

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 2010

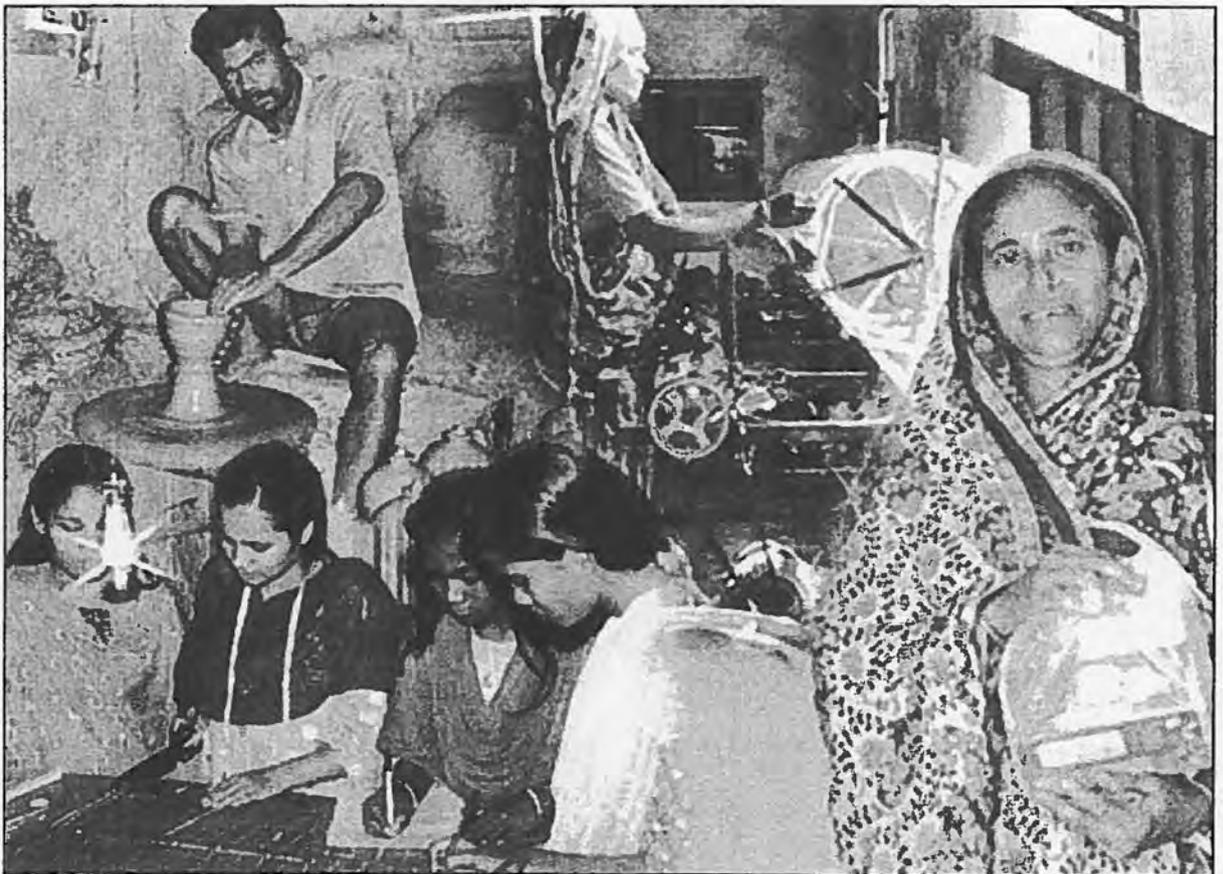


USAID Contract #388-C-00-06-00008-00

USAID Project #388-06-MA-D-S012-002

Rural Electrification Development Program (REDP)

Quarterly Report July – September 2010



CONTENTS

<u>Section</u>	<u>Title</u>	<u>Page</u>
	ABBREVIATIONS	III
	EXECUTIVE SUMMARY	IV
	SECTION 1: INTRODUCTION.....	1
1.1	Background to the Rural Electrification Development Program (REDP)	1
1.2	The primary objectives of REDP managed by NRECA	2
1.3	PBSs Targeted for Assistance under REDP	2
1.4	Project Team	5
	SECTION 2: KEY ISSUES	6
2.1	Power Shortage	6
2.2	Bid Evaluations	9
2.3	Retail Power Rate Increase	9
2.4	Moratorium on Electrical Connections	10
2.5	Additional Training	10
	SECTION 3: MATERIALS PROCUREMENT.....	11
3.1	Materials Procurement.....	11
3.2	Materials Procurement – Second and Third Tranches	16
	SECTION 4: MONITORING OF MATERIALS USAGE.....	20
4.1	Monitoring Methodology	20
4.2	Progress	20
	SECTION 5: SOCIO ECONOMIC STUDY	21
5.1	Background.....	21
5.2	Progress	21
5.3	Micro-Finance Credit Program for the Poor.....	21
	SECTION 6: PBS MEMBER AWARENESS EDUCATION AND BOARD DEVELOPMENT PROGRAM	22
6.1	Background.....	22
6.2	Progress	23
	SECTION 7: REDP FINANCIAL.....	28

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
TEC	Rural Electrification Board Technical Evaluation Committee
TOR	Terms of Reference
USD	United States Dollar
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

During the month of August we joined representatives of the UK's Department for International Development (DFID) to perform the Project Completion Review for the REDP. Peter Davies, recently retired DFID employee, led the review team. Peter had been a part of DFID's initial study team for REDP and participated in the 2007 project review. The final evaluation included meetings with REB (board and officers), NRECA staff, field visits to Brahmanbaria and Mymensingh PBS-2 and a final wrap-up session at DFID with USAID and NRECA.

During the period of July through September 2010, implementation of REDP activities slowed. As material acquisition and construction oversight activities wound down, activities focused on board / member education, PBS management assistance, and gender awareness were slowed by REB as they completed and internal review and evaluation of the current programs. During a meeting held with the Member PBS following the REB program update meeting in July, REB officials asked NRECA to not schedule any travel to the PBSs until REB officials could review the agreements by which the REB training activities were initiated (and continued) along with the content of the training programs to ensure REB full support / agreement. The request was made by Member PBS, the newly appointed Executive Director and the Director of Training and we consented to the request.

A review of the program agreements by NRECA and REB staff led to the confirmation that the signed agreements do support that the training activities as outlined in the original DFID Program Memorandum and subsequent Enhanced Scope of Work. Following numerous attempts to schedule a follow-up meeting with concerned officials, a meeting was finally held September 28th. REB decided at this meeting that a full review of the REDP required the appointment of "core teams" from both organizations. The NRECA core team was to present program information to a core team of REB officials with discussion to follow on the continuation of the programs through the end of the project (2/28/11).

This meeting is scheduled for October 7th and will include a full REDP update including the original program objective, REB key contacts / milestone dates, program status / statistics, and conclude with the action items proposed for program completion / advancement. A "matrix" of REDP programs, current status and final plans will be developed at this session.

Besides the program presentation delay requested by REB, other key issues facing REDP included; power shortage / load shedding, bid procedure, less than adequate retail rate increase, a moratorium on electrical connections and the thirst for knowledge. We have commented on these issues beginning on page six.

While REB's review of the REDP served to delay our field work we continued to work diligently on program initiatives in the office. The team members spent their time revising current programs and planning for additional activities through the end of the program. Strategic planning meetings were held to discuss the status of current programs and plans for the future.

In the area of procurement and construction oversight, the Master Plan and Construction Plan verification through field inspection has been completed. The procurement monitoring and assistance

provided to REB as well as the monitoring of construction progress including material storage is nearing completion. The majority of REDP materials have been ordered and delivered. The remaining three sub-packages (under the 10Lac Project) that were processed during the last quarter have resulted in orders being placed by REB to the respective evaluated lowest bidders following concurrence from NRECA.

For the monitoring of material use by construction contractors we analyzed the work at two PBSs this reporting period. For the monitoring of material movement and storage we collected stock statements from all 9 PBSs. A methodology of monitoring closing stock of DFID funded material at REB warehouses was developed and REB has been requested to furnish statements for 67PBS and 9PBS projects. We continued to monitor the progress of construction projects through regular contact and discussions with REB Superintending Engineers and Executive Engineers.

Continued progress was made on the Socio-economic evaluation with the completion of the mid-term monitoring review and the beginning of staff training for the data collection phase of the final program evaluation. While the GoB moratoriums on electrical connections during REDP will directly affect the benefits of REDP, it was determined that a significant number of accounts have been connected and viable data can be collected to evaluate the program.

In the area of board development we completed three PBS Board of Directors Strengthening Dialogue programs in three venues; Netrokona, Faridpur and Habigonj PBSs. In total nine PBS Boards attended the programs.

