A pilot project on Capacity Building on Electricity Reforms in Bangladesh, India and Nepal

PROJECT SUMMARY

Project beneficiaries
Consumers, civil society organisations, grassroots consumer groups, media, policy-makers, electricity regulatory agencies, representatives from distribution companies, etc.

Overall objectives
The overall objective of the project is to increase long-term capacity of civil society organisations (CSOs), to improve consumers’ representation as a measure to enhance effectiveness of regulatory regimes in electricity sector in Bangladesh, India and Nepal.

Project objectives
• Facilitate effective representation of consumers’/civil society’s views in policy formulation and regulatory processes in electricity sector in Bangladesh, India and Nepal.
• Strengthen capacity of civil society to take up action research and advocacy on regulatory/policy issues in the electricity sector
• Encourage regional co-operation and experience sharing on the subject through networking
• Create a vertical mechanism to take the concerns and views from the grassroots to the policy level and vice-versa, along with having horizontal linkages between different players at the same level.

Planned Activities
• Launch meeting and training of nodal persons/project staff
• Local inception workshops
• Field research and establishment of base line survey
• National stakeholders’ dialogues (Reference Group (RG) Meetings)
• Training of civil society organisations at Territorial levels
• Grassroots interface meetings
• National Advocacy Seminars for policy-influencing
• Regional Conference

Expected Outcomes
• Enhanced awareness and understanding among consumers/civil society on how to engage in policy processes aimed at electricity reforms.
• Civil society organisations better comprehend policy issues pertaining to electricity reforms and make efforts to continue engagement with research and advocacy initiatives on this subject, subsequently.
• Improve policymakers’ and regulators understanding of consumer’s needs and demands.
• Mechanism of communication is established between consumers, CSOs, policy makers/government representatives, regulators and distribution companies to discuss electricity reforms.
• Formation of a regional civil society network on electricity reforms that acts as a platform for opinion exchange and learning through information sharing.

**Timeframe**
Twenty five months (25 months) from the date of start

**Contact Person**
Pradeep S. Mehta, Secretary General, CUTS International
1. Brief Description of the Organisation

1.1 Established in 1984, CUTS (Consumer Unity & Trust Society) a research, advocacy and networking group is working on several public interest issues. Today, it has three resource centres in Jaipur, one each in Calcutta, Chittorgarh and New Delhi in India and four overseas centres in Lusaka (Zambia), Nairobi (Kenya), London (UK) and Hanoi (Vietnam).

1.2 CUTS have been working in the area of competition policy/law and consumer protection issues since its inception in 1984. Since 1992, CUTS started work on investment and economic regulation, when the international community was debating the draft UN Code of Conduct for transnational corporations. Several meetings were organised on these issues both nationally and internationally, quite a few research and advocacy projects were taken up and CUTS became well known in India and abroad.

1.3 Considering the huge amount of work that CUTS has been engaged in for the past few years in the areas of competition policy, investment and economic regulation and other related issues, a new centre, Centre for Competition, Investment & Economic Regulation (CCIER) was established in 2003. The Centre has an International Advisory Committee, headed by a renowned economist, Prof. Frederic Jenny, Conseiller, Chambre Commerciale, Financiere et Economique, Cour de Cassation (The Supreme Court), France. The mission of CUTS-CCIER is ‘Promoting fair markets to enhance consumer welfare and economic development’.

1.4 Economic regulation is part and parcel of competition policy and is closely linked to investment, the other functional areas of CCIER. Presently, the Centre is involved in policy advocacy and capacity building on regulatory matters in infrastructure with special focus on the electricity and telecom sector. The Centre started its activities with gaining hands on experience by conducting the activities in India and better understanding of the developing countries’ context and perspective, and leveraging to target the entire developing world.

1.5 CUTS was also part of the consultations throughout the process of drafting the new Electricity Act in India. The Parliamentary Standing Committee on Energy invited the Centre to comment on the final draft of the legislation. Presently, the Centre is represented in the Advisory Committee of the Rajasthan Electricity Regulatory Commission (RERC), the electricity regulator for the largest Indian state. Pradeep Mehta, CUTS International is also member of the Advisory Committee to the Central Electricity Regulatory Commission (CERC). The Centre is also registered with the Telecom Regulatory Authority of India (TRAI) and being consulted on every major policy decision, including Universal Service Obligation and Unified Telecom Licensing.

1.6 With the view to develop a better understanding and gain some hand-on experience on power sector reforms, the Centre has been executing a pilot-scale capacity building programme that is primarily targeting the consumer groups in India. The project is being supported by Friedrich Ebert Stiftung (FES), a German agency,
since the last three years. The programme aims at helping the target groups to better understand varied dimensions of independent regulation and impart necessary skills to effectively represent their own interests. The World Bank’s Water and Sanitation Programme (South Asia) has identified this initiative as one of the best practice in India.

1.7 All these experiences have helped CUTS to expand its base and profile to take up necessary research and policy advocacy activities on regulatory issues both at the national and international levels. The World Bank’s Water and Sanitation Programme (South Asia) has conducted a comparative study of electricity regulation in five Indian states which was peer reviewed at CUTS.

1.8 CUTS have taken up consumer protection issues to influence policymakers both at the national and international levels. The Royal Government of Bhutan invited CUTS to draft a Consumer Protection Programme and frame a new Consumer Protection Act. A comprehensive law covering consumer protection, competition and utility regulation was prepared by CUTS, along with an institutional framework to implement the law.

1.9 From a humble beginning in 1984 the organisation has engaged itself in various fields that include competition, investment, economic regulation and consumer protection. And, over the years, the organisation has developed its human resource base in order to implement diverse activities. Today, the overall staff strength of the organisation is about 100, of which 40 percent are women. Staffs are divided into three categories: senior management staff, programme/research staff and support staff. In CUTS C-CIER, staff members include people having qualification in economics, law, and management. Technical expertise is available in the form of researchers and policy analysts other than support functions especially among the ‘fellows’. In addition to that, the organisation has developed a formidable network of external resource persons for providing technical advice on various projects being undertaken by the Centre.

