b>Address of Official Inviting Tender:</b>	Rural Electrification Board, Head Office Building (7th floor), Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.			
<b>Contact Details of Official Inviting Tender:</b>	Phone: 8916420			
<b>The procuring entity reserves the right to accept or reject all tenders</b>				

## **SECTION 4: MONITORING OF MATERIALS USAGE**

### **4.1 Proposed Monitoring Methodology**

The following are the basic considerations for monitoring the usage of DFID funded materials:

#### Sub-Task 1: Storing DFID funded materials at Khulna Warehouse

- Assist Khulna warehouse personnel to improve storage conditions and methods for DFID-financed materials.
- Where practical, DFID materials will be segregated from existing REB materials.

#### Sub-Task 2: DFID funded Material at PBS

- Randomly monitor assignment of materials to construction contractors; evaluate if quantities disbursed are correct.

#### Sub-Task 3: Monitoring of Construction Work in 9 PBS.

- Comparison of detailed construction plans with master plans.
- Regular inspections of construction projects in each PBS.
- Compare material quantities issued with work completed.
- Monitor construction quality and compare with REB standards.
- Monitor category of customer connections with reference to DFID criteria.

#### Sub-Task 4: Monitoring of materials usage in 67 PBS and 10 lac customers.

- Monitor progress of construction works and compare with disbursement of DFID-financed materials.
- Check meter issues and compare with new customer connections.
- Randomly monitor issue and installation of DFID-financed meters.

### **4.2 Progress**

We began the work of monitoring construction quality and comparing with REB standards toward the end of March 2009 in Brahmanbaria PBS. By engaging three (3) teams of two (2) people each, this phase of the project progressed satisfactorily and the evaluation has been completed for all 9 PBSs by June. Review of collected data after computer entry has been completed for following 5 PBSs.

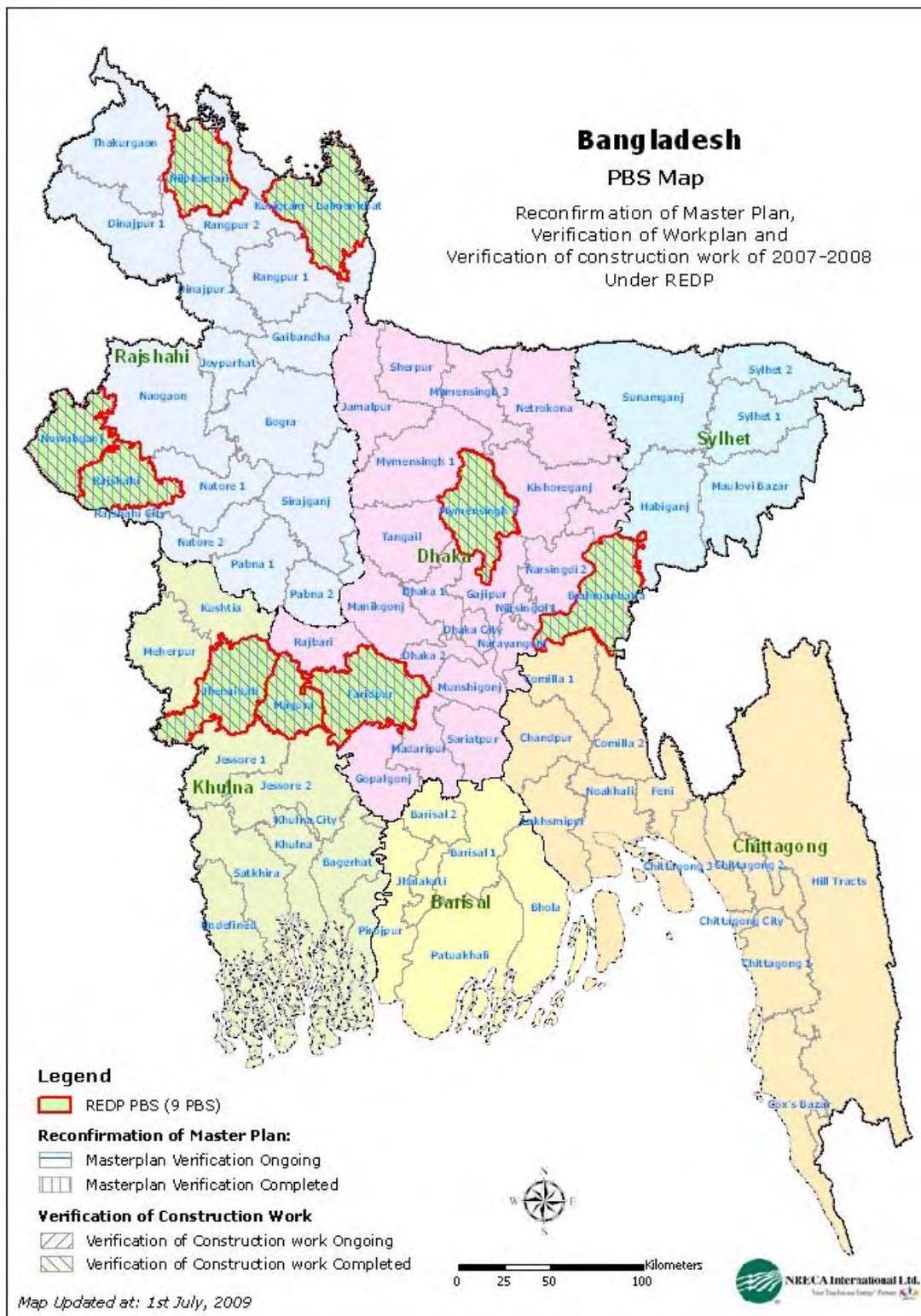
**Table 4.2.1: Construction Verification**