Following his review of previously developed board training material, Greg Boudreaux "boiled down" thirteen director training courses and developed a set of a five one-day director courses. Four of the courses have been completed with a fifth nearing completion.

We completed three PBS Member Services Department Strengthening Dialogue programs in three venues; Netrokona, Faridpur and Habigonj PBSs. In total nine Member Service Department's (officers and employees) attended the programs.

We continued our review and revision work on "Controlling and Measuring Results", a training course for REB.

We also continued to work on the enhancement of the VA program training under REDP. The discussions include conducting an idea sharing workshop with relevant REB and PBS officials. A tentative work plan has been developed.

Work continues on our translation of REB instructions to address this critical information need identified by the PBS management and board. We have committed to translating the instructions in the 300 Series which deal with the PBS Board and Management along with instruction 200-7 - 550 Form including the "Understanding the 550 Form" (financial report) handout developed during RPPR II.

We conducted four gender awareness programs, two at Rajshahi PBS and two at Jhenaidah PBS. We are in preliminary discussions on the development of a leadership and board room participation program for female directors and are holding brainstorming sessions developing ideas to increase women participation at Annual General Meetings at each PBS.

Our REDP HR Specialist, Sakil Malik, completed the first draft of a leadership module for key PBS management and staff. We plan to work with REB to organize Job Description Orientation sessions for PBS staff to run concurrently with the Leadership Workshops and to be held at 3-6 PBSs this fall / winter.

The entire Member Awareness and Board Development staff participated in a Training of Trainers course conducted by Greg Boudreaux. As part of the course "assignment" employees were asked to review current programs under development and "rethink" the methodology on how best to present the information to local audiences to achieve the best possible (and measurable) results.

In summary the principal achievements during the reporting period were:

- DFID completed the Project Completion Review
- Field work delayed by REB
- Material acquisition and construction oversight activities are coming to an end
- Mid-term monitoring review completed
- HDRC provided training to staff in preparation for the data collection phase of the REDP final evaluation
- The Strengthening the PBS Director Dialogue Program was presented three times to a total of nine PBSs. Board Member participation totaled 96 including 18 females (19%).
- The Strengthening the PBS Member Services Department Dialogue Program was presented three times to a total of nine PBSs. Employee participation totaled 112 including 20 females (18%).
- We continued our review and translation of the training course "Controlling and Measuring Results".
- We continue to work with REB staff to analyze the Village Advisor (VA) program and developed a strategy to improve PBS VA training efforts.
- Work continues on our translation of key REB instructions and the 550 Form to address this critical information need identified by the PBS management and board.
- We conducted four Gender Awareness Workshops. Participation totaled 112 including 43 females (38%).
- We completed the draft of a leadership module and the translation of key staff job descriptions.
- Held Train the Trainers Workshop for REDP staff.

SUMMARY PHYSICAL PROGRESS / DFID FUNDED REDP PROJECT – September 2010					
TASK A – SUPERVISION AND MONITORING - PROCUREMENT					
Project Name	Closing Date	Component / Work	Target	Progress	Remarks
9 PBS	Closed in June 2010	Line Construction, km	8,000	8736	
		Line Renovation, km	2,000	1,233	
		Consumer Connections	250,000	172,252	Facilities created for 421,471 consumers
10 Lac	Extended by GoB to June 2011	Consumer Connections	1,000,000	307,101	Of the 307,101 cons. connected, 23,200 are commercial & irrigation
67 PBS	Closed in June 2008	New Construction and Renovation, km	13,000	12,397	
		Consumer Connections	100,000	452,886	Facilities Created for 580,524 consumers
Master Plan & Construction Verification	December 2010	Field Inspection & Data Collection for Sample Construction Projects	9 PBS	9 PBS	Field data collected, analyzed and results provided to PBSs
Monitoring of Material Usage	December 2010	Data Collection for Sample Construction Projects and stock statements	9 PBS	9 PBS	Field data collected, analyzed and results provided to PBSs
TASK B – MEMBER AWARENESS & BOARD DEVELOPMENT PROGRAMS					
Sub-Task B.1 Expanded Assistance for PBS Member Education					
Project Name	Closing Date	Component / Work	Target	Progress	Remarks
Member Awareness Building	December 2010	Member Awareness Workshops Implemented in 50% of PBSs	35 PBS	46 PBS and REB	140 MAE Workshops 7,159 participants, 770 female participants.
Member Awareness Building	December 2010	Workshops for PBS Member Services Dept.	35 PBS	63 PBS 762 Participants	100 percent employee participation with 65 female participants
		Village Advisors – Member Education	9 PBS	Under Development	
Women's Participation	December 2010	Women Participation in AGM at 9 PBS increased 5%	Average of 130 Females (per PBS)	Working with REB Training Directorate	Pilot Workshops developed and presented to REB Training Directorate
Sub-Task B.2 Expanded Assistance for Board Development					
PBS Director's Accountability	December 2010	PBS Board Member Orientation Training – 5 day workshops for 50% of new board members elected in past 2 years	149 New Board Members elected in 2007-2009	354 total participants - 26% female	17 Five-day workshops with 68 PBSs represented
PBS Director's Strengthening	December 2010	PBS Directors Strengthening program completed in 50% of PBS	35 PBS	63 PBSs 703 total participants-22% female	98 percent Board Participation
TASK C – SOCIO-ECONOMIC PROGRAM EVALUATION					
Project Name	Closing Date	Component / Work	Target	Progress	Remarks
Socio-Economic Program Evaluation	February 2010	Program Evaluation	9 PBS + 6 non-poverty PBS	Mid-term evaluation completed	HDRC providing training to employees in preparation for data collection for final survey

Rural Electrification Development Program Quarterly Report July through September 2010

SECTION 1: INTRODUCTION

1.1 Background to the Rural Electrification Development Program (REDP)

The REDP is 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.¹

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.

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 £ 50.2 million (\$86.4 million USD). The budget was then reduced in October 2007 to £ 40 (\$ 82.5 million USD) by reducing the capitalization of the microfinance component, and by taking the benefits of a favourable foreign exchange rate for material procurement. Although the project budget was reduced the REDP's scope of work was not changed. Of the total, DFID is contributing approximately \$ 56.8 million to finance electric system expansion and improvement.

Funding is also provided for program management, supervision and monitoring along with education and awareness building. NRECA International was contracted by DFID through USAID to design and manage the REDP oversight and technical assistance 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 DFID Annual Program Reviews, the ESW calls for the expansion of activities under Task B entitled “Member Awareness/Education and Board Development Programs”. The additional activities will promote improved governance within the Bangladesh RE Program and are supported by an additional grant of \$1.95 million. To provide additional detail, subsequently task B was divided into two Sub-tasks;

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.

This is the 18th in a series of quarterly reports, providing a summary of activities, progress, and issues for the period July through September 2010.

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

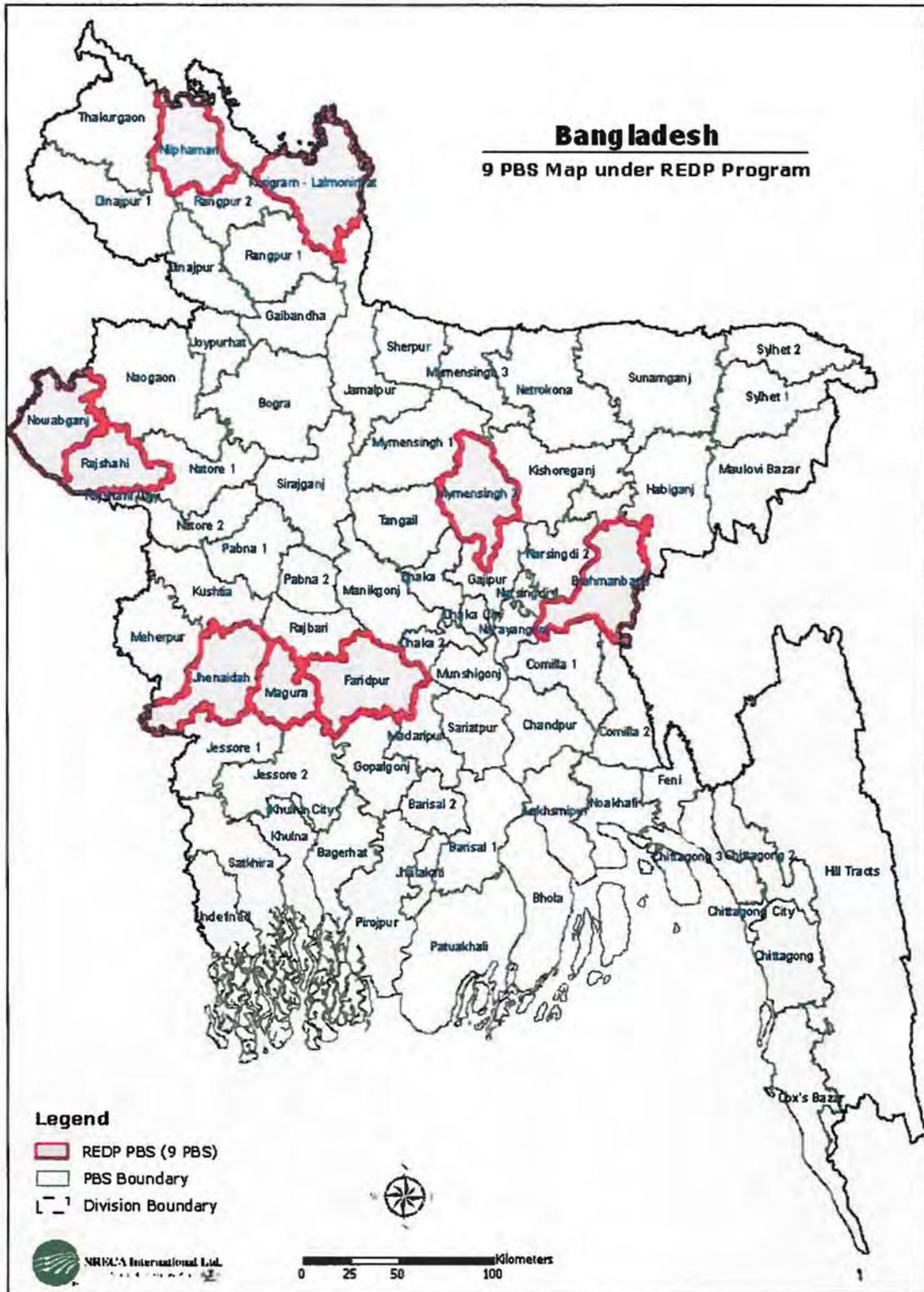
1.2 The primary objectives of REDP managed by NRECA

