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**SOUTH ASIA REGIONAL INITIATIVE FOR ENERGY
COOPERATION AND DEVELOPMENT**

**TRAINING COURSES ON: “EFFECTIVE GOVERNANCE
AND MANAGEMENT” & “FINANCE AND ACCOUNTING”
FOR RURAL ELECTRICITY ASSOCIATIONS (REAS), KABUL
(AFGHANISTAN) 25TH FEBRUARY TO 9TH MARCH, 2006
CLOSING REPORT**

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DISCLAIMER

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Acronyms

| | |
|-------------|--|
| REAs | Rural Electricity Associations |
| USAID | United States Agency for International Development |
| SARI/Energy | South Asia Regional initiative on Energy Cooperation and Development |

Contents

| Section | Page |
|--|------------|
| Section 1 Background..... | 1-1 |
| Section 2 The Training Courses..... | 2-1 |
| 2.1 Course 1 - Effective Governance and Management of Rural Energy Associations (25 th February – 2 nd March 2006) | 2-1 |
| 2.2 Course 2 - Finance and Accounting for Rural Energy Associations (4 th – 9 th March 2006) | 2-1 |
| 2.3 Faculty Resource | 2-1 |
| 2.4 Course Delivery | 2-1 |
| 2.5 Participation..... | 2-1 |
| 2.6 General observations | 2-2 |
| 2.7 Feedback from the participants | 2-2 |
| 2.8 Follow-up activities | 2-3 |
| Appendix A Schedule of the Two Courses | A-1 |
| Appendix B List of Participants | B-1 |

| Table | Page | |
|------------|--|-----|
| Table A-1 | Schedule for Training Course on Effective Governance and Management of Rural Energy Associations (25 February-02 March 2006) | A-1 |
| Table A-2 | Schedule for Training Course on Finance and Accounting for Rural Energy Associations (04 March – 09 March 2006) | A-2 |
| Table B-1 | List of participants for Course 1- Effective Governance and Management of Rural Energy Associations | B-1 |
| Table B-2: | List of participants for Course 2- Finance and Accounting for Rural Energy Associations | B-1 |

United States Agency for International Development (USAID)-Afghanistan supports the reconstruction, stabilization and economic development of Afghanistan. A critical component of the USAID's assistance program is infrastructure development, within which a considerable focus is on the energy sector. In addition to basic construction and expansion of energy infrastructure, specific areas of need in this sector include capacity building and training at the policy making and operational - levels.

There is a keen interest by the Government of Afghanistan and the international community to develop rural electricity associations to provide electricity to areas that are not expected to be served by the grid in the foreseeable future. USAID Afghanistan is leading this interest and has structured a program to develop community based Rural Electricity Associations (REAs) in three locations – Qalat, Aibak and Tirinkot, that could serve as models for the other rural electricity associations. Since the REAs in each of these towns is a newly developed entity with almost no experience in providing electric power service to the local rural community, there is a significant need of training and institutional development of these REAs in areas of associations' operation, management, financing, and community/customer relations.

South Asia Regional initiative on Energy Cooperation and Development (SARI/Energy) Program¹ – implemented by Nexant Inc., complemented this effort by providing targeted training to the newly developed REAs at two levels – management and operational staff. This training comprised basic courses in management, customer service, and accounting. The courses were conducted in Kabul, Afghanistan using specialists from one of the SARI/Energy network of Institutions. The results of this training are expected to provide a foundation of understanding for management and staff to effectively manage and operate the newly developed rural electric associations. Training and capacity building for these newly developed REAs will help ensure the sustainability of the infrastructure that is developed and also promote efficient development and use of energy resources.

¹ The South Asia Regional initiative on Energy Cooperation and Development (SARI/Energy) Program, supported by United States Agency for International Development (USAID), aims at fostering closer co-operation in energy sector amongst the nations in South Asia. By providing technical assistance, capacity building through training, organizing peer exchange programs, SARI/Energy has been helping the member nations in sharing of best practices and in creating an enabling environment in the region.

2.1 Course 1 - Effective Governance and Management of Rural Energy Associations (25th February – 2nd March 2006)

The target audience for the course was Board of Directors (BoD) of the Associations. The course coverage included basic management functions for rural electric associations, including basic finance, accounting and legal principles, commercial aspects and tariff, technical oversight, performance management and revenue flow.

2.2 Course 2 - Finance and Accounting for Rural Energy Associations (4th– 9th March 2006)

This training module was targeted at the staff of Rural Electric Associations and focused on accounting principles and procedures required to successfully operate the associations on a day-to-day basis. The module included basic accounting principles such as book keeping, inventory accounting, budgeting, cash management, revenue accounting, metering, billing, safety, customer service, etc.

The detailed course schedules are enclosed as Appendix A.

