



ENERGY UPDATE

ISSUE 2

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Powering Economic and Social Development through Expanded Access to Modern Energy Services

In This Issue:

A SPECIAL REPORT ON

“Making Room for Public Interests in Electricity Sector Decision-Making: New Approaches and Insights for the Governance Challenge”

The first article (1) illustrates the Electricity Governance Toolkit that is working to create a new dialogue and dynamic between energy sector officials and civil society. The four articles (2-5) that follow illustrate USAID efforts in Bangladesh, India, and Georgia, to build analytic and institutional capacity for civil society participation in energy sector decision-making. The last article (6) is about a global conference held in 2005 in Arusha, Tanzania that called for social concerns to be integrated in global negotiations on aid and trade.

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ENERGY UPDATE

Is the bimonthly newsletter of the Energy Team, Office of Infrastructure and Engineering, Bureau for Economic Growth, Agriculture and Trade.

IN THE NEXT ISSUE

“USAID and its partners at the 14th Session of the United Nations Commission on Sustainable Development ”

Please **submit articles** on this topic, as well as other topics for the Feature Article section, and your project updates for the Notes from the Field section.

Initial submissions must be 500 words or less in length and include contact information.

The **submission deadline** is **May 25, 2006**. Please e-mail your articles to the Editor, Davida Wood (dwood@usaid.gov).

Articles are accepted for publication from employees of USAID, associated organizations, contractors, and other partners in development.

LETTER FROM THE EDITOR

This issue of Energy Update highlights USAID's support for integrating consumer and other public interests into electricity sector decision-making. USAID's approach emphasizes building capacity from the top down and the bottom up, aiming for energy institutions that are transparent and accountable, and an empowered civil society that can engage policy, regulatory and private sector decision makers from sound analytic ground. The Special Report in this newsletter showcases a range of approaches towards this objective:

The Electricity Governance Initiative (EGI) has developed a toolkit designed to stimulate constructive dialog among stakeholders based on verified research of governance processes. Piloted in four Asian countries, the initiative is now a registered partnership with the U.N. Commission on Sustainable Development (CSD) and poised to expand globally.

New projects in India and Bangladesh are focusing specifically on the regulatory process. In the state of Karnateka (India) the approach is to build the capacity of an academic institution – the Institute for Social and Economic Change – to become a technical resource for the state regulatory commission and for civil society organizations. In Bangladesh, on-site training is being provided for select staff of the Consumer Association of Bangladesh to enable them to meaningfully participate in public hearings. This project will also assist journalists in obtaining information about regulatory developments. In so doing, the activity will intersect with the results of an earlier USAID media training project, which has since spawned EnergyBangla (also featured in this issue), conceived as the country's first breaking news web portal for the sector.

In Georgia, USAID has been supporting two civil society organizations working to improve transparency, accountability and participation by mobilizing at the grassroots. A recent independent evaluation of these projects stressed the importance of building consumer associations equipped to act as intermediaries between distribution companies and the public. We have included a summary of the findings.

Finally, we have included a press release from a recent World Bank conference that echoes our concerns about integrating social issues into economic reform. The conference -- "New Frontiers in Social Policy: Development in a Globalizing World" – included a panel on the social policy dimensions on utility governance whose papers may be downloaded from the Internet and where you will recognize at least one familiar name...

We hope you enjoy this edition. As always, feedback and comments are welcome!

David Wood

Editor

Energy Update

Office of Infrastructure and Engineering

SPECIAL REPORT:

“Making Room For Public Interests In Electricity Sector Decision-Making: New Approaches and Insights For The Governance Challenge”

ELECTRICITY GOVERNANCE TOOLKIT

Creating A New Dialogue On Governance

The electricity sector presents a nexus of issues with which the public and citizens are increasingly concerned. Electricity reform and privatization have mobilized consumer and citizen attention, prompting critiques about the grounds on which electricity prices are being set. Through their advocacy, NGOs and civil society groups have drawn attention to concerns such as affordability, access to energy, environmental sustainability and renewable energy in the sector.

But the relationship between NGOs and the government is often tense -- even adversarial. Although most official actors would agree that civil society and NGOs can play a constructive role in sector governance, the prospect of actually interacting with groups that have differing view points on substantive issues and policy positions can make sector insiders wary and even defensive.

