

# South Asia Regional

## The Challenge

Improved energy security is vital to South Asia's economic growth and stability given that demand for energy in the region is expected to double over the next 15 years. South Asian nations rely heavily on imported energy, yet the region has large amounts of untapped energy resources. The lack of regional energy cooperation and trade compounds the problem. Energy cooperation has the potential to be mutually beneficial for all regional players, with some countries acting as net suppliers, some as net consumers, and some as net distributors of energy. A paucity of capacity, awareness, development of regional energy resources, and sustained regional dialogue are barriers to increased regional energy cooperation and, therefore, economic growth and could lead to instability. The South Asia Regional Initiative for Energy (SARI/Energy) focuses on regional approaches to meet South Asia's energy security needs through increased trade, investment, and access to clean energy.

## Objectives, Sectors and Workforce

Advisory Board Chair: George Deikun

MCA Status:

PEPFAR Focus Country:

Provided or Received Services From Other Missions:

Program Budget (Appropriations by Objective)	FY 2004	FY 2005	FY 2006	FY 2007	Percent	2005 SO		Direct SO
	(\$000)	(\$000)	(\$000)	(\$000)	Change	Performance	Admin.	Cost Ratio
					FY 04-07	Score		
398-001 Promote Energy Security in South Asia	0	0	5,931	5,000	N/A	N/A		N/A
398-ZZZ Department of State Programs	0	0	0	2,000	N/A	N/A		N/A
<b>Country Total</b>	<b>0</b>	<b>0</b>	<b>5,931</b>	<b>7,000</b>	<b>N/A</b>			

Program Budget (Appropriations by Account)	FY 2004	FY 2005	FY 2006	FY 2007	Percent
	(\$000)	(\$000)	(\$000)	(\$000)	Change
					FY 04-07
Development Assistance	0	0	4,941	5,000	N/A
Economic Support Fund	0	0	990	2,000	N/A
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,931</b>	<b>7,000</b>	<b>N/A</b>

Program Budget by Sector and Account	FY 2004	FY 2005	FY 2006	FY 2007	Percent
	(\$000)	(\$000)	(\$000)	(\$000)	Change
					FY 04-07
Agriculture and Environment DA	0	0	4,941	5,000	N/A
ESF	0	0	990	0	N/A
Economic Growth ESF	0	0	0	2,000	N/A
<b>Total</b>	<b>0</b>	<b>0</b>	<b>5,931</b>	<b>7,000</b>	<b>N/A</b>

Workforce	FY 2004	FY 2005	FY 2006	FY 2007	Percent
					Change
					FY 04-07
US Direct Hires	0	0	0	0	N/A
US Non Direct Hires	0	1	1	1	N/A
Foreign Nationals	0	2	2	2	N/A
<b>Total</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>N/A</b>

Mission Summary	FY 2004	FY 2005	FY 2006	FY 2007
Program per US Direct Hire (\$000)	N/A	N/A	N/A	N/A
Program per All US (\$000)	N/A	0	5,931	7,000
Program per Position (\$000)	N/A	0	1,977	2,333

### Other Major Donors:

Bilateral: The United States is currently the sole donor working at the regional level on energy security in South Asia.

Multilateral: No traditional multilateral donors are engaged in energy security on a regional level in South Asia. The South Asian Association for Regional Cooperation (SAARC) has recently launched its first regional energy security program, which incorporates many of SARI/Energy's recommended initiatives. USAID is coordinating its programs closely with SAARC to ensure program synthesis, increase effectiveness, and eliminate duplication.

## South Asia Regional PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2004 Actual	FY 2005 Actual	FY 2006 Current	FY 2007 Request
Development Assistance	0	0	4,941	5,000
Economic Support Fund	0	0	990	2,000
<b>Total Program Funds</b>	<b>0</b>	<b>0</b>	<b>5,931</b>	<b>7,000</b>

STRATEGIC OBJECTIVE SUMMARY				
398-001 Promote Energy Security in South Asia				
DA	0	0	4,941	5,000
ESF	0	0	990	0
398-ZZZ State Department Programs				
ESF	0	0	0	2,000

Advisory Board Chair,  
George Deikun

## Data Sheet

<b>USAID Mission:</b>	South Asia Regional
<b>Program Title:</b>	Promote Energy Security in South Asia
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	398-001
<b>Status:</b>	Continuing
<b>Planned FY 2006 Obligation:</b>	\$4,941,000 DA; \$990,000 ESF
<b>Prior Year Unobligated:</b>	\$0
<b>Proposed FY 2007 Obligation:</b>	\$5,000,000 DA
<b>Year of Initial Obligation:</b>	2006
<b>Estimated Year of Final Obligation:</b>	2008

**Summary:** USAID's South Asia Regional Initiative for Energy (SARI/Energy) is an eight country program that promotes regional energy security. Begun in 2000, the SARI/Energy program focuses on regional approaches to meet South Asia's energy security needs through increased trade, investment, and access to clean energy. USAID fosters and facilitates mutually beneficial energy linkages for access to sufficient and affordable energy for Afghanistan, Bangladesh, Bhutan, India, Nepal, the Maldives, Pakistan, and Sri Lanka. USAID promotes regional energy cooperation with the objective of trade and investment in clean energy resources in South Asia, a region where only 41% of the population has access to modern energy and the level of energy consumption per capital is the world's lowest.