2.3 Faculty Resource

The resource persons for these courses were from the Institute of Rural Management, Anand (IRMA) in India. IRMA is one the premier rural management institute in South Asia and is an active SARI/Energy Rural Energy Access Network (REAN) partner with large experience in conducting research and consultancy on rural electric cooperatives in South Asia Region. The Institute is also a part of the efforts of the local government to devolve rural electricity business to local communities.

A total of five faculty resource persons delivered the two courses – two dedicated and one part time faculty for each of the courses.

2.4 Course Delivery

The course material was developed in English by the resource persons. However, since most of the participants were supposed to be from the local provinces with little or no knowledge of English, these were translated in the local language Dari by local experts at Kabul. In addition to translation of courses, an interpreter was arranged for simultaneous translation during the course delivery. The venue for the two training courses was Assa Guest House No. 2 in Kabul.

2.5 Participation

The participants for the two Courses were from the proposed members of REAs in Samangan province and others from Kabul. A total of 12 participants (eight from Samangan Province and four from Kabul) attended the Course 1 and 13 participants (10

from Kabul and three from Samangan Province) attended Course 2. A list of participants for the two courses is enclosed as Appendix B.

2.6 General observations

- Both the Courses were received well by the participants who exhibited keen interest and enthusiasm throughout the Course duration.
- The primary methodology employed for course delivery was lecture based. Apart from this, experience of rural electrification through community involvement in different countries of South Asia such as Bangladesh, Nepal Sri Lanka and India were discussed. A number of films on cooperative development were also shown.
- The material developed for the courses was extensive. However, due to the language limitations and simultaneous interpretation, the course delivery took longer time and the faculty was not able to discuss the entire range of concepts and examples.
- Though most of the participants for Course 1 were from the Province, and language was a barrier, active discussions took place almost throughout the sessions. During the Course 2, a majority of the participants were from Kabul and several of them knew English, the course delivery and discussions were relatively easier.
- The participants found the training courses interesting and useful in learning about the issues which they may be dealing with as management and staff of Rural Electricity Association (REAs). The participants were confident of starting a Rural Electricity Cooperative in Samangan, though they did indicate some more capacity building and hand-holding being needed for this purpose.
- The participants of both the courses were provided with certificate of participation in the respective courses along with group photographs.

2.7 Feedback from the participants

- Most of the participants felt that the topics of the training were relevant and that they had learnt important aspects related to rural electricity management from these sessions.
- The course content and delivery method was appreciated by all the participants.
- A common feedback from most of the participants was that given the course content, the duration for both training was short – more so for the Accounts and Finance training. It was mentioned that additional exercises over a longer duration would have been more effective.
- The participants for the Governance and Management training suggested exposure visit within the Region to see functional rural electric cooperatives.
- Participants also suggested that there should be continuous technical and financial support for establishing and sustaining an REA at Samangan – at least for the initial couple of years, till the operations have stabilized.
- One of the suggestions from the participants on new areas for training/capacity building related to community rural electrification was that other stakeholders – mainly policy makers (MEW) and Govt. utility– DABM also need to be sensitized on the functioning and management of Rural Electricity Associations.

2.8 Follow-up activities

For healthy development of Rural Energy Associations (REA) in Afghanistan there is a need for comprehensive capacity development of individuals and institutions. These will include the following:

1. The two training courses conducted would need to be followed-up with similar and more intensive courses on Management and Staff functions for the Rural Electricity Associations, such as:
 - a. General management program for senior and top executives on different functional areas of management covering finance, accounts, organization behavior, human resource management, cooperatives, operation and maintenance management and strategic management.
 - b. Training on specific functional modules for middle and junior management
 - c. Technical training (class room and on the job) for linemen and other technical staff on basic design, construction and commissioning of electricity distribution system; operation and maintenance of transformers, substations, motors, switchgears, lighting, etc. and safety aspects.
2. Courses targeted at policy makers at the central and provincial level (energy policy development and implementation, regulation, tariff fixation, etc.) would also need to be conducted for creating a dynamic environment for REAs to be developed.
3. A long term strategy and capacity building program needs to be developed to strengthen few academic institutions and/or NGOs in the area of community based institution development, cooperative management and technological aspects of electricity distribution and demand side management.

