



Peacebuilding Fund

FINAL PROGRAMME¹ NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 31 DECEMBER 2008 – 31 DECEMBER 2010

Submitted by:

Ensa Koroma, Programme Associate,
UNDP Sierra Leone
ensa.koroma@undp.org

Country and Thematic Area²:

Sierra Leone, Peace Consolidation

Programme No: PBF/SLE/I-1

MDTF Office Atlas No: 00066695

Programme Title:

Emergency Support to the Energy Sector

Participating Organization:

UNDP

Implementing Partners:

- Ministry of Energy
- National Power Authority
- Bo-Kenema Power Services

Programme Budget:

9,000,000 USD

Programme Duration:

Start date³: 31 December 2008

End date: 31 December 2010

¹ The term “programme” is used for programmes, joint programmes and projects.

² E.g. Priority Area for the Peacebuilding Fund; Thematic Window for the Millennium Development Goals Fund (MDG-F); etc.

³ The start date is the date of the first transfer of funds from the MDTF Office as Administrative Agent.

I. Purpose

Following the cessation of hostilities in 2001, Sierra Leone experienced an average growth rate exceeding 6% per annum. Electricity production, although below pre-war levels, amounted to approximately 125 GWh annually. In 2006, this declined to 24 GWh. This led to major losses incurred by the private sector, resulting in a drastic decline in economic activity. The ripple effects led to major shortfall in government revenue, triggering violations of the conditions for the country's programme with the IMF. The reduction in electricity production occurred as a result of the inability of the Government to complete the Bumbuna hydropower plant within the expected timeline, long envisaged as the long-term electricity solution for Freetown and the rest of the country. Internal weaknesses in the performance of the NPA also played a major part in causing the reduction in electricity production. NPA's losses due to unreliable generation and supply by outdated and badly maintained machines, by technical and commercial power losses, insufficient tariffs, greatly amplified by pilferage, management problems and low revenues, have caused severe cash flow problems in recent years. Revenues in 2005 fell to US\$8.6m, equivalent to a 36% decrease from its level in 2003. In 2006 this fell further to US\$5.62m. In the capital, Freetown, NPA's KPS is the main generating station in the Western Area, but only has an installed capacity of 39 MW and a very poor availability and reliability track record. In 2007, the available generating capacity at Kingtom was 23.5 MW. NPA has difficulties in collecting sufficient revenue to purchase its fuel because of the level of technical and commercial losses and a poor system of billing. Existing demand is estimated to be at least 100MW and with continuous power and the extension of electricity supply to new settlement along the seaside villages, demand will eventually rise.

At the outset of the project, it was estimated that the Bumbuna Hydro Power Plant would be completed by mid-2009 which was expected to drastically increase energy supply to the Western and Northern parts of the country. In the interim, the new Government began to take steps to stabilize the power situation, including the identification of energy as a top priority of the Agenda for Change. The presented its Energy Sector policy letter to development partners, and solicited support for its implementation. At the outset of the project, several development partners had indicated their interest in supporting both hydro and thermal power generation, in the rehabilitation of distribution and in supporting improvements to the management, capacity and commercial operations of NPA. Most of these interventions, however, were expected to target the medium to long-term needs of energy in Sierra Leone and would not address the emergency requirements of the energy sector. Owing to the importance of energy in promoting SME development and economic development, the Government requested the PBF to incorporate the lack of energy as a threat to peace in its cooperation framework which was concluded in December 2007.

Recognizing the inter-relationship between the regular supply of energy and economic performance, and noting the increasing deteriorating economic situation that may return the country to the situation before the war, this project is aimed at complementing the medium to long-term energy reform process being undertaken by the Government and its development partners by addressing the immediate energy needs for the approximately 1,250,000 Sierra Leoneans in the capital of Freetown, and in the major cities of Bo and Kenema. The current output of power supply has improved from 5 MW in November 2007 to 25MW (15MW rented power and 10MW IPP). The emergency PBF funds were expected to further increase the supply from 25MW to 31MW for Freetown by rehabilitating one thermal plant at Kingtom Power Station and by providing fuel and lubricants and to support the rehabilitation

of two thermal plants in Bo and provide fuel and lubricants for the running of these plants. The support provided to Government was to be used to compliment partner efforts to build capacities for improved revenue collection and reduced power loss. Regular and sustained supply to major towns and cities was expected to result in immediate improvements in economic performance through the revitalisation of small scale industries which in turn would help to avert the threat to peace and stability and reduce the increasing feeling of the population of neglect by the Government, particularly in the provincial areas of Bo and Kenema.