1.10 Over the years, the organisation has received support from a diverse set of donors (both from the public as well as private sector) and government agencies. In early 1990s, the Norwegian Agency for Development Cooperation (NORAD) supported the organisation in implementing a project on mother and child health in two villages in the Chittorgarh district of Rajasthan, India. Currently, CUTS is implementing a project titled GRANITE (Grassroots Reachout & Networking in India on Trade & Economics) in eight Indian states with the support from the Royal Norwegian Embassy, New Delhi. This project is being implemented with the Norwegian Institute of International Affairs (NUPI) as an institutional partner. NORAD is also a co-funder of a multi country project of CUTS on Competition Policy and Law in Eastern and Southern Africa. The Royal Norwegian Embassy, New Delhi is supporting another CUTS project named “Mainstreaming International Trade into Development: A Pilot Project in Bangladesh and India”.

2. Project Background

2.1 Electricity is one of the pillars for the growth of an economy. Lack of electricity adversely affects every sphere of life and hampers the entire economy from
competitiveness of industries to depriving farmers of an important input for production. Per capita consumption of electricity is one of the important indicators to measuring socio-economic development.

2.2 In South Asia, historically governments have been solely responsible for almost every function in the sector. As a strategy to accelerate development process, governments have been investing hugely in production, transmission, and distribution of electricity. Over the decades, though many commendable achievements have been achieved particularly in expansion of the grid networks, increase in production capacities, however, far more remains to be done. Increase in per capita consumption of electricity and improving availability and quality of services are among the immediate priorities of the policy makers.

2.3 With a view to achieve social objectives, and for some other considerations, the electricity services to certain category of consumers have been provided on highly subsidised rates. Least attention was given to cost-recovery and deficit was partly funded through state finances and by charging a premium on industry. Over the years, the sector has gone from bad to worse and availability and quality of services has been constantly deteriorating. Cash-starved government owned utilities have not been able to recover their operating cost and the business model was not prudent to attract fresh investments. Poor management and high level of operational losses, which included pilferages, transmission & distribution losses made the sector un-viable and there was no incentive for improvements and private sector participation. Industry and economy has been suffering heavily and as a consequence the entire society has been paying huge cost for such inefficiencies.

2.4 Evidently, production and distribution of electricity being a highly cost-intensive activity maintaining a balance between social objectives and commercial viability becomes a challenge. The long-term interests of consumers are being compromised to have some gains in short term, which at times are motivated politically. The situation has been similar across all South Asian countries.

2.5 Realising the growing gap between the demand and supply and governments’ inability to fund the entire requirements, electricity sector was liberalised in almost all countries in South Asia and private investments were required. Independent regulatory agencies were set up to facilitate a consistent and enabling regulatory environment. One important responsibility vested with these regulatory agencies was to maintain a balance amongst the interests of stakeholders (e.g. consumers, producers/sellers) and to ensure development of the sector to attain efficiency and competitiveness.

2.6 Another important objective of setting up independent regulatory commissions was to bring in clarity about the roles that various actors would have in the sector. As per the new arrangement, government was supposed to confine itself to set out a broad policy framework and facilitate effective governance in the sector.

2.7 The regulatory agencies are mandated to perform day-to-day activities in accordance with the policy objectives formulated by the government. Government is expected to maintain distance with the regulator and not influence their regulatory decisions, except in case of policy matters. The regulatory agencies amongst several
others are vested with the responsibility to promote competition, and operational efficiencies, and to make the processes transparent and participatory.

2.8 Independent regulatory commissions have been set up in India and Bangladesh. Nepal is on its way to establish an independent regulatory commission, called the Nepal Electricity Regulatory Commission (NERC) soon. In India, development of electricity sector being a joint responsibility of the Union and States, separate regulatory agencies have been set up at the Centre and State Levels.

3. Description of the Problem

3.1 The basic premise of independent regulation is that it provides each stakeholder due institutional space and opportunity to participate in the process. Independent regulation promises balanced decision-making in line with stated policy objectives set by the government.

3.2 Due to the growing distance between regulators and consumers in developing countries, a participatory approach to the reform process is a difficult task. Inadequate and sub-optimal consumer representation in regulatory process has been a major concern as that handicaps the regulator from first-hand information and the diverse viewpoints while taking decisions. It is not just the numbers but also the quality of intervention made by consumer representatives that matters. Most consumer groups lack the capacity to comprehend issues related to electricity regulation. Neither they have resources to take up these issues in a consistent manner. Consequently, the sub-optimal representation of consumer interests undermines the popularity of the regulatory reforms.

3.3 Evidently, enhancing capacity of consumer representatives and other non-state actors is vital to ensure effective and participatory regulatory governance in the sector. In doing that, the challenge lies in engaging these groups and equipping them with necessary information, knowledge (on process and contents, both) and skills so that they perform the role of an effective watchdog and facilitate in the process of regulatory reforms.

3.4 The interests of common consumers have not been represented adequately, as they remain unorganised. While designing reform programmes and strategies these aspects have been neglected and still remain unaddressed. In Bangladesh, India and Nepal while the focus was on structural reforms, this aspect was either overlooked or it was assumed that CSOs (particularly consumer groups) would acquire the institutional space that was created for consumer participation and representation, automatically. However, in absence of institutional support, the resource-starved consumer movement in these countries has not been able to do so. CUTS has been implementing a project in Rajasthan (India) to improve the capacity and understanding of consumers to get engaged in the electricity reforms process.

3.5 Independent regulation being a complex phenomenon that has emerged recently and electricity being a highly technical subject, most of the CSOs in South Asian countries do not possess either the will or the capacity to engage or meaningfully contribute. The situation as perceived is similar in Bangladesh, India and Nepal.
3.6 Given the fact that effective stakeholder participation is a pre-requisite for efficient regulatory outcomes, under representation of consumers have started to reflect in the quality of regulatory decisions. This phenomenon has raised serious concerns as it poses questions on the basic premise of the philosophy and credibility of independent regulation. This is, indeed, a result of poor implementation of reforms and non-participation of CSOs.

3.7 Exclusion of common consumers from the process may result into manifestation of their voice through other means, which certainly is not desirable. Some of the recent experiences in India have shown that consumers opted to express their sentiments/concerns by way of street demonstrations, as they do not have the capacity or the understanding to intervene through regulatory processes. Recently, the resentment demonstrated against decisions of the regulatory commission on roads by the consumers in New Delhi is a perfect example. Clearly, lack of capacity in CSOs to carry out policy advocacy and participate in regulatory process is one issue, which needs to be addressed immediately.