This constitutes notification for planned obligations of FY 2006 funds under the SARI/Energy program.

### **Inputs, Outputs, Activities:**

#### **FY 2006 Program:**

Expand and Improve Access To Economic and Social Infrastructure (\$4,941,000 DA; \$990,000 ESF). The program objective is to increase access to diversified, clean energy and harmonizing markets to enable regional energy trade. Specifically, USAID efforts facilitate investments in cross-border energy infrastructure; continuing partnership areas targeting capacity building for 50-80 senior level executives from South Asia; providing management and organization support to the South Asia Regional Energy Coalition (SAREC), expanding membership, developing public-private partnerships, and making SAREC operationally sustainable; and commissioning solar and wind mapping studies for development of regional renewable energy resources in Afghanistan and Pakistan.

This objective is achieved by providing technical assistance and training support to key players including governments, regulators, the private sector, institutions, and non-government organizations (NGOs). USAID will focus on a market initiative to address barriers to and provide training for mechanisms that will facilitate regional trade and investment. Principal Implementers: Nexant, Inc., the U.S. National Renewable Energy Laboratory (NREL), the U.S. Department of Energy (DOE), the U.S. Energy Association (USEA), and the U.S. Chamber of Commerce.

#### **FY 2007 Program:**

Expand and Improve Access To Economic and Social Infrastructure (\$5,000,000 DA). SARI/Energy is a key U.S. Government program that brings Pakistan and India together, serving as a vehicle for dialogue in a development sector of vital importance to economic growth and poverty reduction in both countries. Initiatives in regulatory reform, capacity building, technology transfer, and renewable energy development will continue. Principal Implementers: NREL, DOE, and USEA.

**Performance and Results:** During FY 2005, USAID continued to support regional energy cooperation with the objective of enhancing energy security and clean energy access by initiating cross-border investment and trading projects in the energy sector. USAID facilitated three major cross-border energy infrastructure investment agreements, including: (1) Indo-Nepal oil product pipeline (memorandum of understanding signed; Joint Venture agreement under negotiation); (2) Power Purchase Agreement between PTC India Ltd. and West Seti Hydro Power for 750 MW hydropower generation; and (3) Power

Purchase Agreement between TATA (a leading Indian industrial group) and the Power Grid Corporation of Bangladesh for supply of excess energy from a power plant implemented as part of cross-border investment of \$2 billion committed by TATA in Bangladesh. To promote energy savings, USAID established a permanent, regional Forum on Regional Harmonization of Energy Efficiency Standards and Labeling. USAID also helped launch a Sustainable Guarantee Fund in Sri Lanka that will leverage investments up to \$3 million by providing partial financial guarantees to commercial energy efficiency and conservation projects. To encourage cross-border, grassroots cooperation, the SARI/Energy Small Grants Program awarded five rounds of grants in seven South Asian countries for implementing 38 projects (e.g., energy based rural income generation and poverty reduction, rural electrification, and bilateral hydropower cooperation) proposed by 63 local NGOs and academic institutions as regional or bilateral consortiums.

USAID established a new partnership for energy policy makers involving elected members of parliament or similar bodies representing the public. In its first meeting in Washington in September 2005, members exchanged their views on cross-border issues such as compatibility of grid codes, compatibility of regulation frameworks for cross-border trade, sharing of best practices, and delivering power to consumers by distribution utilities. The private-sector platform SAREC was expanded and reorganized with assistance from USAID in 2005. Its advocacy campaign centered on promoting reforms and foreign direct investment in the energy sector and expanding regional energy trade. This program continues to leverage extensive media coverage on regional energy cooperation, with more than 500 newspaper and magazine articles published in member countries and nearly 30 news clips and stories aired on regional television channels.

By the end of FY 2008, SARI/Energy will have promoted energy security in South Asia. This USAID program is expected to increase access to diversified clean energy supplies in the region and harmonize markets to enable regional energy trade.

## US Financing in Thousands of Dollars

South Asia Regional

	DA	ESF
398-001 Promote Energy Security in South Asia		
<b>Through September 30, 2004</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Fiscal Year 2005</b>		
Obligations	0	0
Expenditures	0	0
<b>Through September 30, 2005</b>		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
<b>Prior Year Unobligated Funds</b>		
Obligations	0	0
<b>Planned Fiscal Year 2006 NOA</b>		
Obligations	4,941	990
<b>Total Planned Fiscal Year 2006</b>		
Obligations	4,941	990
<b>Proposed Fiscal Year 2007 NOA</b>		
Obligations	5,000	0
Future Obligations	5,000	0
Est. Total Cost	14,941	990