Appendix A

Schedule of the Two Courses

Table A-1: Schedule for Training Course on Effective Governance and Management of Rural Energy Associations (25 February-02 March 2006)

| Period/Day | 25.02.06 (Saturday) | 26.02.06 (Sunday) | 27.02.06 (Monday) | 28.02.06 (Tuesday) | 01.03.06 (Wednesday) | 02.03.06 (Thursday) |
|------------------|--|--|---|---|---|---|
| 09.30 - 11.00 hr | <ul style="list-style-type: none"> Inauguration Overview of the programme Introduction of participants, experience and expectations Photograph session | <ul style="list-style-type: none"> Enabling framework for cooperative development (HP) Enabling framework for electricity cooperative development: Bangladesh (HP) | <ul style="list-style-type: none"> Rural Electricity Cooperative Project Management Part I (HP) | <ul style="list-style-type: none"> Planning and holding a successful annual general meeting (HP) | <ul style="list-style-type: none"> Performance target agreements and other performance monitoring tools (HP) | <ul style="list-style-type: none"> Pricing and rural electricity tariff fixation (SR) |
| 11.00-11.30 | Tea | Tea | Tea | Tea | Tea | |
| 11.30 - 1300 hr | <ul style="list-style-type: none"> Energy scene in the country Electricity and Rural development linkage (HP) | <ul style="list-style-type: none"> Organisational structure and design: concepts (SNB) Organisational structure of PBS (SNB) | <ul style="list-style-type: none"> Rural Electricity Cooperative Project Management Part II (HP) | <ul style="list-style-type: none"> Managing stakeholders (SNB) | <ul style="list-style-type: none"> Appraisal and Improving Board performance (SNB) | <ul style="list-style-type: none"> Rural Electricity system governance in India (HP) |
| 13.00-14.00 | Lunch | Lunch | Lunch | Lunch | Lunch | |
| 14.00 - 15.30 hr | <ul style="list-style-type: none"> Introduction to cooperation and cooperatives (HP) | <ul style="list-style-type: none"> Organisational structure of rural energy system in Methan (HP) Role of PBS Board and Management (HP) | <ul style="list-style-type: none"> Managing the PBS: Engineering and Technical Operations (HP) | <ul style="list-style-type: none"> Managing PBS: Establishing good member relations (HP) | <ul style="list-style-type: none"> Managing accounts and finance (SR) | <ul style="list-style-type: none"> Rural Electricity system governance in Sri Lanka and Nepal (HP) |
| 15.30-16.00 | Tea | Tea | Tea | Tea | Tea | |
| 16.00 – 17.30 hr | <ul style="list-style-type: none"> Cooperative models and phases in new cooperative development Principles and concepts of community participation in rural energy (SNB) | <ul style="list-style-type: none"> Management of Cooperatives (HP) | <ul style="list-style-type: none"> Managing human resources for effective organisational functioning (SNB) | <ul style="list-style-type: none"> Performance management of community based RE Systems (HP) | <ul style="list-style-type: none"> Managing PBS: Finance and accounting operation (SR) | <ul style="list-style-type: none"> Conclusion (HP, SNB, SR) |
| 18.00-18.30 | Tea | Tea | Tea | Tea | Tea | Tea |
| 20.00-21.30 hr | Dinner and films on cooperatives | Dinner and films on cooperatives | Dinner and films on cooperatives | Dinner and films on cooperatives | Dinner and films on cooperatives | |

HP: Dr. Haribandhu Panda, Professor, IRMA, Anand, India, hari@irma.ac.in
 SNB: Dr. Saswata Narayan Biswas, Professor, IRMA, Anand, India, saswata@irma.ac.in
 SR: Prof. Shiladitya Roy, Professor, IRMA, Anand, India, sroy@irma.ac.in

Table A-2: Schedule for Training Course on Finance and Accounting for Rural Energy Associations (04 March – 09 March 2006)