3.8 CUTS would undertake an initiative in Bangladesh, 2 states of India i.e. West Bengal and Rajasthan and Nepal emphasising on building capacity of consumers, CSOs to make them understand the issues involved, take-up action research, share experiences, and carryout advocacy with policymakers and regulatory agencies to effect changes in the electricity regulatory/policy processes. The project will be implemented in association of partner organisations.
4. CUTS Experience in Electricity Reforms

4.1 In 2001, CUTS launched a programme on a pilot scale with the aim to involve consumers in the process of regulatory reforms in the state of Rajasthan, India. The project was confined to six districts of Rajasthan and some of the objectives include demystifying reform processes to masses, disseminating information, establishing communication with consumer representatives, facilitating healthy debate on reforms, encouraging consumers groups to participate in the regulatory processes. At a later stage of the project, basic training was imparted to selected consumer groups to enhance their capacity to intervene effectively in electricity regulatory matters. Some of the outcomes of the project include creation of a common platform for stakeholders to discuss and debate the issues and understand their role in the process, better understanding of reform objectives and processes, increased consumer participation. Several CSOs started taking up issues before the regulatory commission on behalf of consumers and the media too stared reporting in a rational manner.

4.1.1 The key learnings from the above mentioned project are given below: -

- A galvanised and responsive consumer organisations/activists network has been formed at the grassroots level (by creating informal organisation called *Vidhyut Sudhar Samities* – electricity improvement committees – at the village level) particularly in the select target districts.
- These organisations are working to mould the society’s opinion against mal practices such as electricity theft, wastage of energy and so on in rural areas.
- These grassroots consumer organisations/activists are better informed about the role of regulator and obligations of utilities in terms of deliverables to common consumers.
- *Jan-Sunvais* (public-hearings) organised by CUTS at selected villages of Sawai Madhopur, Alwar and Chittorgarh districts have achieved the goal of building a constructive partnership between consumers and local utility staff. As result, coordination between them is substantially improving.
- There are examples where the consumers in an entire village have collectively decided not to allow electricity theft, for instance, village Piplod, Rajasthan, India.
- The interaction between CSOs and utilities resulted in getting the information about ground realities such as instances of electricity theft, status of safety measures, equal distribution of electricity among different feeders and so on, through this informal channel so that could verify the same received from the staff.

4.2 The project was considered a success and stakeholders be it consumer representatives, regulators, policy-makers, media realised the value delivered to them. However, given the resource constraint the effort remained confined to pilot-scale hence the impact too was limited.

4.3 Through this project the approach was successfully tested. The World Bank’s Water and Sanitation Programme (South Asia) recognised the approach as one amongst the best to raise consumer voice and client power to ensure better service delivery and accountability. As recognition of its efforts and capacity CUTS was nominated to the Advisory Committee of the Rajasthan Electricity Regulatory
Commission, a body constituted as per provisions of the law to advise on policy and regulatory issues. The next logical step was to scale up the activities and extend the approach to other parts of India, South Asia, however limited resources (financial and human) has not been allowing expanding the programme.

4.4 The proposed approach attempts to address the crucial fact that in most developed countries adequate provisions have been made to institutionalise the role of consumer representatives and facilitate effective interventions, which is not a case in developed countries. For instance, in the UK, Energywatch, a consumer watchdog has been set up as a legislative body to represent consumers’ interests. The expenses incurred in hiring experts, etc, and other incidentals are financed through the budget allocated by the government. Such arrangements ensure effective consumer participation in the reform processes. However, no such arrangement was envisaged when the reform strategies were formulated in South Asian Countries.

4.5 Given this, implementing a programme similar to what CUTS has implemented on pilot scale is likely to contribute to address some of the issues to fill the stated gaps and enhance the effectiveness of regulatory regimes in Bangladesh, India and Nepal.

4.6 A potential solution is public-private-people partnerships through which government, private sector, and people (consumers) join hands and have stake in the system. This will induce a sense of belongingness and go a long way to help in making the sector sustainable in the longer run. This may also include promotion of the idea of setting up co-operative user groups in rural areas which would ensure timely recovery of payments. Implemented properly, involvement of private sector in electricity service delivery would bring in operational efficiencies in the service deliveries and at the same time active involvement of people would ensure that social objectives too are met without compromising on the commercial viability of the sector.

4.7 Prior to introducing such an approach, a conducive environment needs to be created. The governments in all three countries have been mulling with the idea of privatisation of service deliveries. However, people at large are not being taken on board in the process.

4.8 The proposed project will contribute in getting views of the public on the opportunities for public-private-people partnerships to be introduced in the electricity sector. Following a multi-stakeholder approach will be helpful in addressing possible doubts that people might have. Presence of all stakeholders including the media on one platform provides opportunity to dispel such doubts at pace and convey the right message to the masses.

4.9 Performing what has been stated above would require extensive and consistent advocacy efforts with the policy community, regulators, and consumers in the respective countries. Effective advocacy demands, persuasive and convincing skills as well as evidence to substantiate the arguments would be needed. Given this, imparting training on advocacy skills and action-oriented research would be an integral component of the proposed project. The entire project activities will contribute towards (a) enhancing capacities of CSOs to participate in regulatory processes; (b) evolve a channel of communication between consumers and policy makers/regulators on electricity reforms.
5. Project Implementation Structure

5.1 The proposed project will be implemented for a period of 25 months and will cover Bangladesh, India (states of Rajasthan and West Bengal) and Nepal.

6. Project Partners

6.1 Following are the partner organisations to be involved in the project. A more detailed profile of the partners is provided in Annexure 2. Also attached are Letters of Support from the respective partners in Annexure 3.

A. India

- **Rajasthan: CUTS Centre for Consumer Action, Research & Training (CART), Jaipur**
  CUTS CART has been working in Rajasthan for more than 20 years with the mission of enabling people, particularly women, to achieve their rights to basic needs and sustainable development through a strong consumer movement. The Centre works on governance and consumer rights issues and has strong networking with thousands of organisations at the grassroots. The pilot project on capacity building on electricity regulation was also implemented by CART.

- **West Bengal: CUTS Calcutta Resource Centre (CRC), Calcutta**
  CUTS CRC has been operating since year 1987 in the state of West Bengal. CRC works on range of consumer issues and creating consumer awareness and policy research and advocacy on safety related matters are its prime motive. Over the years it has developed close working relationship with other CSOs in the state and has been implementing several projects on governance and economic issues, which involve capacity building and networking components.