<b>Sl. No.</b>	<b>PBS</b>	<b>Duration of Field Inspection</b>	<b>Inspected Lines</b>	<b>Inspected Poles</b>	<b>Date of Feedback to PBS</b>
1	Magura	May 25 to June 15, 2009	59.1 Km	1208 Nos.	July 29, 2009
2	Faridpur	May 27 to June 30, 2009	96.4 Km	1938 Nos.	August 16, 2009
3	Nilphamari	May 2 to May 24, 2009	70.6 Km	1125 Nos.	August 17, 2009
4	Rajshahi	April 30 to May 22, 2009	71.4 Km	1547 Nos.	September 27, 2009
5	Mymensingh-2	April 28 to May 25, 2009	85.5 Km	1330 Nos.	September 30, 2009

The overall line construction quality was found satisfactory; however, there were several locations where corrections need to be addressed. The PBSs were notified about the results along with details of specific errors noted in 'Line Inspection Forms' for taking further corrective action in the field.

**Map 4.2.2 (Reconfirmation of Master Plan)**

The following map presents the final status of the reconfirmation of the Master Plan and field verification in the 9 PBSs.



## **SECTION 5: SOCIO ECONOMIC STUDY**

### **5.1 Background**

It has been documented in numerous studies that access to affordable and reliable electricity is a key requirement for both economic development and poverty reduction. The Government of Bangladesh's (GoB) Poverty Reduction Strategy Paper (PRSP) of October 2005 emphasizes the importance of rural electricity for creating employment. Improved electricity coverage, particularly in rural areas of Bangladesh, will help achieve the Millennium Development Goals (MDGs). The overall objective of the Socio Economic Study is to examine the social and economic impact of the REDP with emphasis on electric connections to poor and women led households.

As indicated in the Key Issues Section of this report, a number of significant actions, including power supply shortages, impinge significantly on the anticipated benefits of the REDP and the REB program in general. Field evaluations show clearly that households will go to great lengths to gain access to electric service, but small and medium-scale enterprises will be reluctant to make investments until and unless power supply improves in rural Bangladesh. The socio-economic survey is designed to quantify the impact of the REB program in general, and REDP in particular against the backdrop of challenges with power supply in rural Bangladesh.