The intervention was specifically designed to bridge the funding gap following the end of a World Bank-funded intervention to supply generators and fuel for three months which ended in 2008. The overarching development objective of the project is to increase wellbeing, peace and security, as captured in the following intended outcomes:

- To contribute to increased employment/income opportunities for urban families in Freetown, Bo and Kenema by revitalization of energy based SMEs through increased and sustained power supply.
- To increase the public revenue base for Government with increased capacity to support poverty related programmes.
- To contribute to a reduced feeling of neglect and disillusionment due to lack of adequate power.

The key outputs of the project were as follows:

- Rehabilitation of thermal and power plants at Kingtom in Freetown and in Bo-Kenema;
- Provision of a total of 5,500 metric tons of fuel, 700,000 imperial gallons of diesel, and 347 drums of lubricants;
- Seamless provision of electricity in Freetown for the months prior to the start-up of operations of the Bumbuna hydro-electric plant;
- Increased and sustained power generation for Freetown from 25MW to 31 MW;
- Improved power generation in Bo and Kenema from 0.5MW to 5MW
- Enhanced operational efficiency and capacity of the Government (NPA and the Ministry of Energy) through the procurement of 4 vehicles and 6 motorbikes as well as office equipment, an improved MIS and training on stores management and fuel supply.

II. Resources

Financial Resources:

The total funding for project was 9,000,000 USD. The initial budget was set up using 3% of GMS as requested by the project's Steering Committee instead of the standard 7% requirement. Upon request by Country Office to Headquarters for official endorsement, Headquarters informed the Country Office that the request for GMS waiver will be endorsed but at a rate of 5%. Due to the need to apply the 5% GMS rate as per Headquarters instructions, the entire budget was revised and was finally approved on 18 November 2008. The end date of the project was extended to December 31 2010 to allow for the full implementation of project activities.

A summary of the project's delivery per annum is provided below:

Period	Allocation (\$)	Budget (\$)	Expenditure (\$)	Delivery (%)
2008	9,000,000	3,896,345.24	3,851,993.65	98.86
2009		5,148,006.35	4,619,909.65	89.74
2010		528,160.01	420,966.87	79.70
2011		107,193.00	102,118.54	95.27
		Total	8,994,988.71	99.94

Human Resources:

A Project Management Unit (PMU) was established within the Ministry of Energy to coordinate the implementation of project activities. The PMU comprised of two national staff, a Project Coordinator and Project Engineer, and two support staff, an Office Assistant and a Driver. A Programme Officer (international) was designated by UNDP to collaborate with PMU staff in the implementation of the project.

III. Implementation and Monitoring Arrangements

A Project Board consisting of the Co-Chairs of the PBF National Steering Committee, the Ministry of Energy, NPA, UNDP and the World Bank was set up to provide overall technical guidance and guide the decision-making process for the implementation of the project.

Day to day implementation activities were carried out by the PMU under the Ministry of Energy. Procurement was conducted in accordance with UNDP rules and regulations. However, for the procurement of specialized technical equipment such as spare parts for the thermal plant, generators, and fuel for the power station which required technical knowledge, sourcing was conducted by the Ministry of Energy in close collaboration with UNDP. The tendering and selection process was conducted by the NPPA.

UNDP worked closely with the World Bank on issues relating to the procurement of fuel. As this project was a follow on to the World Bank initiative on emergency support to energy, the Ministry of Energy had an existing contract in place for the supply of fuel and lubricants, which had been awarded through a global competitive process under the World Bank-supported initiative. In light of the urgency of the emergency support requested, this contract was not re-tendered and the project continued to utilize the services of the existing supplier.