B. Bangladesh

- **Unnayan Shammany**
  Unnayan Shamannay denotes coordination of developmental activities, not in the narrow sense, but in the wider context of all the aspects of a living society and human race - reckoning with all the quantifiable and qualitative actions a society carries out. The members of Unnayan Shamannay have been striving to invigorate and further strengthen private sector initiatives for socio-economic and cultural development of Bangladesh through a concerted grassroots approach.

  It is an innovative non-profit research organisation of resourceful professionals working in the arena of research and development. It is engaged in quantitative and qualitative research work, training, communication and advocacy, cultural learning and developmental activities. The organisation was incorporated in July 1994 under the Companies Act, 1913 (section 26) with the Registrar of Joint Stock Companies under the Ministry of Commerce, Government of Bangladesh.

C. Nepal:
**South Asia Watch on Trade, Economics and Environment (SAWTEE)**

Launched in December 1994 at Nagarkot, Nepal by a consortium of South Asian NGOs, South Asia Watch on Trade, Economics and Environment (SAWTEE) is a regional network that operates through its secretariat in Kathmandu and 11 member institutions from five South Asian countries namely Bangladesh, India, Nepal, Pakistan and Sri Lanka. Registered in Kathmandu in 1999, the overall objective of SAWTEE is to build the capacity of concerned stakeholders in South Asia in the context of liberalisation and globalisation.

Recognising the need to build the capacity of the concerned stakeholders in South Asia in order to better equip them with information and advocacy tools to provide adequate safety nets for the protection of poor, marginalised and vulnerable communities and people through enhanced regional and international cooperation, SAWTEE conducts capacity building activities at various levels. Training workshops, monthly and bi-monthly forums, information dissemination and internship programmes are the major vehicles through which SAWTEE builds the capacity of its member institutions, network institutions and other NGOs.

6.2 The following diagram explains the functions, responsibilities of all the partners.

**Fig. 1 Functions and Responsibilities**

![Diagram showing functions and responsibilities]

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7. Development Goals of the Project

7.1 The overall goal of the project is to enhance capacities of CSOs in selected states in Bangladesh, India and Nepal to contribute towards attainment of improvement in access to electricity services of acceptable quality at an affordable price, through enhanced regulatory effectiveness.

7.2 Under-representation of consumers in regulatory processes in electricity sector is presently getting manifested through alternative channels including agitation/demonstrations in streets. The project intends to contribute towards addressing the issue through enhanced regulatory effectiveness by ensuring effective consumer/civil society participation, following a collaborative rather than a confrontationist approach.

7.3 The project objectives, outputs and outcomes are as follows.

Objectives

• Facilitate effective representation of consumers’/civil society’s views in policy formulation and regulatory processes in electricity sector in Bangladesh, India and Nepal.
• Strengthen capacity of civil society to take up action research and advocacy on regulatory/policy issues in the electricity sector
• Encourage regional co-operation and experience sharing on the subject through networking
• Create a vertical mechanism to take the concerns and views from the grassroots to the policy level and vice-versa, along with having horizontal linkages between different players at the same level.

Outputs

• Development of Base Papers in 3 countries (4 Territories) on Electricity Reforms, which would be translated into local languages.
• Development of a Training Manual for undertaking training programmes at the territorial level
• Advocacy document highlighting impediments to ensuring consumer participation in the electricity reforms process, and ways of addressing them would be prepared in each territory
• Preparation of communication materials, handouts, etc to be used for Grassroots meetings
• Outcome Report from the Training Programmes
• Periodical newspaper articles

Outcomes

• Enhanced awareness and understanding among consumers/civil society on how to engage in policy processes aimed at electricity reforms.
• Civil society organisations better comprehend policy issues pertaining to electricity reforms and make efforts to continue engagement with research and advocacy initiatives on this subject, subsequently.
• Improved understanding by policymakers and regulators of consumer’s needs and demands.
• Mechanism of communication is established between consumers, CSOs, policy makers/government representatives, regulators and distribution companies to discuss electricity reforms.
• Formation of a regional civil society network on electricity reforms that acts as a platform for opinion exchange and learning through information sharing.

7.4 The regional civil society network would act as a platform for opinion exchange and information sharing across the region. The partner organisations and their networks, members of RGs will be part of this network, which would have both downward and upward linkages with the people and the policy-makers/regulators in the identified countries to facilitate effective information exchange. The membership of the network will be open to all interested parties and would be extended to other parts of South Asia, as well.

8. Activities

8.1 CUTS would implement this project in cooperation with local partner organisations. A nodal person will be nominated by each of the partner organisations who will co-ordinate the project related activities and will also be involved in managing and implementing the project activities. A project manager will be engaged at CUTS C-CIER, Jaipur. The person will have sound understanding of the subject and managerial capacity as well. In addition, two project assistant will also be engaged at CUTS C-CIER, Jaipur.

8.2 Launch Meeting: One day launch meeting would be organised to discuss the details of project implementation, responsibilities/roles of the partner organisations. Various stakeholders such as policy makers, regulators, distribution company representatives, CSOs, media from across the region including the neighbouring countries, would be invited to participate.

8.3 Training of the Nodal Persons and Project Staff: After the launch meeting of the project, a rigorous training will be provided to the nodal persons and the CUTS C-CIER staff who will be involved in the project implementation. This two-days training will focus on policy, regulatory and governance aspects in electricity sector in South Asia. Besides imparting basic knowledge and understanding of electricity systems and regulation, the cross-country experiences will be shared in the form of case studies to facilitate a higher learning curve. The legal and regulatory provisions in South Asian countries, along with differences and similarities, and the status of consumer participation in policy and regulatory matters in electricity industry will also be mapped. Apart from covering the subject related issues some of the sessions will cover event management, public speaking, communication skills, report writing, etc.

8.4 The following is a tentative programme for the initial training seminar, spread over two days:

Day 1 and Day 2:

• State of electricity sector in India, Nepal, and Bangladesh, India and Nepal
• Consumer participation in regulatory reforms- rationale, philosophy, concerns
Skills development – policy and techo-commercial analysis
Skills development- communication, representation, organisation
Skills Development- event management, report writing, etc

8.4.1 This is tentative broad agenda and specific sessions will be planned after doing needs assessment in a scientific manner. To better understand the training needs CUTS C-CIER will frame a questionnaire and send out to the nodal persons and programme officers to get their feedback. Based on the feedback received, the detailed agenda for the training workshop will be framed. Learning from training seminars will be documented in the form of a training manual, which will be used for undertaking trainings at various levels. However, close to the end of the project, another questionnaire would be sent out to the nodal persons and programme officers to gauge the understanding and capacity of the partner organisation in undertaking research and advocacy on regulatory and policy issues in the electricity sector.