Over the past year, the Electricity Governance Initiative (EGI) has been working to create a new dialogue and dynamic between sector officials and civil society groups in India, Indonesia, Thailand and the Philippines. Coalitions of NGOs with expertise in various social, economic and environmental issues collaborated to use the EGI Indicator Toolkit to conduct an assessment of governance in the electricity sector. Each coalition did so in close consultation with an advisory panel that included government, utility and other private sector representatives.

The Forum on Electricity Governance in March 2006 presented an opportunity to reflect on experiences with the Initiative. The process of conducting an assessment of electricity governance created a critical opportunity to bring disparate stakeholders --who often talk past each other-- together to have a coherent conversation about how to advance positive change in the electricity sector. “The assessment process has allowed us to start building a relationship of trust with people within the government and within the utilities through our interactions with the advisory panel” noted one member of the Indonesia research team, “which has been very valuable. It is also shaping future directions of work for our organization.”

About The Electricity Governance Initiative

The Electricity Governance Initiative (EGI) is a collaborative undertaking of the World Resources Institute (USA), the National Institute of Public Finance and Policy (India), and Prayas Energy Group (India). EGI works with civil society, policymakers, regulators, and other electricity sector actors to promote the open, transparent, and accountable decision making processes that are a necessary part of a sustainable energy future.

Phase 1: In 2004, EGI developed a toolkit of research questions that generate indicators of areas of relative strength and weakness in electricity decision-making processes. The indicators address a comprehensive range of issues related to policy and regulatory processes in the sector, with an emphasis on environmental and social issues. We focus on the extent to which transparency, participation, and accountability exist in these processes, to allow for the inclusion of public interest concerns.

The toolkit metric helps civil society organizations collect substantiated information as a basis for constructive dialogue with officials and government representatives to improve overall sector governance.

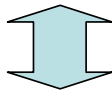
Phase 2: In 2005, civil society partners and sector officials in India, Indonesia, Thailand, and the Philippines piloted our indicator toolkit to conduct assessments of governance in each country’s electricity sector.

March 2006: Regional forum on electricity governance in Bangkok, Thailand. The purpose of this meeting was to facilitate information sharing and exchange lessons learned from the pilot assessments. Participants focused on areas of best practice and key problem areas to further develop strategies for improving governance and bridging the gaps in governance identified by their assessments.

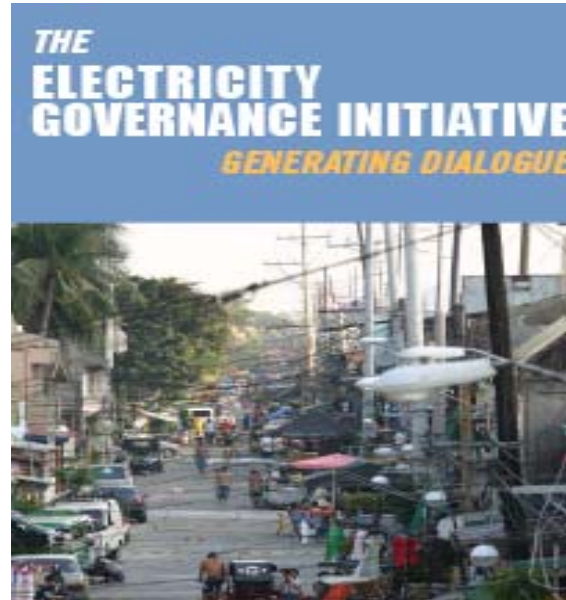
All assessments (and presentations from the forum) are available at <http://electricitygovernance.wri.org>.

Example from Indonesia

Advisory Panel
Independent Commissioner PT PLN
Former Director General of Electricity
Commission for Business Competition
Legislator -- Energy Committee
Former Secretary General Ministry of Energy
Ministry of Economics



Research Team
Indonesian Institute for Energy Economics
Institut Bisnis dan Ekonomi Kerakyatan
Indonesian Center for Environmental Law
Pelangi
WWF-Indonesia
Working Group on Power Sector Restructuring



A member of the India assessment team noted... “The fact that the electricity governance toolkit prompts us to rigorously document and justify our assertions in the assessment report and produce such a comprehensive review of electricity governance considerations has really built our credibility.”

The Electricity Governance Initiative has provided NGOs, civil society groups, and sector officials with a valuable capacity building tool. The assessment process has prompted these groups to look upstream of the individual projects and issues that generally attract interest – such as the decision to raise electricity tariffs -- and focus on the integrity of institutions and processes that influence these decisions. In essence, the indicators and assessment report present a diagnosis of key areas of relative strength and weakness in each country’s electricity sector. The comprehensive research task of conducting an assessment has contributed to strengthening analytical and research skills.