IV. Results

The project results demonstrate direct relevance to the priorities of the national peacebuilding agenda. The project was critical in sustaining the provision of electricity to Freetown since October 2008, contributing to the reduction of public neglect and disillusionment among citizens. The presence of regular electricity has thus ensured a heightened sense of stability and security in Freetown.

The key outputs achieved included:

- Provision of stable electricity to Freetown and to Bo and Kenema in the provinces:

PBF funding supported the repair of and the procurement of fuel, lubricants, spare parts for thermal plants at Kingtom and BKPS resulting in an improved and sustained power supply in Freetown from a generating capacity of 25MW to 31 MW and for BKPS from 0.5MW to 0.8MW.

- Operational capacity of the energy sector enhanced:

The procurement of four operational vehicles (three Toyota pick-up trucks and one Toyota Prado), six Yamaha motorbikes and office equipments (three Dell laptop computers, one desktop computer, one Cannon iR3035 photocopier, and one HP Office Jet Pro L7590) significantly improved the logistical capacity of NPA, the BKPS and the Ministry of Energy. As a result, operations of technical staff undertaking transmission and distribution activities were greatly enhanced.

V. Abbreviations and Acronyms

BKPS	Bo-Kenema Power Services
GMS	General Management Services
GWh	Gigawatt Hour
MIS	Management Information System
MW	Mega Watts
NPA	National Power Authority
NPPA	National Public Procurement Authority
PMU	Project Management Unit
SMEs	Small Medium Enterprises
UN	United Nations
PBF	Peacebuilding Fund
USD	United States Dollars

Additional Information

a) Summary of Budget

Activities	Allocated Budget (\$)
Establishment of PMU	192,724.03
Procurement of Fuel and Lubricant	8,058,704.54
Rehabilitation of Thermal Plants: BKPS and NPA	320,000.00
GMS (5%)	428,571.43
TOTAL	9,000,000.00

b) Budget

	Category		Item	Number	Unit Cost (\$)	Total (\$)
1	Contracts	1.1	Baseline Data Collection	1.00	10,000.00	10,000.00
		1.2	Audit	1.00	5,000.00	5,000.00
		1.3	Mid-Year Review and Evaluation	1.00	5,000.00	5,000.00
		1.4	Rehabilitation/Spare parts for BKPS Thermal Plant	1.00	120,000.00	120,000.00
		1.5	Rehabilitation/Spare parts for Kingtom Thermal Plants	1.00	200,000.00	200,000.00
		Sub Total				
2	Fuel	2.1	Marine Fuel Oil for BKPS	1,000.00	683.87	683,870.00
		2.2	Diesel Fuel Oil for BKPS	21,000.00	5.50	115,500.00
		2.3	Lubricants for BKPS	18.00	833.33	15,000.00
		2.4	Marine Fuel Oil for Kingtom	4,456.49	683.87	3,047,659.82
		2.5	Diesel Fuel Oil for Kingtom	710,001.68	5.50	3,905,009.23
		2.6	Lubricant for Kingtom	350	833.33	291,665.50
		Sub Total				
3	Transport	3.1	Vehicles and Accessories	4.00	30,000.00	120,000.00
		3.2	Motorbikes	6.00	3,000.00	18,000.00
		Sub Total				
4	Equipment	4.1	Office Equipment	1.00	30,000.00	30,000.00
		Sub Total				
5	Supplies and Commodities	5.1	Stationeries	1.00	4,724.03	4,724.03
		Sub Total				
Total						8,571,428.57
GMS (5%)						428,571.43
Grand Total						9,000,000.00

Government Contribution

	Item	Number	Unit Cost (\$)	Total (\$)
1	Duty and other Free Concessions	Various		150,000.00
2	Office Spaces in Electricity House, Freetown	2.00	6,000.00	12,000.00
3	Office Security for 12 Months	2.00	2,400.00	4,800.00
4	Repairs to two Thermal Plant in Kingtom	2.00	175,000.00	350,000.00
5	Phase one loss prevention programme		LS	12,000.00
6	Management Support	Various	LS	25,400.00
7	Transmission and Distribution repairs		LS	155,000.00
8	Training in Stores Management and Fuel Supplies		LS	30,000.00
Total Government Contribution				739,200.00