8.5 Local Inception workshop: One local inception workshop will be organised in each project country that will involve the participation of the local partners i.e. second tier partner organisations that the project country partners would be working with. The project implementation details would be disseminated at the said meetings. One set of questionnaire would be circulated at such meetings to gauge the understanding of the local partners. Closer to the end of the project, another set of questionnaire would be developed to evaluate the understanding of the local partners and to analyse as to how the project has helped in strengthening the capacity of civil society organisations on issues related to the electricity sector.

8.6 Field Research: Literature review would be undertaken to develop a better understanding of the scenario of the electricity sector in each of the four territories, based on analysis of existing policy documents; interviews with experts, practitioners; and any other information available to the project team. This would capture among others – structural and functional aspects of the institution(s) dealing with electricity in each of these territories; the extent to which reforms have been initiated in each of these territories; the opportunities for consumers/users/citizens to get involved with the reforms process, etc.

Further, a perception survey (based on responses to a structured questionnaire) would be undertaken in each of the territories to gauge the level of understanding and awareness of consumers/users on the scope for their engagement in the process of electricity reforms. A sample size of 500 respondents would be surveyed and the data analysed.

The outcomes from the research review and the responses from the survey would be collated to develop the ‘Base Papers’ on electricity reforms for each of the respective territories.

8.7 Formation of Reference Groups (RGs): Reference Group (RG) will be formed in each of the territories that will ensure quality in project execution as per stipulated plan. Subject experts, academicians and practitioners, people representatives, government officials, civil society representatives will constitute the RGs. The RG would provide guidance to the implementation of the project at the national level.
8.8 Training Manual: A training manual would be developed from the discussion on the (territory-specific) base paper during the RG-I meetings. It will outline the issues to be covered in these training workshops and the action plan for conducting the trainings at the territorial and grassroots levels. The training manual will guide the project team for undertaking these trainings and associated meetings.

8.9 Territorial Trainings: The partner organisations will organise two territorial trainings in their respective territories (Bangladesh, Rajasthan and West Bengal in India and Nepal). These will be 2-day events to which local civil society groups, service providers, regulators, media, peoples’ representatives will be invited. The policy-makers and regulators will be invited as resource persons and networking will be developed with them. Experts from CUTS C-CIER will also participate in some of the training sessions as resource persons. Each of the partner organisations will maintain a database of participants and other actors with whom activities will be carried out in future. The partners would prepare outcome report of the Territorial Trainings.

8.10 Grassroots interface meetings: Grassroots Interface meetings will be conducted in two phases. The agenda of these training workshops will be to reach out to the players at the local level and make them aware of the role that they need to play in regulatory reforms, and transfer some of the key advocacy skills to them. In the first phase, information will be disseminated to relevant consumers such as farmers, commercial users, distribution companies, etc at the grassroots level on the present scenario and efforts would be made to register their problems, needs and challenges. A handout in local vernacular would be prepared from the ‘base paper’ to facilitate discussions. In the second phase of these grassroots meetings, possible solutions to their problems would be discussed in the presence of local legislators.

8.11 Inception review and Mid-term meeting: The activity will be held in month 11, to discuss the progress of the project, including results and fulfilment of agreed obligations, to discuss and, if feasible, approve documentation submitted according to Article 5, as well as to discuss issues of special concern for the implementation of the project, e.g. results of baseline surveys and plans for completion surveys. Central elements of the discussion and all decisions from the consultations shall be recorded in agreed minutes; the meetings shall be called and chaired by CUTS.

8.12 National Advocacy Seminar: A National Advocacy Seminar will be organised in each project country to take the project findings to policy community and regulators etc. The seminar will facilitate and help in developing a network between and amongst policy community, regulators, civil society representatives, media etc on challenges that needs to be addressed with regards electricity reforms. An advocacy document highlighting impacts of regulatory reforms in electricity sector on the consumers would be prepared.

8.13 Final Consumer Survey: Close to the end of the project, a final survey would be conducted to gauge the level of understanding and awareness of consumers/users on the scope for their engagement in the process of electricity reforms, as imparted through project meetings and interactions. The respondents targeted for this would be mainly the same people involved while undertaking the baseline survey.
8.14 Regional Conference: A regional conference will be organised, to showcase the outcomes of the project to a larger audience comprising of CSOs, media persons, regulators, representatives of distribution companies, partner organisations, etc and select stakeholders from other neighbouring countries.

8.15 Project Review: CUTS would review the project and undertake an assessment of outcomes, i.e. the changes and effects positive or negative, planned and unforeseen of the Project with relation to various stakeholder groups.

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<th>Levels</th>
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9. Monitoring, Advisory, and Evaluation Systems

9.1 CUTS C-CIER will set up a ‘project team’ with the prime responsibility to implement and manage the project along with the partner organisations. Every six months, partner organisations will send an activity report, on the basis of which C-CIER team will prepare a progress report highlighting the achievements and difficulties. This will be submitted to the members of the project advisory committee and will also be shared with partner organisations. The quality of work of partner organisations will be continuously evaluated in house.

9.2 At the end of the project, an independent agency will be engaged by the donor in consultation with CUTS to review the project.

9.3 The partner organisations would be contributing in kind and they would be financially supported by CUTS for the duration of the project. They would submit utilisation certificates to the amount of advance taken by CUTS.

10. Timeframe

10.1 The project will be undertaken over a period of twenty-five months (25 months)

11. Replicability

11.1 The overall implementation mechanism of this programme is derived from an initiative that CUTS has successfully implemented in parts of Rajasthan. Therefore
the test of replicability of the approach would be the successful implementation of this project itself.

11.2 The issue of non-participation of civil society in electricity regulatory reforms is common across most countries in the developing world in general and South Asia specifically. In order to ensure that the needs/concerns/rights of the civil society are reflected in policy reforms, it is essential to encourage the civil society to get engaged with the policy process and evolve a mechanism for such participation. This ‘need’ therefore is universal across most of the developing countries in the region (even outside), which signifies that the approach would be beneficial elsewhere.