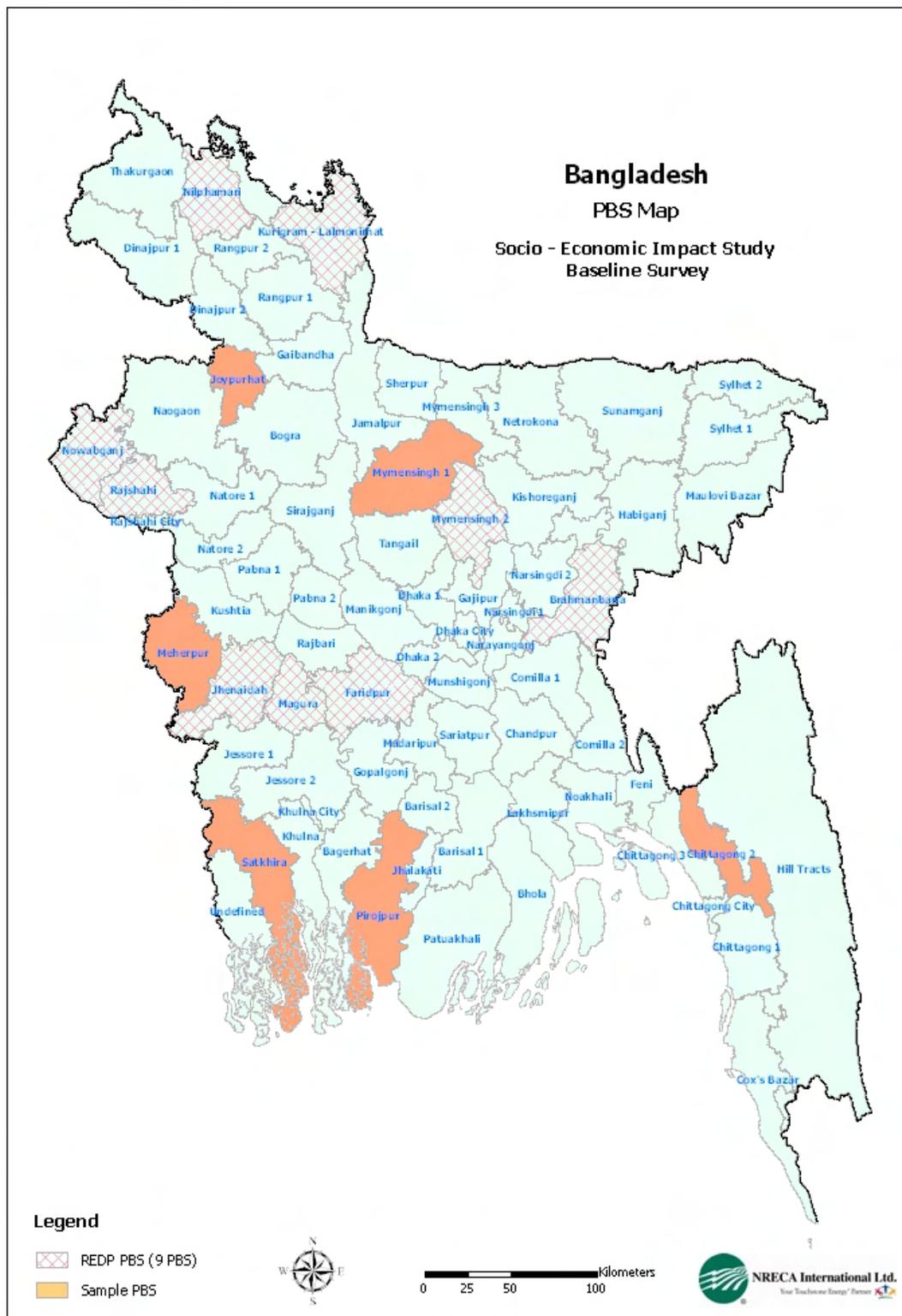
### **5.2 Progress**

The majority of activity regarding the socio-economic impact study of REDP focused on the completion of the baseline survey and the start of the Brahmanbaria pilot project (micro-finance) study.