- 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

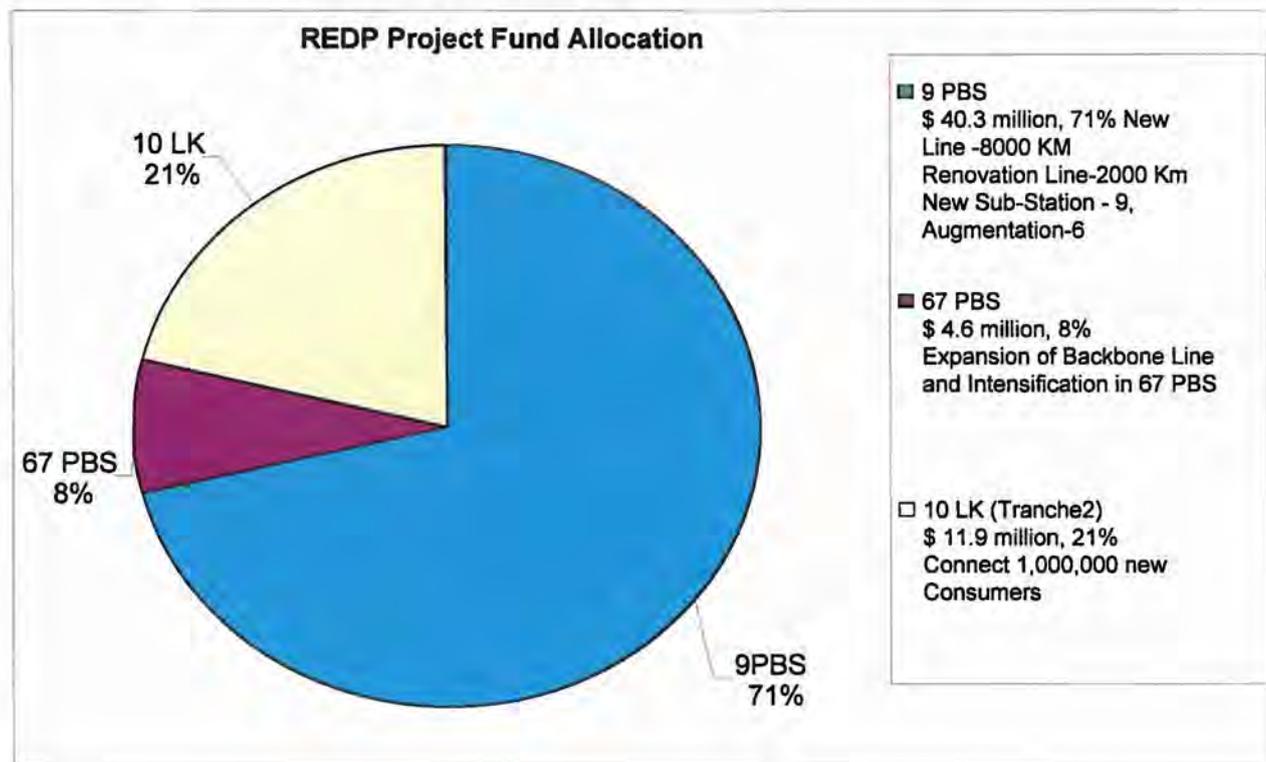
While the REDP was designed to provide support for the rural electrification countrywide, the program contained targeted support to nine PBSs. The nine PBSs were identified during the REDP design phase as PBSs providing electric service to more marginal, less affluent rural communities, with consequently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

1.3.1 Map - PBSs Targeted for Assistance under REDP



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	Boaila	Rajshahi	96.68	-	294,056	Nawabgonj	Bholahat	Nawabgonj	123.52	91	70,507
	Durgapur	Rajshahi	195.03	122	137,640		Gomastapur	Nawabgonj	318.13	235	191,972
	Godagari	Rajshahi	472.13	396	217,811		Nachole	Nawabgonj	283.68	190	97,119
	Mohanpur	Rajshahi	162.65	154	126,396		Nawabgonj	Nawabgonj	451.80	192	389,524
	Paba	Rajshahi	280.42	261	213,379		Shibgonj	Nawabgonj	525.43	367	422,347
	Tanore	Rajshahi	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		Sraepur	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
	Nasimgar	Brahmanbaria	311.66	129	234,090		Shalikh	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	138.00	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 Bhadrason	Faridpur	141.59	129	69,876
	Maheshpur	Jhenaidah	416.96	194	246,350		Faridpur	Faridpur	407.02	298	335,386
	Shailkupa	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
	Chilman	Kurigram	224.97	152	100,516		Sadarpur	Faridpur	290.21	287	172,059
	Fulbari	Kurigram	183.63	165	129,668		Dimia	Nilphamari	327.00	58	160,000
	Kurigram	Kurigram	278.45	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		
Total Area (Square km)			15,371		Total Population			11,698,570			

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:

Person	REDP Duties	Tenure
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
Maruf Hasan Bhuiyan	Project Engineering	Full Time
Md. Shafiquzzaman	Project Engineering	Part Time
ATM Selim	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
Ruh Afza Ruhi Shahana Jannat	Gender Specialists	Full Time
Reza Khasru Shajedul Karim	Program Support Specialists	Full time
Brig. M.A. Malek (Rtd.)	PBS Board / Member Development Consultant	Contracted Part Time
Mohammad Y Malik Sakil Bradley Gibson Gregory Boudreaux	HR Specialist Communications Specialist Board Dev. Specialist	Contracted Part Time
Shital Krishna Das	Socio Economic Consultant	Contracted Part 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 and 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 with estimated capacity deficits estimated in the range of 1,500MW – 2,000MW. However, the lead time from generation project inception to completion is well over thirty six months for large, central station power plants. 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 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 generation at the newer power plants that are more efficient. In a positive development, several companies were recently awarded exploration contracts for several off-shore natural gas fields to determine capacity and reserves. Petrobangla is also working with international firms to install compressor station(s) at key distribution system locations across the country and construct additional distribution system upgrades.

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.