“The assessment has allowed us to create a self portrait and understand the roles, functions and capacity of various institutions in the electricity sector, and identify decision-making processes and mechanisms that need to be addressed,” observed Dr. Indriyanto of the Indonesian Institute of Economics. “Some of our recommendations have already received a positive response – for example, the scope of

information available on the House of Representatives (DRP-RI) website has improved.”

The website now features the agenda for the DPR-RI, a list of works in progress, and a list of legislation passed. The website also features a message board for public input, as one improved procedure for public participation and input into the policy process.

Many of the NGOs involved in the EGI assessment have very different perspectives on power sector issues. As one member of the Indonesia team noted, “we are all friends, but for most of us it is the first time that we have actually worked together on a project – we are usually off doing separate things.” The assessment provided an opportunity to pool experience and expertise across different NGOs.

In fact, the Thai EGI assessment process even sparked a process of inter-ministerial dialogue about the need for better governance that was previously absent, by virtue of having representatives of both the Energy and Environment Ministries as participants on the national advisory panel.

One conference participant later reflected, “The EGI toolkit produced an unintended but critical tool -- the ability for citizens to organize analysis on a complex governance issue and communicate it effectively. I was struck by how each team reported the elevation in credibility of their voices in policy circles as a result of the assessment. A truly important outcome. And a tool worth diffusing. ”

Effective Regulatory Process: More than Just the Right Rules

Effective regulation is increasingly recognized as an essential element of a well-governed electricity system. Regulators balance the interests of key stakeholders, including investors, public or private operators, labor, and consumers. For example, operators and investors look to the regulator for predictable and fair returns. The public seeks attention to concerns such as reasonable tariffs, reduced corruption, and increased access. In order for regulation to be credible with all stakeholders, the regulatory process must be robust and perceived to be fair.

The Electricity Governance Toolkit includes over 20 indicators assessing various elements of the regulatory process (see table below for an illustrative selection of indicators from the pilot assessments). Whereas there are as yet no independent electricity regulators in Indonesia or Thailand, independent State Electricity Regulatory Commissions were introduced in India in 1999, and a national Electricity Regulatory Commission was established in the Philippines in 2002 under the Electric Power Industry Reform Act.

INDICATOR	India	Indonesia	Thailand	Philippines
Institutional Structure for Regulation	High	Low	High	High
Authority	High	Med	Low	Med-High
Procedural Certainty about Regulatory Process and Decisions	High	N/A	N/A	High
Disclosure of Documents	Med	Med	Med-High	Med
Procedure for Public Access	Med	Low-Med	Med	Low
Selection of Regulatory Body Members	Medium	N/A	Low-Med	Low-Med

Discussions at the Electricity Governance Forum explored the interface between laws and provisions “on the books” to ensure effective regulation, and the extent to which regulation is actually effective in practice.

The assessments show that in both India and the Philippines the “right rules” are often in place. The regulators have an independent institutional structure and adequate authority, acting as quasi-judicial bodies with punitive powers. There is certainty about the regulatory process in that there are clear rules and guidelines for how the regulator should function, and transparency about these rules.

But having the right rules is not always enough to ensure effective regulation. The indicators show that when it comes to questions of practice, there is significant room for improvement. In both India and the Philippines there are provisions to allow public disclosure of documents in the possession of the regulator, but in practice these documents are not easily accessible to members of the public. Notably, the lack of any sort of indexing or cataloguing system for regulatory documents and orders makes it very difficult for people to find information that is “publicly available”, as demonstrated in the sample indicator from the assessment of regulation in the Indian State of Andhra Pradesh (see table on next page).

In addition, the procedure by which regulatory body members are selected does not necessarily ensure that qualified and competent staff will be appointed, which can be particularly problematic. Speaking at the Electricity Governance Forum, former Minister of Power for India, Mr. Suresh Prabhu, reflected on the importance of selecting competent staff that can realize this “stakeholder balancing” role. He noted that regulation is a new area of work and that “regulators are not born” but rather must develop a complex set of skills and competencies.

This speaks to the need to include strong provisions to ensure good regulatory practice when creating regulatory bodies. Countries that are exploring the possibility of introducing independent regulators need to balance these rules and laws by giving equal weight to provisions that will internalize principles of good governance. This includes anticipating mechanisms to operationalize transparency mechanisms (for example, through well indexed databases of documents), stronger criteria for recruiting competent and committed staff, and innovative accountability mechanisms to prevent regulatory capture.

