



1. Project Data :		Date Posted : 06/28/2000	
PROJ ID: P000017 OEDID: C2366		Appraisal	Actual
Project Name : Engineering and technical assistance project	Project Costs (US\$M)	6.12	4.96
Country :	Loan/Credit (US\$M)	5.50	4.96
Sector, Major Sect .: Distribution & Transmission, Electric Power & Other Energy	Cofinancing (US\$M)	0.00	0.00
L/C Number: C2366; C2367			
	Board Approval (FY)		92
Partners involved :	Closing Date	06/30/1996	12/31/1999
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components

a. Objectives
The project had three objectives :

1. Improve sector efficiency and minimize the long-term cost of electricity supply in Benin and Togo;
2. Strengthen the management and operations of Communauté Electrique du Benin (CEB);
3. Encourage regional cooperation and integration .

b. Components
The project had seven components :

1. Update Benin and Togo's least-cost generation, transmission and distribution master plans;
2. Evaluate CEB's short-term supply requirements, including a review of existing thermal plants, and definition of a model for regional power interchange;
3. Prepare detailed engineering and bidding documents of the northern interconnections;
4. Design standard models for substations, towers and conductors for the 161 kV system expansion;
5. Undertake tariff studies for CEB, Societe Beninoise d'Electricite et d'Eau (SBEE) and Compagnie Energie Electrique du Togo (CEET), including an analysis of long run marginal costs as a guide to tariff structure and of revenue requirements to set the rates;
6. Update supply options, including international connections and environmental assessment;
7. Strengthen CEB's institutional capacity by training, planning and computerization .

c. Comments on Project Cost, Financing and Dates
The two borrowers were the Republic of Togo and the Republic of Benin . The actual project cost was US\$ 4.96 million, all of which the Bank financed. US\$ 0.97 million was undisbursed. The project closed 3.5 years late, mainly due to (i) the political turmoil in Togo in the early 1990s and again in 1998-99; (ii) the devaluation of the CFA franc in 1994 and (iii) problems with Volta River Authority (Ghana Power Utility) in meeting its contractual supply of power to CEB.

3. Achievement of Relevant Objectives :
The project's over-ambitious, sector-wide, regional objectives were grossly mismatched with the relatively modest technical assistance components in the project . Consequently, the components were implemented, but the objectives were not achieved.

1. **Improve sector efficiency and minimize the long -term cost of electricity supply in Benin and Togo :** This objective was not achieved. CEET experienced deterioration in its performance in 1993-96. In 1997, it was put under private management and its performance has recovered, but only up to the level achieved in 1989-90. Electricity losses are at 20 percent and no progress has been made on payment by the Government of its bills. On the other hand, SBEE's performance is improving and both countries have initiated a process of privatization.
2. **Strengthen the management and operations of Communauté Electrique du Benin (CEB):** This objective was not achieved. The management and efficiency of CEB has not improved . This is partly due to the fact that, in

the early years of project implementation, its performance was affected by the inability of CEET and other Togolese clients to pay for services delivered . CEB's operating ratio was 98 percent in 1997-98. CEB has failed to meet the financial covenants set forth in the project agreement (minimum debt service coverage of 1.5 and rate of return on net current fixed assets of 6 percent).

3. **Encourage regional cooperation and integration** : This objective was partially achieved. The Benin/Togo power system is in the process of being increasingly integrated into a broad system encompassing the coastal countries from Cote d'Ivoire to Nigeria . CEB has taken a number of initiatives to promote regional cooperation .

Implementation of components : The following components were implemented: (i) electricity master plans for Benin and Togo have been updated; (ii) CEB's short-term supply requirements have been evaluated; (iii) engineering and bidding documents for the northern connection have been completed; (iv) designs of standard models for substations, towers and conductors for the 161 kV expansion have been completed; (v) tariff studies for CEB, SBEE and CEET have been completed and will be examined in light of increased efficiencies in the three utilities resulting from privatization of the two national utilities; (vi) supply options have been updated; (vii) CEB has been computerized and training of staff has been a constant feature in all contracts for studies . Institutional relations between CEB, SBEE, CEET and VRA have been reviewed and a draft contract between CEB and VRA was prepared.

4. Significant Outcomes /Impacts :

There were no significant outcomes or impacts .

5. Significant Shortcomings (including non -compliance with safeguard policies) :

- The disconnect between project objectives and project components is a serious shortcoming and is revealed in the project's unsatisfactory rating, despite the fact that the components were implemented .
- The component having to do with updating supply options included an environmental assessment, which does not appear to have been carried out.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Partial	Modest	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	OED rates Bank Performance as satisfactory, but marginally so. The mismatch between the project's modest components and its ambitious sectoral and regional objectives is misleading. The project's objectives should have been revised to bring them in line with its components.
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

An engineering project by itself cannot be expected to bring about improved performance in a sector or in the institution in charge of its implementation .

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :

The ICR is satisfactory . It was very well organized and clearly written . Of particular note is the author's lucid, fair and honest evaluation of the project's outcomes . Its only shortcoming is the lack of information on environmental safeguards.