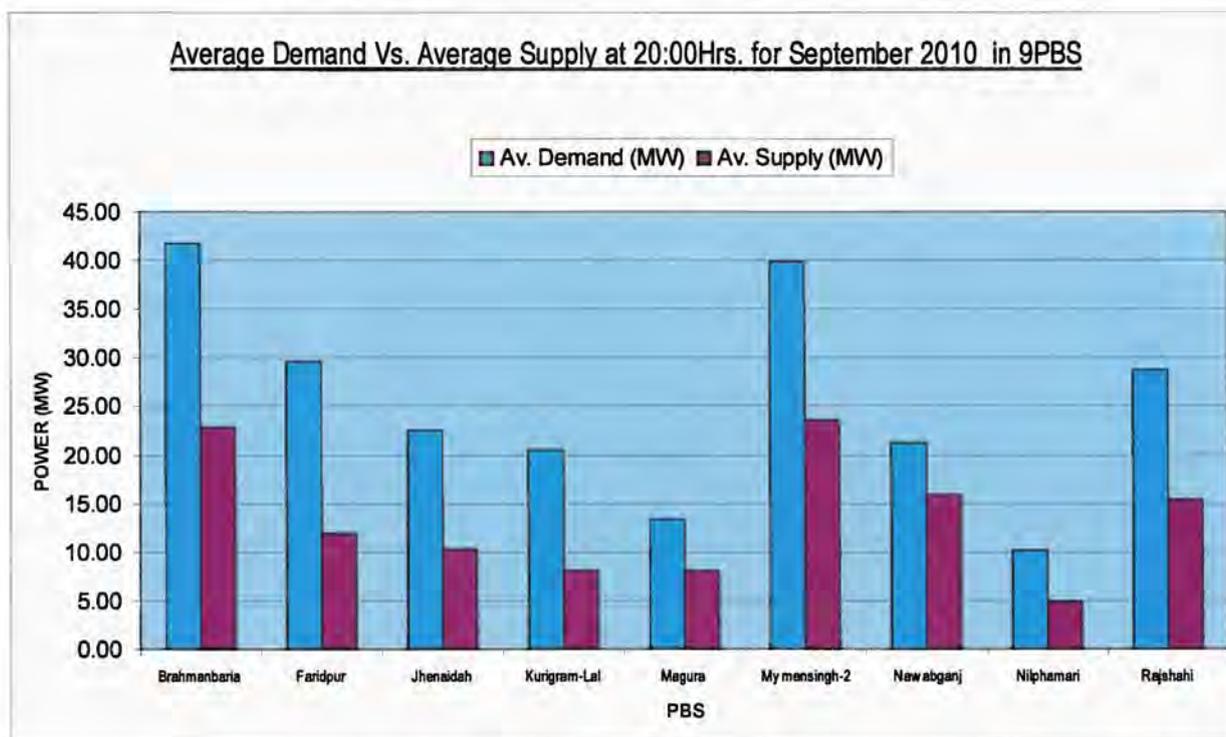
Taken as a whole, scheduled outages during system peaks, and unscheduled outages have introduced substantial and increasing frustration on the part of PBS members, and financial hardship for both PBS consumers, and for the PBSs themselves. PBS revenue is derived primarily through the sale of electricity, 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 loan repayments to REB. In those PBSs that have relatively higher sales to industrial and commercial customers the financial hardships are not as acute, but it is becoming significantly more challenging to balance costs with revenue in these historically financially stable systems. Serving to complicate this issue is the BERC’s decision to allow increases in the wholesale power rates being charged but limiting the amount of this wholesale power rate increase that is passed along to the consumers through an approved retail rate increase.

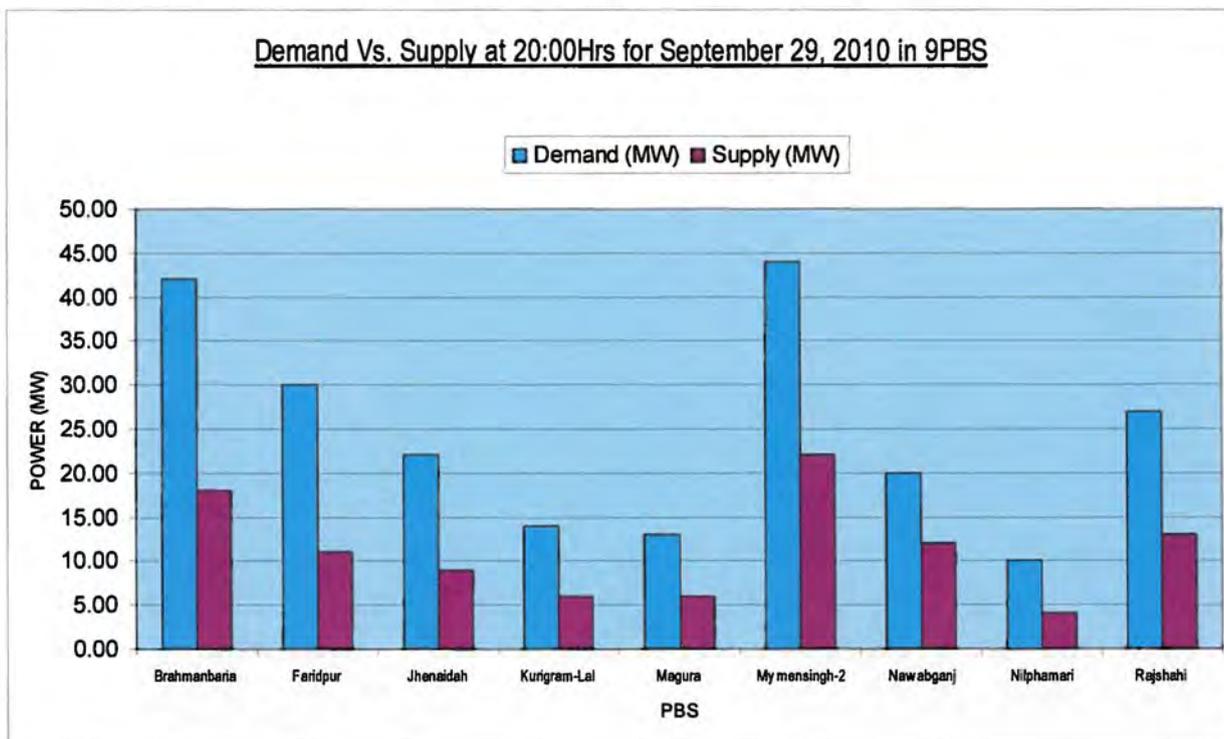
In the 9 PBSs participating in REDP, REB data reveals that the demand has increased at each of the PBSs when compared with September 2009 (Graph 2.1.3). There is a major concern that an increase in the incidents of load shedding occurred in all PBSs except Magura and Rajshahi (Graph 2.1.4). As can be seen from graph 2.1.1, Faridpur and Kurigram PBSs experienced the highest average load shedding of 60% of their demand during evening peak hours during September. Average load shedding for the other PBSs varied from 25% (at Nowabgonj) to 54% (at Jhenaidah). Overall daily load shedding was noted to be higher on September 29 (illustration 2.1.2). During this day all the PBSs except Kurigram experienced higher load shedding than their respective monthly average for September 2010. Kurigram PBS experienced 57% load shedding which is slightly lower than its monthly average.

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

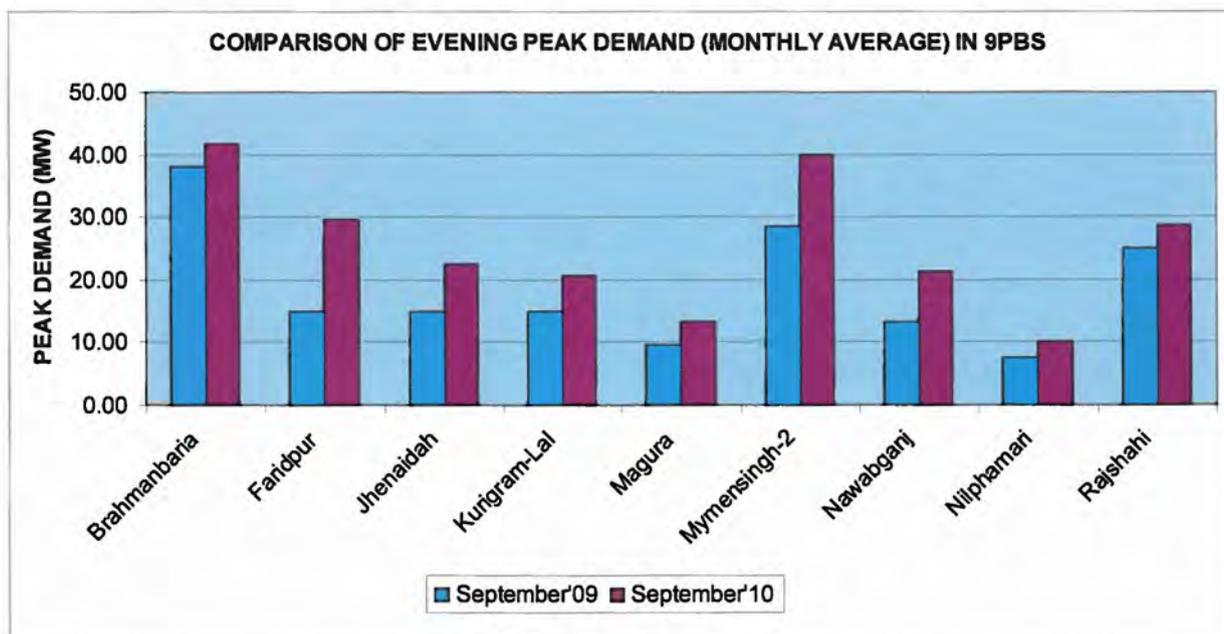
Graph 2.1.1: Average Demand and Supply at 20:00 Hrs in September 2010