It is particularly important to sensitize regulators and their staff to the need to implement transparency and include the public, and build their capacity to implement practical measures to this end. It is equally

important to build the capacity of civil society to take advantage of “space” to participate in the regulatory process.

SAMPLE INDICATOR FROM ANDHRA PRADESH ASSESSMENT

Procedure for Public Access to Regulatory Documents

Elements of Quality – Four elements are crucial to remove operational hurdles to encourage various stakeholders to use their right to information. The elements of desired procedure are:

- Well-indexed database of documents
- Simple procedure to inspect and obtain documents
- Reasonable Cost
- Wide dissemination of information

Values	Select	Explanation and Justification
Not applicable / Not assessed		There is no well-indexed database of documents and information available with the Commission. This is also the case with the orders of the Commission. Some important orders are placed on the Commission website, but they are not placed in any proper order which makes it difficult to locate them. At present the Commission’s office is redesigning the website, to make it more user friendly and provide comprehensive information.
None of the four elements of quality for public access to regulatory body documents are present		Section 20 (3) of the Conduct of Business Regulations 1999 provides that any person is entitled to obtain certified copies of the records of the Commission on payment of fees. A request must be made in writing to the Secretary of the Commission.
Only one element quality for public access to regulatory body documents is present		The Regulation on Levy of Fee for Various Services Rendered by the Commission – 2005 stipulates the fee to be paid to inspect and obtain copies of the documents. For inspection of the documents one has to pay Rs.700 in the case of bulk documents and Rs. 100 in the case of other documents. The fee for certified copies is Rs. 1 per page, which is considered a reasonable cost.
Only two elements of quality for public access to regulatory body documents are present	(iii) Medium	The Commission does not publicize or disseminate information at its disposal. The Commission’s website is not user friendly.
Three elements of quality for public access to regulatory body documents are present		Two elements of quality are fulfilled: simple, well-defined procedure and reasonable cost.
All four elements of quality for public access to information are present		

For more information contact:

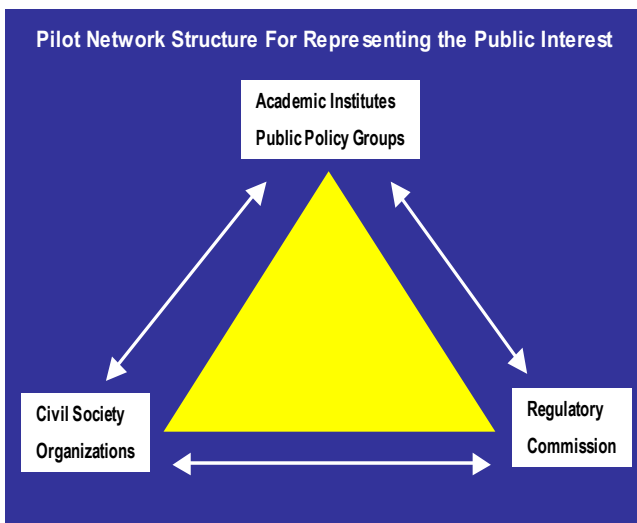
Smita Nakhoda, Institutions and Governance Program, World Resources Institute, email: snakhoda@wri.org

Davida Wood, USAID/EGAT/I&E/E, email: dwood@usaid.gov

BUILDING ANALYTIC CAPACITY IN KARNATAKA (INDIA)

Over the last decade the Indian electricity sector has been going through radical changes with the aim of increasing its efficiency and effectiveness through the unbundling of the traditionally integrated electricity utilities into separate entities that deal with generation, transmission, and distribution. This has also introduced multiple organizations, including private companies, in the generation and distribution of electricity, and has the objective of minimizing state and central government intervention in the industry. Independent regulatory bodies have also been created with quasi-legal powers, along with removal of licensing requirements to supply electricity in rural areas.

Various individuals and groups have raised concerns about the implications of these changes for social goals like increasing electricity access to the un-electrified areas, affordable tariffs, equity considerations in power sector decisions, environmental sustainability and democratic governance. The ongoing process has also opened up new opportunities for intervention by members of civil society to shape the electricity sector through their inputs to the regulatory commissions.