- HDRC Submitted the Final Report of the REDP Socio-Economic Baseline Study. This extensive report is an excellent piece of work and will be presented to the Program Partners.
  - The overall objective of the socio-economic baseline survey is to conduct the survey itself through collecting, collating and analyzing baseline data for all five Observation Measurement Units (OMUs) – Household, Commercial unit, Industrial unit, Irrigation unit, and Social/human development units) – in such a way that all pertinent baseline information will persist for evaluation and measurement of economic and social impact and benefits in later stage.
  - The specific objectives of the survey are:
    - To assess the pre-electrification livelihood status of the would-be electrified people, especially the poor people, directly before provisioning of electricity and/or financing, and indirectly prior to availability of pertinent to electricity services in the community;
    - To assess the access, employment and income-earning opportunities, and assess the state of key human development indicators such as health, education, safety net support; and female empowerment among the poor and female-headed households;
    - To compare income and livelihoods of the project's future participants against a control group of similar poor people (who will receive no benefits from the project);
    - To assess the status of non-electrified industrial, irrigation, commercial units, and human development institutions (educational and health).
- Collection of the additional baseline data for the Micro-finance Component of REDP has been completed.

The following map shows the 9 focus PBSs along with the “control group” sample PBSs surveyed to establish the REDP evaluation baseline.

**Map 5.2.1: Socio-Economic Impact Study – Data Collection, Baseline Survey**



## **5.3 Micro-Finance Credit Program for the Poor**

### **5.3.1 Background**

The primary objective of the Micro-Finance Component of the REDP is to address the needs of disadvantaged households in rural Bangladesh by creating increased access to financing, thereby enabling households and small business to finance connection charges for PBS electric service. The rural poor are intended to be the main beneficiaries of this program. In addition, efforts will be made to provide assistance to the extreme poor, such as single parent households or those with severely disabled family members. Traditionally, a rural household applies for an electrical connection only when they have the money to pay for the connection fee, as well as the cost of internal house wiring. In many cases, rural poor find PBS service connection and internal house wiring prohibitively expensive. The purpose of this task under REDP is to enhance the impact of the Rural Electrification Master Plan (2000-2020) on rural poor.

During annual and mid-term reviews of the REDP in October 2007 and 2008, a lack of coordination between the micro-finance program participants that severely limited the progress of the pilot project implementation led by Palli Karma-Sahayak Foundation (PKSF) and its partner Padakhep. It was determined that improving coordination specifically between Padakhep, Brahmanbaria PBS and REB was essential if this component was to make progress towards achieving the established project goals.

Following discussions with all stakeholders and at the request of DFID (and with the acknowledgment of USAID) NRECA was asked to take an active role in coordinating the work of the parties in an effort to ensure that the project stayed on track to meet or exceed program expectations. NRECA has since taken a leadership role, and notable progress has been made.

### **5.3.2 Progress**

The Microfinance component of the REDP was reviewed following the completion of the pilot project in Brahmanbaria. Representatives from DFID, the Pali Karma Sahayak Foundation (PKSF), Padakhep, the non-government organization (NGO) tasked with the marketing and servicing the micro-credit loans and NRECA reviewed the program projections and current status of the program. While all parties agreed that there have been many achievements made in terms of the provision of microcredit to a number of beneficiaries, the small number of actual electrical connections made under the pilot project strongly suggested that the program will not meet original program projections. Following these evaluation sessions it was decided to support PKSF's decision to discontinue its involvement in the microfinance provision of REDP linked to providing loans to fund the electric connections for the extreme poor and female led households of rural Bangladesh. While the loan program was discontinued in December 2008, the PBS continued to connect the accounts of the loan recipients through the reporting period.

## **SECTION 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM**

### **6.1 Background**

The primary objective of the PBS Member Awareness Education and Board Development (MAEBD) Program Task is to promote member/consumer participation levels throughout participating PBSs. The intended result is to empower membership to take responsibility for actions and decisions, as well to promote capacity building for PBS board members.

The focus of this task was to review previous member awareness programs undertaken in collaboration with REB and PBS by NRECA. From the outset of RE program in Bangladesh, NRECA has assisted REB to develop training programs to build capacity and to raise the awareness of member–consumers, as well as to build capacity of PBS Board members. The USAID-funded RPPR-II Program completed in September 2007 included a specific task to provide training assistance for both REB and PBS personnel including the development of effective curriculum materials for these programs.