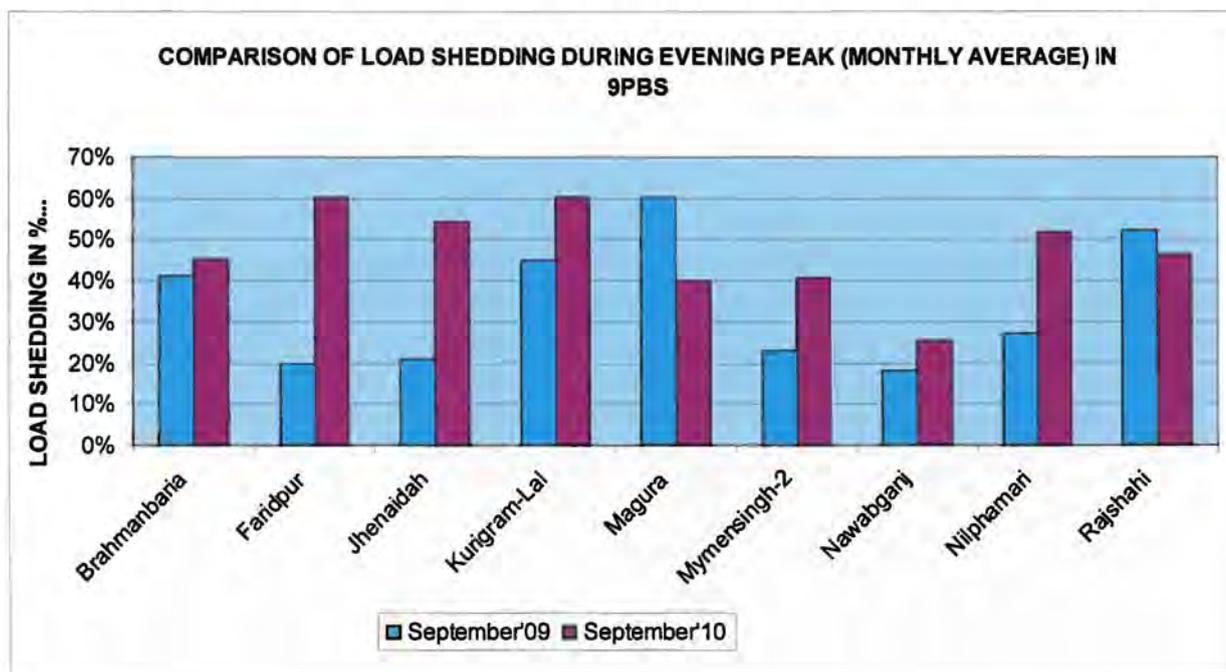
Graph 2.1.2: Peak Demand and Supply at 20:00 Hrs 9 PBS on September 29, 2010



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



2.2 Bid Evaluations

During the review period REDP procurement 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 have illustrated to REB the importance of systematic and thorough due diligence of bid specifications.

2.3 Retail Power Rate Increase

In the fall of 2008, the Bangladesh Energy Regulatory Commission (BERC) moved to approve a retail rate increases for the PBSs averaging 6.5%. The new rates became effective December 1, 2009. For the residential consumer class the rate adjustments ranged from less than 3% for minimum usage accounts to 13% for accounts of more than 500 kWh. Commercial and Industrial customers saw an average rate increase of 9.5%. The retail rate increase provided some rate relief to the PBSs who

have endured a tremendous financial hardship in trying to cover the expenses associated with an increase in the wholesale power tariff approved in October 2008. Unfortunately for many of the PBSs the approved retail rate increase is not enough to fully cover their wholesale power costs and they will continue to experience a serious cash flow deficit.

2.4 Moratorium on Electrical Connections

During REDP we have seen two moratoriums on electrical connections imposed on rural Bangladesh by the GoB. The first moratorium, while initially expected to last only three months was extended to one year (2007-08) ending in June. The current moratorium began in April and has been extended through September 2010. During these moratoriums 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 once the moratoriums are lifted the PBSs face the conundrum that adding new consumers to the system will exasperate the power deficit being experienced by all. The addition of new consumers could result in negative impacts on the financial condition of most all PBSs, and potentially jeopardize their long-term financial viability.

2.5 Additional Training

We have found that the thirst for knowledge among the groups we are visiting cannot be quenched with the amount of information, resources and time available. Most of our programs attempt to call the audience's attention to their rights, duties and responsibilities as board members, members and PBS employees. Invariably we get asked; why can't you spend more time with us? Please tell us more!! Can you provide us with the instructions and by-laws in Bangla? (We are prioritizing these documents for translation.)

The need among the people is tremendous and REB recognizes this need but they do not have the resources to address the problem. While much of the training material (trainer and trainee manuals) is available (developed by NRECA) the manpower resources and institutional knowledge at REB are lacking. The development (and funding) of a complete training and education program for REB staff and PBS members through the REB Training Directorate and presented at the REB training academy and regional sites around the country is an area in which program partners could make a positive impact to the long-term sustainability of the organizations.

SECTION 3: MATERIALS PROCUREMENT

3.1 Materials Procurement

3.1.1 REDP Bid Evaluation Procedures

As presented in previous reports, REDP team members continue 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. The remaining three sub-packages of the 10Lac Project were processed during the last quarter and orders have been placed by REB to the respective evaluated lowest bidders after obtaining concurrence from NRECA.

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 on page 13.

3.1.2 REDP Bid Tendering and Evaluation Results

3.1.2.1 Project 9PBS (1st 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 ordered with NRECA concurrence. This consignment has been shipped from China. Execution of this order concluded the first tranche of procurement under 9PBS project.

3.1.2.2 Project 9PBS (2nd Tranche)

One bid sub-package worth \$2.98 million for the supply of wooden poles was ordered with NRECA concurrence. The second and final consignment of the goods was delivered during the reporting period. Execution of this order concluded the second tranche of procurement under 9PBS project.

3.1.2.3 Project 10Lac

REB awarded orders for the following three bid sub-packages worth \$ 1.65 million during this reporting period.

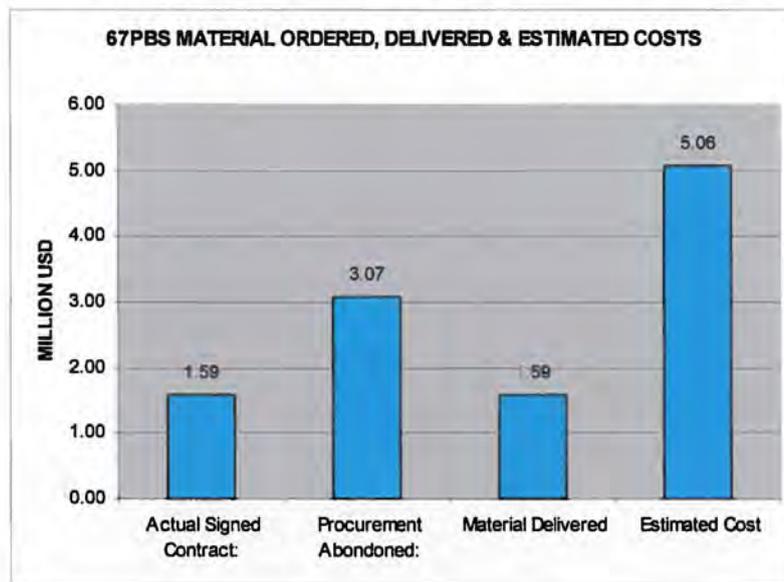
Sub-Package No.	Item	Bidder	Contract Amount
DFID (10Lac)-10-069	Conductor, 6 Duplex	M/s. BRB Cable Industries Ltd.	USD 499,200.00
DFID (10Lac)-10-070	1-phase meter	M/s. Techno Venture Ltd.	USD 765,000.00
DFID (10Lac)-11-071	1-phase meter	M/s. Techno Venture Ltd.	USD 382,500.00

Table 3.1.2.4: Summary of Commodity Procurement Status against REDP through September 2010

Item	Projects				
	67PBS	9PBS (1st Tranche)	9PBS (2nd Tranche)	9PBS (3rd Tranche)	10Lac
Available sub-package:					
Number	7	29	7	5	20
Estimated amount (Million USD)	5.064	27.664	14.291	5.109	14.31
Sub-package tendered:					
Number	7	29	7	5	20
Estimated amount (Million USD)	5.064	27.664	14.291	5.109	14.31
In % of total estimate	100%	100%	100%	100%	100%
Tendered sub-package under evaluation:					
Number	0	0	0	0	0
Estimated amount (Million USD)	0	0	0	0	0
In % of total estimate	0%	0%	0%	0%	0%
Tendered sub-package awarded:					
Number	4	18	5	5	17
Order amount (Million USD)	1.591	13.438	9.993	5.415	13.159
In % of total estimate	31%	49%	70%	106%	92%
Sub-package decided to be re-tendered:					
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%	1%
Re-tendering of sub-package under process:					
Number	0	0	0	0	0
Estimated amount (Million USD)	0	0	0	0	0
In % of total estimate	0%	0%	0%	0%	0%
Re-tendered sub-package under evaluation:					
Number	0	0	0	0	0
Estimated amount (Million USD)	0	0	0	0	0
In % of total estimate	0%	0%	0%	0%	0%
Re-tendered sub-package awarded:					
Number	0	10	2	0	2
Order amount (Million USD)	0	13.234	4.830	0	0.197
In % of total estimate	0%	48%	34%	0%	1%
Sub-package abandoned:					
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%
PAYMENT SITUATION					
Amount ordered (Million USD):	1.591	26.672	14.823	5.415	13.356
Amount disbursed (Million USD):	1.560	26.498	14.367	5.291	11.321

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 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.