As part of its efforts to enhance civil society empowerment, and at the same time create models for improving governance of the power sector, USAID is supporting the evolution of an informal network anchored by an academic institution - the Center for Interdisciplinary Studies in Environment and Development (CISED) in Bangalore, India. The

aim of the network is to engage an increasing number of concerned citizens, the state energy regulatory commission, state utilities and other key actors through knowledge dissemination and independent analyses of key issues affecting the general public.

In one of its initial activities, CISED, which is housed in the Institute for Social and Economic Change in Bangalore, analyzed the Expected Revenue from Charges (ERC) document submitted by the Karnataka Power Transmission Corporation Ltd. (KPTCL). CISED filed a petition to the Karnataka Electricity Regulatory Commission (KERC) requesting the Commission to ask KPTCL to submit further evidence in support of its demand for an increase in tariff. The petition called for KPTCL to justify its capital expenditure plan and provide documents that would help safeguard consumer interests, such as quality of service reports and energy audits. CISED also requested KPTCL to make public the energy audit reports. These interactions encouraged the regulatory commission to invite CISED and KPTCL for a hearing on the issues and required the representatives of the transmission company to respond to the points detailed in the petition. On the basis of this and other experiences engaging the KERC, CISED will produce a booklet to raise awareness about the regulatory process and how consumer organizations may participate in it.

For more information contact:

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Gaurav Bhatiani, USAID/India, email: gghatiani@usaid.gov;

Masood Malik, Institute for International Education, email: mmalik@iie.org.

EMPOWERING CONSUMER PARTICIPATION IN BANGLADESH

Through support from the United States Agency for International Development (USAID), the National Association of Regulatory Utility Commissioners (NARUC) is in the initial stages of working with the Consumer Association of Bangladesh (CAB).

NARUC's goal in working with CAB is to create awareness among consumers in Bangladesh about:

1. The existence, role, and responsibilities of the Bangladesh Energy Regulatory Commission (BERC).
2. Consumer rights and responsibilities.
3. The need for consumers to participate in the regulatory decision making process to safeguard their rights.
4. Building capacity within representative organizations such as CAB so that the association may meaningfully represent consumers and disseminate information to consumers.
5. The need to sensitize the Bangladesh Energy Regulatory Commission and the utilities to consumer issues.

Founded in 1978, CAB has worked to protect consumer rights in such vital areas as food safety, women's health, price gauging, and environmental sustainability to name a few areas of focus. Historically, CAB has not been involved in energy issues but with the creation of the Bangladesh Energy Regulatory Commission (BERC), CAB has recently become involved in advocating consumer rights in the energy sector.

BERC came into existence through a law passed by the Bangladesh National Assembly in 2003. BERC has the standard powers of an energy regulatory body, their authority covers licensing, tariffs, consumer protection, etc. In April 2004, the GoB appointed two Commissioners and the Chairman was appointed in June 2005. The appointment of the remaining two Commissioners is still pending GoB action.

As with many nascent regulators around the world, the BERC is subject to outside resistance, which has hampered its efforts to become fully operational and from asserting its legally mandated authority. BERC faces significant operational hurdles within its government and within the industries it is supposed to regulate. Sometimes, the industries are supportive of the creation of a regulator, but this is less likely in a system predominately run by state-owned enterprises. BERC is going to need public support in order to assert its mandate and create a strong energy sector in Bangladesh.

In collaboration with CAB, NARUC will focus on fostering a greater public understanding of the benefits of regulation. Ideally, this work will not only

lead to substantive rights for consumers, but will also build both political and public support for an autonomous regulator with the authority necessary to regulate Bangladesh's energy sectors.

Achieving these goals will be accomplished through workshops for CAB volunteers (including outside of Dhaka), creation of a regular section on energy in CAB's newsletter, and targeted training (both legal and technical) for senior CAB staff so that they will be able to meaningfully participate in BERC public hearings. This project will also sponsor CAB participation at community events to disseminate information about BERC, conservation, and other important energy topics.

In addition, NARUC intends to work with the Energy Reporters Forum (ERF) to include journalists' participation in BERC hearings as well as assist them with providing information about BERC's decisions and regulatory developments to the public. The Energy Reporters Forum is quite active and vocal within Bangladesh and is in an ideal position to raise public awareness about consumer rights and the functioning of the regulator.

Fostering a greater public understanding of the benefits of regulation...will build support for an autonomous regulator with the authority necessary to regulate Bangladesh's energy sector.