The MAEBD Task involves working with the REB Training Directorate, as well as the REB Management Operations Directorates to ensure that the content and approach for these newly developed member education programs address specific PBS needs. At the PBS level, the PBS Member Services Departments are intended to involve themselves with implementation of member education programs. This component of REDP is focused on assisting REB and the PBSs to explore effective approaches to successful member and board orientation training, and assuring improved engagement of PBS Village Advisors. For PBS Board education programs, the REB Training Directorate and REB officers will be directly involved in the delivery of the programs while NRECA will assist with the development of effective curriculum materials.

After the development of the programs and initial implementation through the REB and PBSs, ongoing oversight and monitoring of this initiative will be incorporated into the overall Supervision and Monitoring Task.

### **6.2 Progress**

During this time period, July – September 2009, the REDP/MAEBD team was involved in a number of training and education activities that include:

- The REDP 2009-10 Work Plan was approved by USAID.
- Staff Additions – Since July, one American expatriate consultant and four local professional staff members have been hired along with two local staff members being reclassified.
  - Judith (Judy) Burnett was hired as Cooperative Institutional Advisor and joined the REDP team in Dhaka on July 7 on a long term assignment working on member awareness & education and board development activities. She has more than 20 years of experience working as a utilities customer service and economic development manager. Her experience includes serving as a Member Service Specialist for NRECA International Ltd. providing support to the Bangladesh RE program during “RPPR II” in the late 1990’s early 2000’s. Judy has a very good understanding of rural electric utility system issues and challenges, and an interest and sensitivity for rural economic development, which is the heart of the REB program in Bangladesh. Along with her

- extensive work experience Judy has obtained both a Masters and Bachelor degrees in Education and is knowledgeable in speaking and reading the Bengali language.
- We welcomed the following individuals as new members who joined the REDP team in September.
    - A.B.M. ALI HOSSAIN joined NRECA International Ltd. as an RE Program Executive. Ali holds a BA Honors and Masters in Statistics from Dhaka University. He worked for NRECA International Ltd during the initial feasibility study for the rural electrification program in Bangladesh in the 1970's. In 2008 he retired from the Rural Electrification Board where he held numerous positions including Director Training and PBS Management Director North, South and Central.
    - RUH AFZA RUHI joined NRECA International Ltd. in September as a Gender Specialist. Ruhi holds a Bachelors Degree with Honors and Masters in Sociology from Dhaka University and a Masters in Gender and Development Studies from The Asian Institute of Technology in Bangkok Thailand. Her career in gender studies includes work with the United Nations Development Fund for Women, World Fish Center, Campaign for Popular Education (CAMPE) and the World Wide Fund for Nature in Thailand.
    - SHAHANA JANNAT joined NRECA International Ltd as a Gender Specialist. Shahana holds a BA Honors in Economics and a Masters in Economics from Rajshahi University. She holds a Diploma in Development Economics from The Royal Agricultural University, Copenhagen Denmark and a Masters in Education from Dhaka University. She served as a gender specialist and project coordinator for PROMOTE Project, Bangladesh Jatiyo Mahila Ainjibi Samity, Development Planners and Consultants and Bangladesh Institute of Development Studies.
    - MD. SHAJEDUL KARIM joined NRECA International Ltd as an RE Program Associate. Shajedul graduated first class first with BS Honors and MS from Rajshahi University. He has been employed as Executive for Icon Trading International and Fashion Creators Ltd. He was Assistant Director in PBS Management Operations, Central with the Rural Electrification Board.
    - SYED NURUL ISLAM, Institutional Development Specialist, was hired by NRECA as a full time employee as opposed to a consultant. Nurul has worked with NRECA on projects in Nigeria and Assam. He is a retired General Manager (GM) with the PBS system with his final position being GM of Manikganj PBS.
    - REZA KARIM MD. KHASRU was promoted to RE Program Associate. Reza has worked on several NRECA projects as a computer specialist. He recently earned his MBA from Asian University of Bangladesh.
  - As part of adding additional staff to our current team of employees we held program introductory sessions which covered topics such as; getting to know each other and the history of the rural electrification program and current issues facing the program. We also asked our team to present the Member Awareness and Education program to the new staff members.
  - Visits were made to REB to introduce the new staff to; Director Training and Deputy Directors, PBS Management Operations Director - Central and Deputies, and PBS Management Operations Director - North and Deputies along with the REB Controller.
  - Hiring of Additional Local Staff and International Consultants – We continue to work with the NRECA Arlington, VA office to obtain resumes of qualified individuals / groups to serve as short term Communications and HR consultants. We have finalized