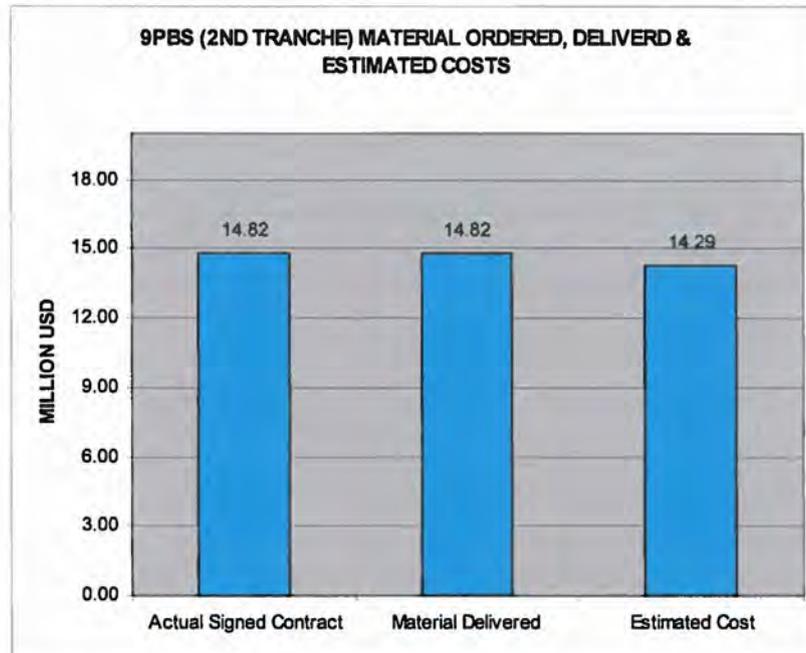
Graph 3.1.2.5: 67 PBS Materials Composition and Contract Costs



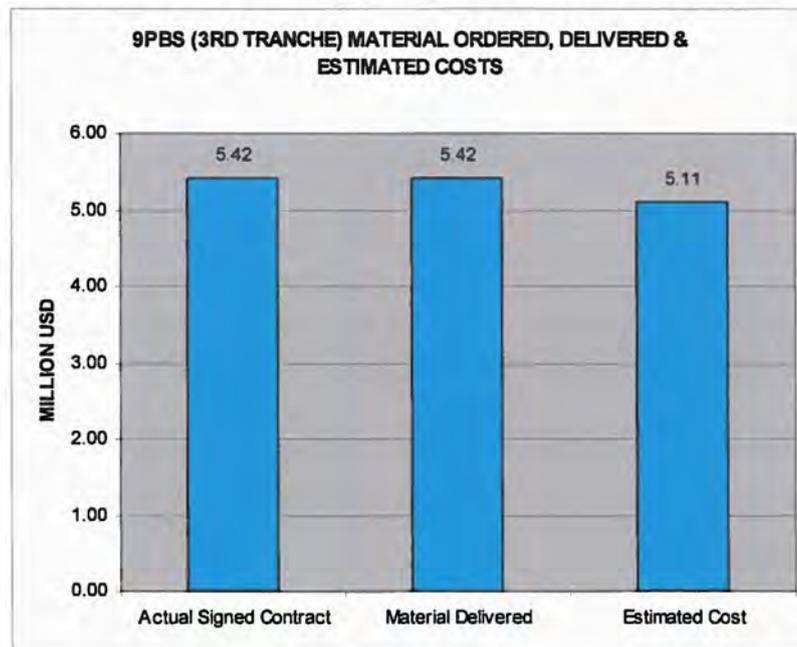
Graph 3.1.2.6: 9 PBS (1st Tranche) Materials Composition and Contract Costs



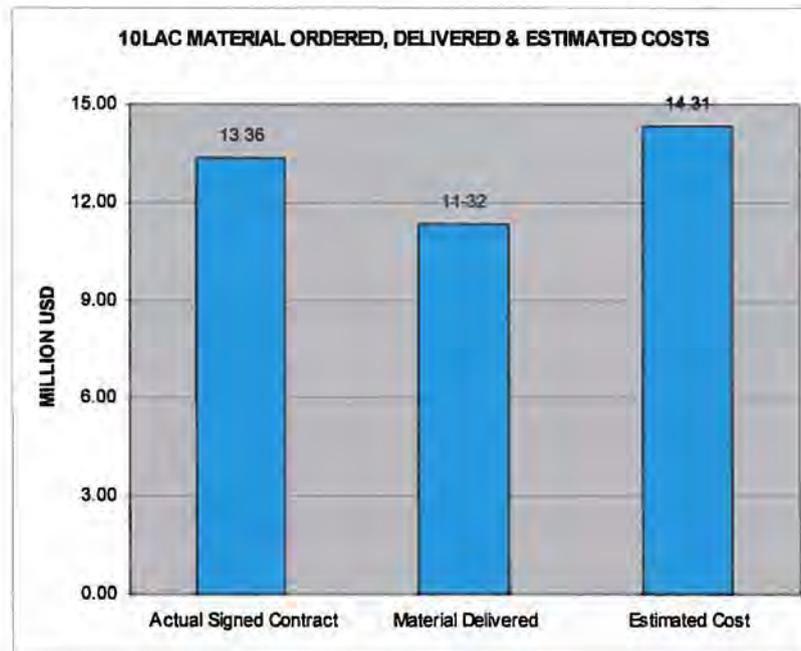
Graph 3.1.2.7: 9 PBS (2nd Tranche) Materials Composition and Contract Costs



Graph 3.1.2.8: 9 PBS (3rd Tranche) Materials Composition and Contract Costs



Graph 3.1.2.9: 10Lac Materials Composition and Contract Costs



3.2 Materials Procurement – Second and Third Tranches

The second tranche of materials procurement process began in June, 2007. This second tranche is 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.

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:

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 \$ 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 \$ 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 \$1.7 million.

Fair Conditions for Bidders

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

Advertising

The procurement exercise included the use of advertising in 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 any 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. During the reporting period there was one procurement advertisement made by REB for 3 sub-packages under 10Lac Project. The advertisements appeared in the following newspapers between the 22nd and 25th July 2010.

Newspaper	Language	Date of Publication
The Financial Express	English Language Daily	July 22, 2010
Ittefaq	Bangali Language Daily	July 25, 2010

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:

DAILY ITTEFAK
July 25, 2010

"বিশ্বের আলোর হাটায় বিদ্যুৎ পিকার বিজ্ঞান হাটায়"

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

GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH

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)/2010/29	Date 20/07/2010
6	Procurement Method	Open Tendering Method, International Competitive Tender (ICT)	

FUNDING INFORMATION

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)	10 lac new consumer connection under existing PBSs Project of Rural Electrification Board.	
10	Tender Package No.	DFID (10 Lac)-10 & DFID (10 Lac)-11	
11	Tender Publication Date	24/07/2010	
12	Tender Last Selling Date	05/09/2010 up to office time	
		Date	Time
13	Tender Closing Date and Time	05/09/2010	12.00 Noon (BST)
14	Tender Opening Date and Time	06/09/2010	12.30 P.M. (BST)
15	Name & Address of the office(s)	Address	
	- Selling Tender Document	Directorate of Procurement (7 th floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.	
	- Receiving & Opening Tender Document	REB Auditorium (1 st floor), Rural Electrification Board Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh	

INFORMATION FOR TENDERER

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
	DFID (10 Lac)-10	DFID (10 Lac)-10-069	Conductor XLPE (D-11)
			Tender Security Amount (USD)
			17,000.00
	DFID (10 Lac)-11	DFID (10 Lac)-11-070	Single Phase Meter (J-1)
		DFID (10 Lac)-11-071	Single Phase Meter (J-1)
			25,000.00
			12,500.00

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. This 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

PROCURING ENTITY DETAILS

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 th Floor), Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh.
26	Contact details of official inviting Tender	Tel & Fax # 8916420
27	The procuring entity reserves the right to accept or reject all tenders.	