The idea behind this USAID and NARUC work with CAB is to build mutual understanding between consumers and the regulator for the improvement of Bangladesh's energy sector. Investment in Bangladesh's energy sector and improvement to the energy sector will only be sustainable if the efforts are transparent and promote sound governance.

Encouraging civil society participation in the energy sector will hopefully lead to enforced consumer rights and better governance in Bangladesh's energy sector.

For more information contact:

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TWO BANGLADESHI ALUMNI OF USAID MEDIA WORKSHOP LAUNCH COUNTRY'S UNIQUE ENERGY WEBSITE

Energy Journalists employ the Internet to increase access to Bangladesh energy information

The USAID/Energy Team has been sponsoring a series of Media Workshops for energy journalists in various regions of the developing world over the last few years. The workshops have been intended to assist the journalists to do a better job in accessing, analyzing and disseminating energy related information to their audiences. The basic objective was carried one step further by two enterprising, journalists from Bangladesh, who were participants in the USAID sponsored workshop in Sri Lanka in Spring of 2005— South Asia Forum for Energy Journalists, “Energy and Development for South Asian Media.”

Mr. Golam Mustofa Sarowar and Mr. Rafiqul Bashar are the two masterminds of a unique energy sector website for Bangladesh, www.energybangla.com. The project has been conceived as the country's first comprehensive energy database and breaking news web portal. These enterprising and innovative reporters gather information from both government and non-government/private sources. They have translated documents from their native Bengali into English. They have a designated web master supported by their own resources as well as donations and advertising revenues. The website is updated daily by eight dedicated journalists from information acquired from reliable sources. This website could be seen as a great resource for other journalists, the public at large, international donors and investors and any one else interested in learning about key issues and background documents relating to Bangladesh energy sector. The website www.energybangla.com has come into being as a result of the dedication and innovativeness of the two reporters seeking to make a difference by providing and disseminating accurate and important information about their country's energy sector.

For more information contact:

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Ellen Dragotto, USAID/EGAT/I&E, email: edragotto@usaid.gov

From the Editors of www.EnergyBangla.com

‘The present world is an ICT world. Information technology has essentially made the globe smaller. In today's world the information from one corner to another is just a ‘click’ away. The free flow of information has changed the socio-economic condition of human beings. The socio-economic condition of our country demands optimum use of our resources. Huge investment is needed for resource mobilization and its proper use. These two can well be harmonized with correct and updated information. We are quite ready with our endeavor to work as a catalyst for the free flow of information. With a view to providing correct and updated information for those interested, we are opening a new website named www.energybangla.com. It will mainly provide information on the Energy sector of Bangladesh.

We seek cooperation from organizations to make our initiative a success. We welcome all sorts of assistance which we will consider a source of inspiration and encouragement for our endeavor.”

Contact the Editors: Golam Mustofa Sarowar, Editor, email: ssarowar@gmail.com and Rafiqul Bashar, Executive Editor, email: rafiquib@gmail.com

GEORGIA NGO INITIATIVES: INSTITUTION BUILDING AT THE GRASSROOTS

A recently completed independent evaluation of two NGO programs in Georgia concludes that how stakeholder interactions are structured influences how effectively citizens can hold energy institutions accountable and elicit transparency. One of the evaluation team's key findings is that a well-organized consumer association can both serve as a conduit for information and represent consumers' interests—essential in a competitive democratic process. A strong consumer association, in conjunction with other regulatory bodies, can offer consumers transparency and accountability and can facilitate citizens' acceptance of reform.

USAID provided funding for two programs that were designed and implemented by Georgian NGOs: the Caucasus Environmental NGO Network (CENN) and the Liberty Institute. Both programs were designed

to increase transparency and accountability in the sector, and empower citizens to become involved in sector reform. At the outset of these two projects in 2004, Georgia faced a precarious situation in the electricity sector. A decade of transition and uncertainty in the sector – reflecting the broader economic and political situation in Georgia – had produced an atmosphere of poor transparency and generated distrust and anger among consumers. Since the Rose Revolution, many gains have been made, particularly with respect to increased supply and improved corporate management (see the announcement about MCA awards on page twelve of this newsletter). However, lack of transparency persists, and there is an enduring crisis of confidence amongst citizens, often manifested in street demonstrations.