11.3 Further, existence of a committed civil society in a country where such an intervention is being planned would enhance the possibility of replicating it successfully.

11.4 Conducive socio-political environment prevailing in many developing countries increases the probability of replicating this approach successfully.

12. Risk Analysis and Management

<table>
<thead>
<tr>
<th>Risk</th>
<th>Probability</th>
<th>Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decision of Partner Organisation to disassociate with the project</td>
<td>Low</td>
<td>CUTS will identify other organisations in each of the project country and at least one of them will be associated with the project from the beginning. Thus they could replace, if any of the organisations disassociates with the project.</td>
</tr>
<tr>
<td>Key staff at CUTS leaves before the project ends</td>
<td>Low</td>
<td>CUTS have a well-designed internal system of managing risks. Internal meetings are organised at regular intervals in each centre to review the progress of projects. This helps keeping others in the loop, who could take over project responsibilities, in case of turnovers.</td>
</tr>
</tbody>
</table>
13. Measuring the Impact of Project Activities

**Project title:** Capacity Building on Electricity Reforms in India (Rajasthan, West-Bengal), Bangladesh and Nepal

**Target Group(s):** Consumers, civil society organisations, grassroots consumer groups, media, policy-makers, electricity regulatory agencies, representatives from distribution companies, etc.

<table>
<thead>
<tr>
<th>Project structure</th>
<th>Indicators</th>
<th>Means of verification</th>
<th>Assumptions/Risks</th>
</tr>
</thead>
</table>
| **Goal:** Effectiveness of regulatory regimes in the electricity sector enhanced through improved consumer representation in policy formulation processes and regulatory bodies. | Continuous and meaningful representation by consumers/users in the process of electricity reforms at various levels resulting in the introduction of ‘pro-consumer’ measures (at the policy-level, in the administrative set-up, in functions, etc.) that address some of the problems faced by them at the micro-level. | Outcomes from the analysis of consumer responses including their views on tariff setting process, redressal mechanism, performance standards, specific reform activities (e.g., feeder reform, curbing pilferage, etc.) and others, as contained in Consumers Survey | • Regulatory bodies accepts the role of CSOs and Project partners continue with interventions beyond the project  
• Policy makers and regulators invite the civil society groups/representatives in discussions on electricity reforms. |
<table>
<thead>
<tr>
<th>Purpose/Project Outcomes:</th>
</tr>
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<tbody>
<tr>
<td>• Effective representation of consumers/civil society’s views in policy formulation and regulatory processes facilitated</td>
</tr>
<tr>
<td>• Civil society’s capacity to take up action research and advocacy on regulatory/policy issues strengthened</td>
</tr>
<tr>
<td>• Policymakers and regulators understanding of consumers needs and demands improved</td>
</tr>
<tr>
<td>• A mechanism for discussing electricity reforms between consumers, CSOs,</td>
</tr>
<tr>
<td>CSOs/civil society members represented in relevant bodies and committees</td>
</tr>
<tr>
<td>Towards the end of the project, civil society organisations, consumer groups, etc. involved with the project are able to conceive ideas for undertaking downstream research and awareness activities.</td>
</tr>
<tr>
<td>Research papers, articles and events organised</td>
</tr>
<tr>
<td>CSOs invited to participate in relevant fora</td>
</tr>
<tr>
<td>Establishing informal associations like <em>Vidyut Sudhar Samiti</em> (Electricity Improvement Committees), etc.</td>
</tr>
<tr>
<td>Regional network established</td>
</tr>
</tbody>
</table>

| Semi-annual reports of CUTS |
| Consumers Surveys (baseline and end surveys) |
| Communication from network partners of each territorial organisation (partner of the project) related to specific meetings, interactions, etc. |
policy makers/governments representatives, regulators and distribution companies established

- Regional cooperation and experience-sharing through networking encouraged

<table>
<thead>
<tr>
<th>Outputs:</th>
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<tbody>
<tr>
<td>Base Papers in 3 countries (4 Territories) on Electricity Reforms (translated into local languages) developed.</td>
</tr>
<tr>
<td>A Training Manual for undertaking training programmes at the territorial level developed</td>
</tr>
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<tbody>
<tr>
<td>The 4 base papers (one from each territory) prepared/refined and endorsed by local stakeholders</td>
</tr>
<tr>
<td>Territorial Trainings carried out</td>
</tr>
<tr>
<td>Advocacy document used effectively by the partners in their interventions with the policy makers.</td>
</tr>
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<tbody>
<tr>
<td>Copy of Papers</td>
</tr>
<tr>
<td>Copy of manual and reports from training</td>
</tr>
<tr>
<td>Consumers Surveys (baseline and end surveys)</td>
</tr>
<tr>
<td>Copies of materials, report from meetings</td>
</tr>
<tr>
<td>Activities</td>
</tr>
<tr>
<td>----------------------------------------</td>
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<td></td>
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<tr>
<td><strong>Advocacy document looking at the impacts of regulatory reforms in electricity sector on the consumers at the country level developed and distributed.</strong></td>
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<tr>
<td><strong>Project findings disseminated</strong></td>
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</table>

**Activities**

- Launch-meeting and training of project staff
- Local inception workshops
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<tr>
<td>• Field research and establishment of base line survey</td>
</tr>
<tr>
<td>• National stakeholders’ dialogues (RG Meetings)</td>
</tr>
<tr>
<td>• Baseline Surveys and Inception Review</td>
</tr>
<tr>
<td>• Training of civil society at Territorial levels</td>
</tr>
<tr>
<td>• Grassroots interface meetings</td>
</tr>
<tr>
<td>• National Advocacy Seminars for policy-influencing</td>
</tr>
<tr>
<td>• Regional Conference</td>
</tr>
<tr>
<td>• Outcome Surveys and Completion Review</td>
</tr>
</tbody>
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Annexure I: Detailed profiles of partners

India:

Rajasthan: CUTS Centre for Consumer Action, Research & Training (CART), Jaipur

CUTS Centre for Consumer, Action, Research and Training was established in 1996. However, the organisations foray in to the areas of consumer protection and empowerment of people dates back to 1983, with the launch of Gram Gadar, a rural development communication initiative.

_Gram Gadar has been instrumental in providing a forum for the oppressed classes to get justice._

CART works towards enabling people, especially women and other disadvantaged groups of society, to assert their rights so that they can achieve the right to basic needs and sustainable development through a strong consumer movement.