পল্লী বিদ্যুৎ সরবরাহ বোর্ড
RURAL ELECTRIFICATION BOARD

ফোন/ফ্যাক্স (০০৮) ২০১০-২০১১ ও-৭৮৬(১০) x ৩

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

Illustration 3.2.2.2 Copy of Web Advertisement:

 Central Procurement Technical Unit <small>IMED, MINISTRY OF PLANNING, GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH</small>							
Invitation for Tenders (Multiple Lot)							
GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH							
Ministry/Division:	Power Division						
Agency:	Rural Electrification Board						
Procuring Entity Name:	Director, procurement, Rural Electrification Board, Dhaka						
Procuring Entity Code:							
Procuring Entity District:	Dhaka						
Invitation For:	Goods						
Invitation Ref No.:	DFID /GAF- 278(5) /2010/ 29						
Date:	20-Jul-10						
KEY INFORMATION							
Procurement Method:	ICT Open Tendering Method(OTM)						
FUNDING INFORMATION							
Budget and Source of Funds:	Development Budget GOB						
Development Partner:	DFID, UK						
PARTICULAR INFORMATION							
Project/Programme Name:							
Tender Package No.:	DFID(10 Lac)-10 & DFID (10 Lac)-11						
Tender Package Name:	10 Lac new consumer connection under existing PBSs Project of Rural Electrification Board						
Tender Publication Date:	25-Jul-10						
Tender Last Selling Date:	5-Sep-10						
Tender Closing Date and Time:	06-Sep-2010 12:00 PM						
Tender Opening Date and Time:	06-Sep-2010 12:30 PM						
Name & Addresses of the Offices :	<p>Selling Tender Document Directorate of Procurement (7th Floor), Rural Electrification Board, Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh</p> <p>Receiving Tender Document REB Auditorium (1st floor), Rural Electrification Board Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh</p> <p>Opening Tender Document REB Auditorium (1st floor), Rural Electrification Board Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh</p>						
Pre-Tender Meeting (Optional):	<table border="1"> <thead> <tr> <th>Place:</th> <th>Date:</th> <th>Time</th> </tr> </thead> <tbody> <tr> <td>N/A</td> <td></td> <td></td> </tr> </tbody> </table>	Place:	Date:	Time	N/A		
Place:	Date:	Time					
N/A							
INFORMATION FOR TENDERER							
Eligibility of Tenderer:	All countries except Israel						
Brief Description of Goods or Works:	N/A						
Brief Description of Related Services:	N/A						
Tender Document Price:	3,000.00						
Lot No.	Identification	Location	Security Amount	Completion Date			
1	Conductor XLPE (D-11)- DFID (10 Lac)-10-069	Khilkhet, Dhaka	17,000.00	0			
2	Single Phase Meter (J-1)- DFID (10 Lac)-11-070	Khilkhet, Dhaka	25,000.00	0			
3	Single Phase Meter (J-1)- DFID(10 Lac)-11-071	Khilkhet, Dhaka	12,500.00	0			
PROCURING ENTITY DETAILS							
Name of Official Inviting Tender :	Munammad Nabi Noor						
Designation of Official Inviting Tender :	Director (Procurement)						
Address of Official Inviting Tender	Rural Electrification Board, Head Office Building (7th floor), Nikunja-2, Khilkhet, Dhaka-1229, Bangladesh						
Contact Details of Official Inviting Tender	Phone: 8916420 Fax: 8916420 Email: rebprocure@yahoo.com						
The procuring entity reserves the right to accept or reject all tenders							

SECTION 4: MONITORING OF MATERIALS USAGE

4.1 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
- 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 work 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

Monitoring of material usage by construction contractors: During this reporting period data obtained from selected close-out documents was analyzed for Kurigram-Lalmonirhat and Nilphamari PBSs. Reports of our findings were discussed with the respective PBSs and any discrepancies were clarified to our satisfaction. The analysis of selected close-out documents for all 9 target PBSs is now completed.

Monitoring material movement by PBS warehouse: During the reporting period stock statements were collected from all the 9 PBSs. A methodology of monitoring closing stock of DFID funded material at REB warehouses was developed and REB has been requested to furnish statements for 67PBS and 9PBS projects.

Monitoring construction progress: Construction progress is regularly followed-up with the concerned Superintending Engineers and Executive Engineers of the Project Divisions for all the 9PBSs. The NRECA Team participated in all the 9 PBS areas where high and low tension line acceptance inspections were performed with PBS, REB and contractors' representatives. The acceptance inspection was conducted according to the REB instruction series standards. Reports of our findings were discussed with the respective Executive Engineers of Project Divisions and discrepancies were clarified to our satisfaction. The monitoring of construction work is now complete for all 9 target 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 the GoB moratorium on electrical connections and the power supply shortages have impinged 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

Mid-term Monitoring Review

The draft report has been completed and is being distributed for comment. Circulation of the final report is planned for August.

Socio-Economic Survey

HDRC hosted a ten-day training session for employees to begin the Socio Economic Impact Study and is on schedule according to the original Technical Proposal submitted. While the GoB moratoriums on electrical connections during REDP have directly affected the benefits of REDP, it was determined that a significant number of accounts have been connected and viable data can be collected to properly evaluate the program. With these facts in mind it was agreed to maintain the initial timeframe. The final report is expected to be completed in January/ February 2011.

5.3 Micro-Finance Credit Program for the Poor

5.3.1 Background

The primary objective of the Micro-Finance Component of the REDP was 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 were the main beneficiaries of this program. In addition, efforts were 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. This purpose of this task under REDP was 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 was identified. This lack of coordination 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 agreed to take a leadership role with notable progress being 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 (2,100) 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. The loan program was discontinued in December 2008 and all accounts receiving financial assistance have been connected.

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. Female participation in all MAEBD programs is monitored and reported.

6.2 Progress

During a meeting held with the Member PBS following the REP program update in July, REB officials asked NRECA not to schedule any travel to the PBSs until REB officials could review the agreements by which the REB training activities were initiated (and continued) along with the content of the training programs to ensure REB support/agreement. The request was made by Member PBS, the Executive Director and the Director Training. The recently confirmed Executive Director, Mr. Belayet Chowdhury stated that he was of the opinion that the current member awareness education and board training activities undertaken by NRECA and REB were not supported by the signed agreements between the GoB, REB and DFID. Member PBS deferred to the ED and stated that he wanted to make sure all supporting documentation was in place so the request was made to NRECA and we consented.

A review of the agreements by NRECA staff and their subsequent submittal to and review by REB has led to the confirmation that the signed agreements do support the training activities. This fact was confirmed by the GoB, REB and DFID agreements, with reference to a DFID Program Memorandum as an attachment, identified the training programs to be included in the technical assistance (TA) component of the REDP. A follow-up meeting with the Member PBS, Member Administration, ED and Director Training was held to confirm this understanding. An additional meeting was determined necessary and scheduled for October 7, 2010 in an effort to identify the programs REB will fully support through REDP conclusion in February 2011.