The Liberty Institute Program helped to establish a more open dialogue between government and Georgia's citizens concerning changes in the energy sector. Liberty's media capacity-building program strengthened contacts between journalists and key players in the energy sector, which resulted in more informed and broader coverage of energy issues. Liberty also created space for public dialogue through stakeholder meetings, radio programs, radio call-in shows, town hall meetings, roundtables and other activities. The town hall meetings helped to diffuse tensions in regions where citizens were unhappy with the electricity distribution company following the installation of communal meters. However, in the absence of an institutionalized approach to intermediation, these public forums provided only temporary relief.

The CENN Program—through developing consumers associations--aimed to increase civil society engagement through institutional change. CENN designed and created Energy Consumer Services Associations (ESCA) to help consumers understand their rights and responsibilities in relation to the Georgian electricity distribution companies. The ESCAs are grassroots organizations, which offer consumers recourse for their problems in the energy sector. At the neighborhood level, ESCAs work to resolve people's problems through helping them restructure their debt (resulting from accumulated non-payment) and provide consumers a means through which they can negotiate the maze of bureaucracy associated with the electricity distribution companies. ESCA leaders provide a focal point for consumer complaints, and to act upon them. After its success in the energy sector, the

ESCA are now expanding their consumer assistance to water, street lighting, trash removal and other citizen concerns. The ESCAs' work has been effective in empowering low-income consumers to understand and resolve their energy related problems.



*Logo of the
Energy
Services
Consumer
Association
(ESCA)*

Consumer organizations are common in the US and other well-developed energy sectors, and are supplementary and necessary to other bodies such as utility company customer service centers and public relations departments, government ombudsman, and other consumer advocates. The most important factors that explain the success of the ESCAs are the selection process used to identify natural leaders within the selected communities and the ESCAs' ability to work at the grassroots level to solve citizens' problems. Early successes in resolving community problems built confidence and were essential to the ESCAs' effectiveness. Initially ESCAs were neighborhood organizations. They have recently formed a citywide association, which will work for citizens across all districts of Tbilisi.

The evaluation was completed by Ms. Mary Worzala and Dr. Reehana Raza of the Academy for Educational Development. The full evaluation report can be obtained from mworzala@aed.org or dwood@usaid.gov.

CENN has also produced a DVD documenting this project titled "Experiment ESCA." A copy of "Experiment ESCA" can be obtained from Nana Janashia or Davida Wood.

For more information contact:

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ARUSHA CONFERENCE URGES BRIDGING THE SOCIAL DIVIDE

Leading development and social policy thinkers called for social concerns to be integrated in global negotiations on aid and trade, and to make sure that social empowerment and inclusion become a center piece of the development agenda.

Gathered in Arusha, Tanzania, in December 2005, at the ‘New Frontiers of Social Policy: Development in a Globalizing World’ international conference, participants emphasized in “The Arusha Statement” that social policy must no longer be an afterthought – to recognize that development policy is always simultaneously economic and social policy.

The conference aimed at exploring how policy makers globally and especially in Africa can address current gaps in the achievement of the commitments made at the 1995 World Summit on Social Development in Copenhagen and in meeting the Millennium Development Goals (MDGs).

Organized in collaboration with the World Bank, UK’s Department for International Development (DfID), the Swedish International Development Cooperation Agency (SIDA), and the Governments of Norway and Finland, the conference, held December 12th – 15th, brought together a unique gathering of academics, practitioners, and policy makers from developing and developed countries.

“While the socio-economic environment in both North and Sub-Saharan Africa has been evolving rapidly, several key challenges persist,” said Anna Tibaijuka, UN Under-Secretary-General & Executive Director, UN-Habitat, and from Tanzania. “The potential of many African countries” she added “is hampered by weak institutions, weak capacity, and governance problems in the institutions that do exist. African countries need to create or strengthen enabling policy and institutional environments, as well as to build capacity for good governance, with public institutions that are considered legitimate by all citizens.”

The Arusha Statement stressed that “citizens need to be involved in the generation of knowledge, the debate on policy formulation, and the implementation of programs. Social policy principles within countries will ultimately be the result of contestations among citizens and will invariably be a compromise between what is desirable, feasible, and acceptable.”

Anis Dani, Social Adviser at the World Bank, and organizer of the ‘New Frontiers’ conference, explained that the conference gave a new meaning to the concept of social policy “The current practice and scope of social policy – which focuses on delivery of social services and social welfare – is necessary but insufficient to achieve balanced social and economic development, hence the search for ‘new frontiers of social policy’, with the goal of identifying policies and programs to strengthen inclusive and accountable institutions and build cohesive societies.”