- gathering information from the UK's Cooperative College who we will submit to USAID to serve as our Board Development consultants.
- We continue to search and interview local candidates for the Communications and Graphic Specialist positions.
  - REDP Strategic Planning Session
    - The key players of our Member Awareness / Education & Board Development team including Judy Burnett, Narayan Saha, Nurul Islam, Ali Hossain and Brigadier Malek and Bob Ellinger met on July 9 to review current REDP activities along with developing plans to address the tasks in the enhanced scope of work. We prioritized and developed a timeline for all the MAEBD activities. While we have a plan to begin all activities we may be forced to ask USAID and DFID for an extension through 2011 to complete the additional REDP work.
  - Member Awareness and Education
    - Training Materials
      - A “pilot test” was held for the materials and manuals for the course “Performance Appraisal & Board Development” (IB345) on July 16. The manuals included trainer and trainee manuals in Bangla. We finalized the material and delivered the required copies to the REB Training Directorate.
      - While the specific task of reviewing and updating the course on Inter Personal Communication (IM-152) was an assignment under the RPPR II program, the work failed to reach completion. Following a special request from Director Training we consented to complete the task. Manuals were completed and presented to REB in Bangla.
      - The manual on “Controlling / Measuring Results” (IM 165) is being reviewed and revised including work on curriculum development, translation into Bangla. The work has been submitted for approval by REB.
      - Developed a Curriculum Outline on the existing Handbooks for:
        - One-day workshop of PBS Member Education through MAEBD program.
        - 5-day course of PBS Board Development Orientation Training.
    - The Member Awareness and Education team “hit the road” to conduct workshops in Cox’s Bazar and Chittagong PBS-2 during the week of July 26 with workshops being conducted in 4 different venues. Participants totaled 306 with 36 being female. The participants included PBS Board of Directors, consumers of different service classes including other key community leaders such as teachers of colleges, schools and madrasa, imams of different mosques, chairmen and members of local government institutes, NGDO-personnel, businessmen, local leaders, Village Advisors, Village Electricians, and PBS staff.
      - The first day’s program at Cox’s Bazar and all the workshops at Chittagong-2 were conducted at the PBS headquarters. The two other Cox’s Bazar locations included Teknaf and Checkoria. The participants appreciated the presentation style and the workshops seem to becoming more effective because of the increased interaction with the participants. The interaction and participation in the workshops is very encouraging as the presentations are quite relevant to the customers’ day to day life. Most of the participants played an active role and did not hesitate to ask questions to clarify any misunderstanding. They provided significant feedback on the manual used which was jointly provided by REB and NRECA.

Details related to the various workshops conducted during this reporting period are listed in the **Tables** below:

**Member Awareness Education Board Orientation Workshop Status  
 July through September 2009**

**Table 6.2.1**

PBSs	Venues	Date	Number of Participants Attended		
			Male	Female	Total
Cox's Bazar	PBS HQ	July25, 2009	50	05	55
Cox's Bazar	Teknaf	July26, 2009	50	03	53
Cox's Bazar	Chokoria	July27, 2009	46	05	51
Chittagong-2	PBS HQ	July28, 2009	44	08	52
Chittagong-2	PBS HQ	July29, 2009	41	07	48
Chittagong-2	PBS HQ	July30, 2009	39	08	47
<b>Grand Total: 2 PBS</b>	<b>4-Venues</b>	<b>6-Day</b>	<b>270</b>	<b>36</b>	<b>306</b>

**Board of Directors' 5-day Orientation Course at REB Training Directorate through MAEBD  
 Program July through September 2009**

**Table 6.2.2**

Course Duration		No. of Participants		
From	To	Male	Female	Total
August 16, 2009	August 20, 2009	14	8	22