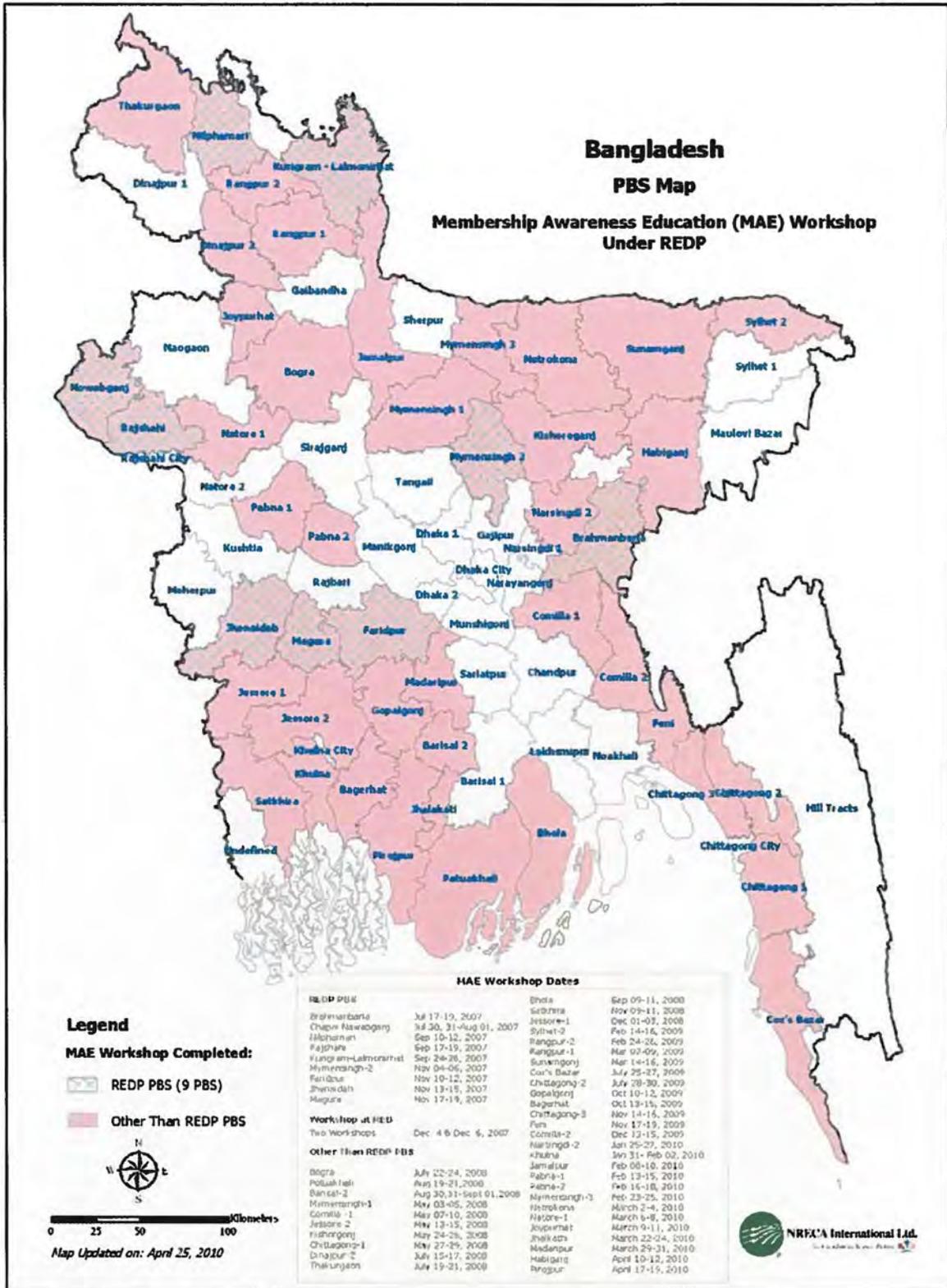
6.2.1 Annual Meeting Attendance

Every effort is made to have NRECA representation at the annual general meetings (AGM) of our nine REDP PBSs. We believe that attendance at the meeting helps us develop a bond with the PBS employees and members opening the lines of communication to better serve one another. There were no annual meetings held during the reporting period of July through September 2010.

6.2.2 Member Awareness

REB's decision to delay REDP program work in the field did not delay work in our office. The MAEBD staff members spent their time revising current programs and planning for additional activities through the end of the program. Strategic planning meetings were held to discuss the status of current programs and plans for the future.

Map 6.2.1: Member Awareness and Education Workshops Completed



6.2.3 Board Development

In July, we completed three PBS Board of Directors Strengthening Dialogue programs in three venues; Netrokona, Faridpur and Habigonj PBSs. In total nine PBS Boards attended the programs. Along with management and operations topics gender awareness was included as a discussion topic. There were 96 total participants of the possible 99 or 96.9% attendance. Of those participating 18 or 19% were female.

Table 6.2.2: Strengthening the PBS Board – A Dialogue – July through September 2010

PBSs	Date	Number of Participants			Total Possible Participants	Percentage Attending
		Male	Female	Total		
Netrokona w/ Mymensingh PBS-3 & Kishoreganj	7/13	20	05	25	28	89%
Faridpur w/ Rajbari & Magura	7/20	26	08	34	34	100%
Habigonj w/ Maulovi Bazar & Brahmanbaria	7/26	32	05	37	37	100%
Grand Total: 9 PBSs	3-Days	78	18	96	99	96.9%

The presentation of the Strengthening Dialogue Program for 63 PBS Boards and Member Service department employees has led us to;

- Revise the handout for each program; and,
- Develop a handout for a potential Management Strengthening Dialogue for PBS staff Supervisors and above. (This material is being developed in response to numerous requests for additional training following the Board and MS presentations at the PBSs. We will be proposing a pilot program to REB in the near future.) and,
- Editing and revising the Bangla translation of Financial Policy 200-7.

Following his review of previously developed material, Greg Boudreaux has “boiled down” previous director training courses and developed a set of a five one-day director courses. Four of the courses have been completed with a fifth nearing completion. The courses will be in English with Bangla translations (or vice versa). We plan to present a pilot program to REB and the PBSs upon Greg's return in the November – January time frame.

6.2.4 Member Services Department Development

In July, we completed three PBS Member Services Department Strengthening Dialogue programs in three venues; Netrokona, Faridpur and Habigonj PBSs. In total nine Member Service Department's (officers and employees) attended the programs. Along with management and operations topics gender awareness was included as a discussion topic. There were 112 total participants which represented 100% of the member service department employees. Of the total participants 20 or 18% were women.

**Table 6.2.3: Strengthening the Member Services Department –
A Dialogue – July through September 2010**

PBSs	Date	Number of Participants			Total Possible Participants *	Percentage Attending
		Male	Female	Total		
Netrokona w/ Mymensingh PBS-3 & Kishoregani	7/14	34	07	41	41	100%
Faridpur w/ Rajbari & Magura	7/21	23	02	25	25	100%
Habigonj w/ Maulovi Bazar & Brahmanbaria	7/27	35	11	46	46	100%
Grand Total: 9 PBSs	3-Days	92	20	112	112	100%

*Participants include Assistant General Managers-Member Service, Member Service Coordinators, Wiring Inspectors and One Point Service employees (front desk complaint handlers).

6.2.5 Board of Directors Orientation Program

The REB Training Directorate did not host the five-day orientation program for the PBS Board of Directors during this reporting period.

6.2.6 REB / PBS Communications

We continue our review and revision work on “Controlling and Measuring Results”, a training course for REB. This work includes translation of the material into Bangla.

During the reporting period we are kept close contact with REB regarding the finalization of the CFL bulb leaflet, printing and distribution. Initially REB participated in the GoB program by distributing approximately 16.19 million CFL bulbs to the consumers of six PBSs. In October REB will participate in a second distribution estimated to be approximately 11 million bulbs to the consumers of nine PBSs. NRECA worked with REB on the development of a leaflet describing the proper installation process of the CFL bulb and providing other general information on REB and PBSs.

We continue work for the enhancement of the VA program training under REDP. The discussions include conducting an idea sharing workshop with relevant REB and PBS officials. A tentative work plan has been developed.

Work continues on our translation of REB instructions to address this critical information need identified by the PBS management and board. We have committed to translating the 300 Series which deals with the PBS Board and Management along with instruction 200-7 - 550 Form including the “Understanding the 550 Form” (financial report) handout developed during RPPR II. The Series 300 policies that we translated were presented to Director Training for review and comment. In turn, REB requested additional policies to be translated.

Our graphics design work includes work on multiple fronts including;

- Slide presentation and handout for REDP update to REB
- HR manual cover design
- Support for Gender Awareness presentation in Jhenaidah PBS

6.2.7 Gender Awareness

Workshops –

The Gender Awareness Program conducted four presentations, two at Rajshahi PBS and two at Jhenaidah PBS. The number of participants totaled 112 of which 43 or 38% were female.

We are in preliminary discussions on the development of a leadership and board room participation program for female directors. We are also holding brainstorming session on ideas toward the development of a strategy to increase women participation at Annual General Meetings.

Gender Awareness Program

PBS Attendees	Date	Number of Participants			Total Possible Participants *	Percentage Attending
		Male	Female	Total		
Rajshahi Directors and Senior Staff	7/13	19	03	22	25	88%
Jhenaidah Directors & Senior Staff	7/18	18	03	21	25	84%
Total Board & Staff	2-Days	37	6	43	50	86%
Rajshahi Employees	7/14	15	20	35	35	100%
Jhenaidah Employees	7/19	17	17	34	35	97%
Total Employees	2-Days	32	37	69	70	99%
GRAND TOTAL	2 Days	69	43	112	120	93%

6.2.8 PBS Human Resources

An earlier Human Resources Assessment of PBSs led Sakil Malik, REDP HR Specialist to begin the development of a leadership module for PBS key management and staff. The first draft of the module was completed in Bangla. All the handouts and PowerPoint slides will be presented to REB in the near future. Once REB reviews the module, provides feedback and approval, we plan to pilot test the leadership module at 3-6 REDP PBSs this fall.

We also plan to work with REB to organize Job Description Orientation sessions for PBS staff to run concurrently with the Leadership Workshops.

Train the Trainer

The entire Member Awareness and Board Development staff participated in a Training of Trainers course conducted by Greg Boudreaux. As part of the course "assignment" employees were asked to review current programs under development and "rethink" the methodology on how best to present the information to local audiences to achieve the best possible (and measurable) results.