Due to its pioneering work in the area of consumer protection, CART has not only risen to the forefront of the consumer movement in India, but also the world. It has spearheaded several campaigns and pioneered consumer empowerment. At the ground level, it has trained and created over 1000 activists and help establish over 300 independent groups in Rajasthan and elsewhere.

CART has been engaged in the struggle for “Power to People” since its inception. At the grassroots level, CUTS has been involved in training and empowering the ordinary people. In the year 1997, CUTS CART embarked on a series of training programmes to create grassroots consumer groups in Rajasthan. In the year 2000, CUTS CART ventured into the areas of promoting good governance by building capacities of people to question the government in order to ensure greater transparency and accountability in the governance.

CART in association with Friedrich Ebert Stiftung has launched 3 year long programme with the aim of involving the consumers at policy making as well as its execution level, and to bring about minimum consensus amongst major political parties about the power sector reforms in the state of Rajasthan. The project is aimed to generate awareness and sensitise all stakeholders and end users on the power reform process, with the intent of ensuring their active involvement and participation in the process.

The said programme would also aim at exploring the possibilities of collective participation in the power distribution and generation process through setting up of co-operative societies, for distribution; co-operative generating stations using biomass or other alternative energy sources etc.
Over the years, the centre has maintained a very good rapport with media, government and people’s representatives and these have automatically evolved in the past and present work on all issues, whether it is good governance, regulations, road safety, investor protection or consumer protection.
For more details, please visit: http://www.cuts-international.org/CART.htm

West Bengal: CUTS Calcutta Resource Centre (CRC), Calcutta

CUTS-CRC known by Calcutta Resource Centre (CRC) of CUTS International has been operational from 1987. It started working in the area of consumer protection. After four years, in 1991, it ventured into trade, economics and environment. Meanwhile, a network, ‘South Asia Watch on Trade Economics and Environment’ (SAWTEE) was launched in South Asia. The same was developed with a view to strengthen the work on capacity building, policy research and advocacy within the regional bloc.

In the latter part of 1997, the Centre started reviving ‘Safety Watch’ an existing programme centre of CUTS involved with consumer safety and whose activities were hitherto lying dormant for sometime because of other priorities. A desire for more concerted activity on sustainability and environmental issues led to the birth of the ‘CUTS Centre for Sustainable Production and Consumption’ (CSPAC), an independent programme unit, from the erstwhile Calcutta Centre. The flagship newsletter of CSPAC, ‘Ecoconsumer’ continues to be published from CRC.

In 2003, the centre started working in two different capacities- as a resource centre and as a programme centre namely CUTS-Safety Watch. CRC is mainly focusing in the area of grassroots economic development, which involves globalisation and livelihood issues. The programme centre ‘Safety Watch’ of CRC deals with projects related to consumer safety.

CRC applied for registration with West Bengal Electricity Regulation Committee in 2001 and also for nomination in State Advisory Committee in 2002. CUTS were responsible for enactment and strengthening of the dynamic Consumer Protection. It also filed a petition with WBERC against the proposed tariff hike proposal submitted by CESC.

CUTS Calcutta Resource Centre participated in many seminars, one of them is on Regulation in Electricity for overall benefit of Electricity Industry organised by Energy Management Department of Indian Institute of Social Welfare & Business Management held on September 16, 2004. Shri S.N. Ghosh, IAS, Chairman, WBERC inaugurated the seminar.
The Safety Watch programme of CRC focuses on consumer safety with a mission to achieve the citizens’ rights to be protected against unsafe goods, services and technologies. To commemorate the occasion of International Ozone Day on September 16, CUTS Centre for Sustainable Production and Consumption organised a seminar titled “ODS (Regulation and Control) Rules, 2000: Challenges before Indian Industry and Servicing Sector.” CRC also did a project on ‘Promotion of Rational Use of Drugs through Patient Information Material and Consumer Awareness Programmes’.

For more details, please visit: [http://www.cuts-international.org/cuts-crc.htm](http://www.cuts-international.org/cuts-crc.htm)

**B. Bangladesh:**

**Unnayan Shamannay**

Unnayan Shamannay has done substantial research, advocacy and training on energy related issues. The organization successfully conducted the first major assessment of this type in 1994. The title of the study was ‘A Socio-economic Impact Evaluation of the Rural Electric Program in Bangladesh’ and the study was conducted for NRECA international sponsored by USAID. The sponsors and other stakeholders have highly appreciated the impact evaluation study. It was the first evaluation of the rural electrification program in Bangladesh. The study with wide coverage tried to incorporate both quantitative and qualitative approaches while evaluating the socio-economic impact of rural electrification. The organization has again been short-listed this year for conducting another round of impact evaluation and is waiting for the project to be awarded. Unnayan Shamannay also conducted A Study on Economic and Financial Impact of Electricity Outages and Willingness to pay and Affordability of Services’ for the World Bank in 1998. As any other study conducted by Unnayan Shamannay, this particular study also integrated the traditional quantitative and participatory approaches of research.

Unnayan Shamannay has been working with the Consumers’ Association of Bangladesh (CAB) for a long time. Recently, it has completed a training program on energy consumers’ rights in collaboration with CAB. More than 150 consumer leaders from all over the country including journalists, NGO activists and civil society representatives attended the five batches of training. The training programs have tried to make the consumer leaders aware about the rights and responsibilities of consumers on energy issues and prepared participatory plans for advocacy and social mobilization in establishing energy consumers’ rights. While Unnayan Shamannay provided the technical support in the training including development of training design and manual, facilitation of training sessions and reporting, CAB provided all the logistics support and organized the events. Since Unnayan Shamannay is a civil society think tank, it often works in partnership with organizations like CAB in organizing such large-scale programs. For more details, please visit: [http://www.shamunnay.org/html/about_more.htm](http://www.shamunnay.org/html/about_more.htm)
South Asia Watch on Trade, Economics and Environment (SAWTEE)

South Asia Watch on Trade, Economics & Environment (SAWTEE) was the first institution in Nepal to bring up the need to have a competition policy and legislation in Nepal and development of competition culture. Likewise, it has been working on consumer issues since its inception in 1994 as well as supporting organizations working for the cause.