| Period/Day | 04.03.06 (Saturday) | 05.03.06 (Sunday) | 06.03.06 (Monday) | 07.03.06 (Tuesday) | 08.03.06 (Wednesday) | 09.03.06 (Thursday) |
|------------------|--|---|---|--|--|---|
| 09.30 – 11.00 hr | <ul style="list-style-type: none"> ▪ Inauguration ▪ Overview of the programme ▪ Introduction of participants & their experience ▪ Photograph session | <ul style="list-style-type: none"> ▪ CPS : 1 Introduction to Costing (SKM) | <ul style="list-style-type: none"> ▪ CPS 2 : Pricing of services (SKM) | <ul style="list-style-type: none"> ▪ CPS 3 : Tariff fixing (SKM) | <ul style="list-style-type: none"> ▪ MBC 2 : Cost collection (SKM) | <ul style="list-style-type: none"> ▪ PM 2 : Performance Monitoring (SKM) |
| 11.00–11.30 | Tea | Tea | Tea | Tea | Tea | Tea |
| 11.30 – 13.00 hr | <ul style="list-style-type: none"> ▪ FAFM1: Working Capital & introduction to capital budgeting (SR) | <ul style="list-style-type: none"> ▪ FAFM 3 : Capital budgeting & maintenance funds (SR) | <ul style="list-style-type: none"> ▪ FAFM 5 : Cooperative Financing (SR) | <ul style="list-style-type: none"> ▪ BA 4 : Financial statements (AV) | <ul style="list-style-type: none"> ▪ BA 6 : Fixed Asset Accounting (AV) | <ul style="list-style-type: none"> ▪ BA 8 : Overview (AV) |
| 13.00-14.00 | Lunch | Lunch | Lunch | Lunch | Lunch | Lunch |
| 14.00 – 15.30 hr | <ul style="list-style-type: none"> ▪ BA 1 : Principles & Concepts (AV) | <ul style="list-style-type: none"> ▪ BA 2 : Book keeping (AV) | <ul style="list-style-type: none"> ▪ BA 3 : Financial statements (AV) | <ul style="list-style-type: none"> ▪ MBC 1 : Metering & Billing (SKM) | <ul style="list-style-type: none"> ▪ PM 1: Budgeting (SKM) | <ul style="list-style-type: none"> ▪ PM 3 : PTA of PBS (SKM) |
| 15.30–16.00 | Tea | Tea | Tea | Tea | Tea | Tea |
| 16.00 – 17.30 hr | <ul style="list-style-type: none"> ▪ FAFM 2 : Capital budgeting (SR) | <ul style="list-style-type: none"> ▪ FAFM 4 : Annuity (SR) | <ul style="list-style-type: none"> ▪ An overview of cooperative functioning (SR) | <ul style="list-style-type: none"> ▪ BA 5 : Revenue Recognition (AV) | <ul style="list-style-type: none"> ▪ BA 7 : Inventory Accounting (AV) | <ul style="list-style-type: none"> ▪ Valediction |
| 18.00-18.30 | Tea | Tea | Tea | Tea | Tea | Tea |

Basic Accounting – BA
Services - CPS

Metering, Billing & Collection – MBC

Financial Aspects & Funds Management – FAFM

Performance Management – PM

Costing & Pricing of

SR: Prof. Shiladitya Roy, Professor, IRMA, Anand, India, sroy@irma.ac.in

SKM: Prof. S K Mitra, Associate Professor, IRMA, Anand, India, skm@irma.ac.in

AV: Prof. Ashutosh Verma, Assistant Professor, IRMA, Anand, India, ashu@irma.ac.in

Table B-1: List of participants for Course 1- Effective Governance and Management of Rural Energy Associations

| S.No | Name | Address |
|------|---------------------|--|
| 1 | Abdul Shukoor | Karte 3 street 2 shahrake Eibak, Samangan province |
| 2 | Anifa (Aminpoor) | Zerahat Street, Samangan Province |
| 3 | Moh. Bashir (Saifi) | Second Phase of Khair khana, Kabul Afghanistan |
| 4 | Eng. Hamid | Zerahat, Street, Shahre Haibak |
| 5 | Haji Farhuddin | Masjede Pasha Khana, Samangan province |
| 6 | Haji Abdul Hai | Samangon province |
| 7 | Haji Ismail | Khuja Taze Poosh, Shahre Aibak |
| 8 | Haji Sadruddin | Gaze Haji Mula Qurban |
| 9 | Haris Farhadi | Khair Khana, Third Phase. Kabul, Afghanistan |
| 10 | Rawzatullah | Aibak city |
| 11 | Sediqullah Maqool | Capital of Aibak, Karte sabz, Samangon province |
| 12 | Eng. Moh. Shah Omar | AEAI Organization |

Table B-2: List of participants for Course 2- Finance and Accounting for Rural Energy Associations

| S.No | Name | Address |
|------|-----------------------|---|
| 1 | Abdul Basir Khaksar | DABM near to Zarnegar Hotel |
| 2 | Abdul Rahim | 7th District, Chel setoon Kabul, Afghanistan |
| 3 | Ahmad Shabli Masoud | Kulola pushta, Kabul, Afghanistan |
| 4 | Atiqullah Besmel | Taimani second street Kabul, Afghanistan |
| 5 | Burhanuddin | Karte Khurasan, Samangan, Afghanistan |
| 6 | Hafizullah Faizi | Karte naw sarake dowom, Kabul, Afghanistan |
| 7 | Moh. Aimal Hasib | Khair khana, Kabul, Afghanistan |
| 8 | Mohammad Nader | Baghe Zakhira, Samangan Afghanistan |
| 9 | Mohammad Bashir Saifi | Qalaye Najarha, Kabul, Afghanistan |
| 10 | Obaidullah Baha | Shashdarak, Kabul, Afghanistan |
| 11 | Said Haroon | 4th Macroryan, Block no.16 Kabul, Afghanistan |
| 12 | Said Omara Zewari | Khosh hal meena, Kabul Afghanistan |
| 13 | Zabihullah | Karte Khurasan, Samangan, Afghanistan |