The Statement put forth three ‘new frontiers’ for social development:

- The transformation of people into citizens. This implies policies that recognize and promote the universal rights and responsibilities of citizens, and strengthen the capacity of citizens to claim their rights.
- Fostering an enabling, responsive and accountable state. This entails universal application of rule of law, and equal rights under the law for all citizens. Universal rights, however, need to be accompanied by legitimate, effective, and accountable institutions for policy formulation, implementation, with rigorous monitoring of outcomes. This also implies recognizing and celebrating multiculturalism as a source of strength for societies, and supporting policies that accommodate diversity in the achievement of universal rights.
- States need to mobilize revenue from their citizens and diminishing reliance on external aid. Domestic resource mobilization is the most effective means of enhancing citizen ownership and state accountability, and of ensuring sustainability. The international community – donors, governments, international organizations, and the private sector – will have to play their part to enable these processes.

According to The Arusha Statement “there are new areas that demand equal attention to social concerns if development policy is to be responsive to citizens’ needs. Examples include:

- Enhancing market access for the poor;
- Fostering more accessible and accountable public institutions for the provision of infrastructure, utilities services, and social services to all citizens;

- Building strong partnerships between public institutions and representative citizens' organizations to address the challenges of human settlements in the context of rapid urbanization and growth of urban slums; and
- Using the rule of law to empower the poor.

For more information on the conference, please see the website: www.worldbank.org/socialpolicy

EGAT/Energy Team Member Presents Paper at Arusha Conference

At the Arusha Conference, EGAT/I&E/Energy Team's Davida Wood participated in a panel session on "Social Policy Dimensions of Utility Governance" (see agenda in text box below). Dr. Wood presented a paper on "Bridging The Governance Gap: Civil Society, Democratization and Electricity Sector Reform." The paper explores 1) how fundamentally different understandings of public participation amongst stakeholders have stunted meaningful dialog, 2) institutional frameworks where public and private interests intersect and 3) policy recommendations for supporting collaborative stakeholder partnerships during reform. Please email dwood@usaid.gov to receive a copy of the paper.

For more information contact:

Anis Dani, World Bank, email: adani@worldbank.org; and Davida Wood, USAID/EGAT/I&E/E, email: dwood@usaid.gov

Arusha Conference Session

"Social Policy Dimensions of Utility Governance"

Chair: Deepa Narayan; Moderator: Elliott Sclar

Participants: Jeff Delmon, World Bank:

Implementing Social Policy into Contracts for the Provision of Utility Services

Tim Kessler, Center for Development Research:

Social Policy Dimensions of Water and Energy

Utilities: Knowledge Gaps and Research

Opportunities

Navroz Dubash, National Institute of Public

Finance and Policy: Regulation as a New Arena for

Social Policy in the Developing World: Examples

from the Electricity Sector in Asia

Davida Wood, USAID: Bridging the Governance

Gap: Civil Society, Democratization, and Energy

Sector Reform.

Brendan Martin, Public World: Social Dialogue as

an Instrument of Social Policy

RECENT EVENTS

USAID Work in Georgia Recognized at Management Consultancies Association (MCA) Awards

The Management Consultancies Association at a ceremony in London recognized PA Consulting Group for its work with the Republic of Georgia and USAID, in turning around the United Energy Distribution Company (UEDC), Georgia's largest state-owned electricity company. USAID's work in Georgia has won PA the Overall Winner 'Platinum' award and the Gold International Category Winner at the tenth annual Management Consultancies Association (MCA) Management Awards. Every year, the MCA, the industry body for management consulting firms, organizes the Management Awards to recognize excellence in client work.

UEDC is providing customers with reliable supply for the first time since the country's independence. The company is now paying its taxes and foreign energy suppliers in full, and paying higher salaries to its people, in full and on time. It is repaying debt and is re-investing to improve customer service. UEDC's new anti-corruption stance has inspired others: the sight of a once-corrupt company undergoing such a transformation has been a boost for public morale and shows what could be achieved at a national level.

Patricia Flanagan Transitions to ICT Team

After 8 years with the EGAT/Energy Team, where she spearheaded the rural energy services program and served as a key person for USAID's participation in the Global Village Energy Partnership (GVEP), Patricia Flanagan will be transferring to the Information and Communication Technology (ICT) Team in OI&E. Best of luck, Patricia! We will miss you, but are glad you will not be too far away.