The focus of the publications of SAWTEE has been on the anti-competitive practices prevalent in the Nepalese economy. The monopoly of Nepal Electricity Authority (NEA) is one of them. Moreover, the research "Status of Competition in Nepal" that SAWTEE highlighted the fact that NEA, a 100 percent government owned body controlled 79 percent of the installed generation capacity and has monopoly in the area of transmission and distribution and is the sole buyer of electricity generated by Independent Power Producers (IPP).

Despite the efforts of the government to encourage private sector participation in this sector, the consumers are paying very high tariffs for electricity. Electricity rates in Nepal are one of the highest in the world. It shows that despite various reforms in this sector this is still one of the sectors where there is very low level of competition. There is thus a need to increase awareness among the stakeholders and build their capacity so that their participation can enhance the effectiveness of regulatory regime in the electricity sector.

SAWTEE also works closely and supports organizations that are working in the area of consumers’ rights and public interest. Forum for Consumer Interest, which is one of the leading consumer organizations in Nepal, has filed many cases in court to regulate the electricity sector through public interest litigation.

Due to the efforts made by SAWTEE and other organization, government is preparing to enact new legislation to regulate and manage the electricity sector in Nepal.

For more details, please visit: http://www.sawtee.org/
Annexure 3: Letter of Support

CUTS Centre for Consumer Action, Research & Training

ADVISORY BOARD
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Chapman of the Advisory Board
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D.J. Patil
Mr. A.K. Rambhia
Consultant, Economic
Jagtap
L. C. Shrivastava
Executive Secretary, Consumer
India
G.R. Jagtap
Mona, P. K. Dhakal
Executive Secretary, Consumer
India
Kunal S. Nanda
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India
U. S. Doshi
Executive, Consumer
India
P.J. Bhadani
Former, Chairman, State Electricity Board, India
G. V. M. Mohan
Mr. B. V. N. Lakshmi
Association
Shri J. G. Patel
CUTS Corporation
India
Gupta
Amit Mitra
Secretary, Consumer
India
Suman Jadhav
Director, Environment
India
S. S. J. Gumnaj
Director, Environment & Natural Resources
India

J. 94/5653
2007/11/12

Mr. Pradeep S. Mehta
Secretary General, CUTS International
D-217, Bhaskar Marg, Bani Park
Jaipur – 302 016, India

Dear Mr. Mehta,

Capacity Building on Electricity Reforms in Select South Asian Countries

Greetings from CUTS CART!

Thank you very much for identifying CUTS CART as one of the Indian partners to be part of the proposed C-CIER project titled ’Capacity Building on Electricity Reforms in Select South Asian Countries’ in partnership with The Norwegian Agency for Development Cooperation (NORAD). We are glad to accept the offer to be part of the prestigious project.

As you know, ‘Utility Reforms’ is one of the key programmatic areas of CUTS CART and under this programmatic area we have vast experience in working in the power sector. Since 2001, CUTS CART has been implementing a programme ’Involvement of Consumer in Power Sector Reforms’ in selected districts in Rajasthan in partnership with the Friedrich-Ebert-Stiftung (FES). The programme has been received acclamations from all stakeholders. As result of the programme, a network of CSOs and consumers in various districts has now understand the rationale of reforms and its objectives, role of stakeholders such as regulator and consumers in the right perspective, which was virtually non-existed earlier. The number of consumers/CSOs approaching the RERC and their participation in regulatory process has also improved.

We hope to further our interventions through the proposed project. Looking forward to associate with the project in partnership with NORAD.

With regards
Yours sincerely

George Chauhan
Head, CUTS CART
Mr. Pradeep Singh Mehta  
Secretary General, CUTS International  
D-217, Bhaskar Marg, Bani Park  
Jaipur – 302016, India

Dear Mr. Mehta

Subject: Confirmation of Support for “Capacity building on electricity reforms in select South Asian countries” project

Greetings from CUTS CRC!

Thank you very much for identifying CUTS CRC as one of the Indian partners to be part of the proposed project, titled “Capacity building on electricity reforms in select South Asian countries”. We are glad to accept the offer to be part of the prestigious project.

Yours sincerely,

N K Sinha  
Office Manager  
CUTS-CRC
Network Members

Bangladesh

Association for Development Initiatives (ADI)
Dhaka

Bangladesh Environmental Lawyers Association (BELA)
Dhaka

India

Citizen's Consumer & Civil Action Group (CASHA)
Chennai

Consumer Unity & Trust Society (CUTS)
Jaipur

Development Research & Action Group (DRAG)
New Delhi

Federation of Consumer Organisations of Newfoundland & Labrador (FECOT)
St John's

Nepal

Society for Legal & Environmental Analysis & Development Research (SEADER)
Kathmandu

Forum for Protection of Public Interest (FPPI)
Kathmandu

Pakistan

Journalists for Democracy & Human Rights (JDHR)
Islamabad

Sustainable Development Policy Institute (SDPI)
Islamabad

Sri Lanka

Law & Society Trust (LST)
Colombo

Mr. Pradeep S. Mehta
Secretary General
CUTS International
D-217, Bhaskar Marg, Jaipur 302 016
India.

Dear Mr. Mehta,

Greetings from SAWTEE!

First of all, we would like to express our heartfelt thanks to CUTS C-CIER for choosing SAWTEE as one of the potential partners in Nepal for the proposed project entitled Capacity building on Electricity Reforms in Select South Asian Countries.

SAWTEE would be happy to work together with CUTS C-CIER in the above mentioned project. As per our understanding, we would like to confirm that we will extend all the necessary support for the successful implementation of this project.

Thank you.

Sincerely yours,

Ratnakar Adhikari
Executive Chairman

P. O. Box: 19366, 204, Landganger Marg, Biltipur, Kathmandu, Nepal
Tel: 977-1-4445024, 4444506, Fax: 977-1-4445070
E-mail: sawah@SAWTEE.org, Web: www.SAWTEE.org

www.cuts-international.org
12 November 2007

Mr. Pradeep Singh Mehta
CUTS-C-IER
Jaipur, India

Subject: Confirmation of Support for ‘Capacity Building on Electricity Reform in Selected South Asian Countries’ Project

Dear Mr. Mehta,

I am pleased to confirm Unnayan Shamannay’s support for the implementation of the project titled ‘Capacity Building on Electricity Reform in Selected South Asian Countries’ during the entire period of project implementation. As an active partner of CUTS, we pledge to provide our research inputs in terms of ideas, human resources and other necessary inputs as required by the project.

Thank you for having trust on us.

Yours,

(Arif Rahman)
Chairman