**GRAND TOTAL OF MAE & BD PROGRAMS' PARTICIPANTS  
 Through September 2009**

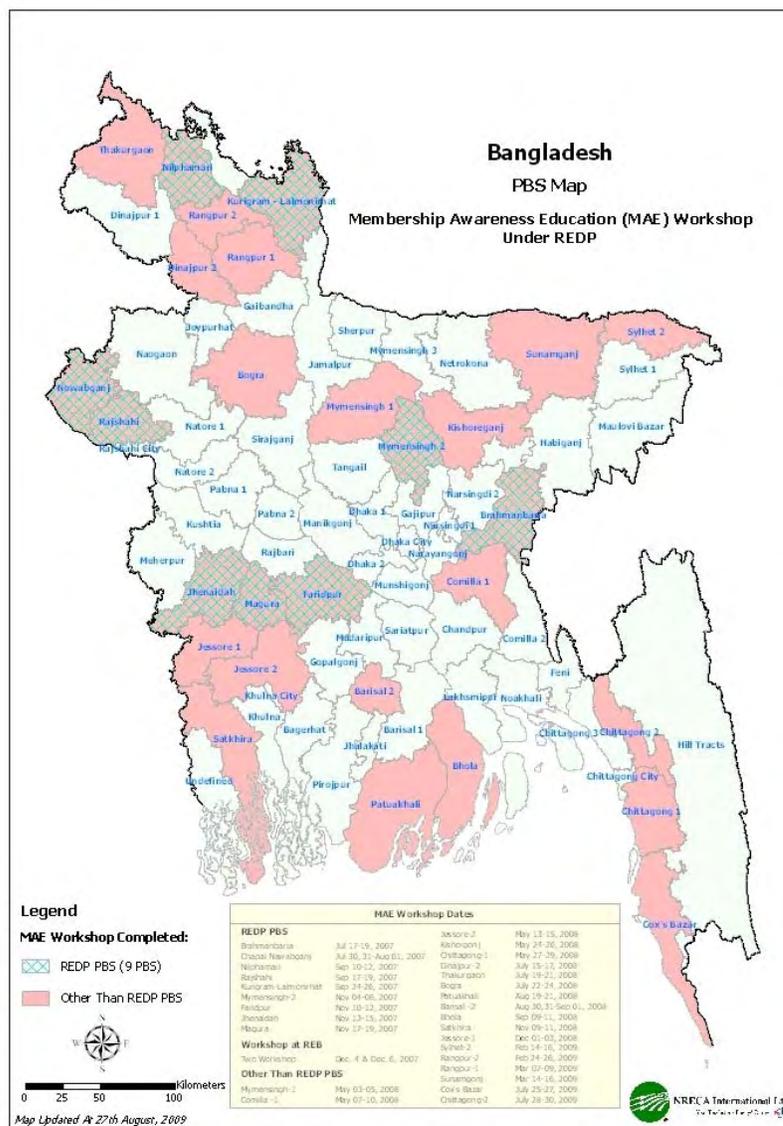
**Table 6.2.3**

	Workshops/ Courses	No of Male Participants	No of Female Participants	Total Participants
<b>Total of MAE:</b>	86-MAE Workshops	3812	429	<b>4241</b>
<b>Total of BD:</b>	15 BOD-Orientation Courses	230	77	<b>307</b>
<b>GRAND TOTAL:</b>		4042	506	<b>4548</b>

- PBS Board Strengthening Program Development - The staff has completed a comprehensive strengthening plan for PBS Board of Directors in English and Bangla with handouts and related materials.
  - The plan includes two workshops of one day each regionally for 2-3 PBSs. The workshops will be presented in two phases beginning this fall and concluding with presentations to all 70 PBSs by the close of the project.
- PBS Member Services Department Strengthening Program

- o A comprehensive strengthening plan for the PBS Member Service Departments has also been developed in English and Bangla with handouts and related materials. This program will be a one day workshop scheduled in conjunction with the first phase of the board development workshops (see above) held this fall.

**Map 6.2.1: Member Awareness and Education Workshops Completed**



**6.2.3 Delivery of Board of Director Orientation Program**

We participated in and worked alongside the REB Training Directorate on a five day orientation training program for the PBS Board of Directors held on August 16-20. Our team provided the course materials and provided program support helping to facilitate the presentation when called upon to do so. Twenty-five PBS board members participated including eight female directors. The new Board of Director orientation manual was distributed.