



Supporting reforms in the Dominican Republic's electricity sector

Overview

The activities financed by this World Bank project allowed the Government of Dominican Republic to take important measures to re-launch reforms in the electricity sector. The project provided important studies and activities that helped to improve the capabilities and performance of key institutions in this sector, including the fostering of a whole area of expertise on renewable energy and energy efficiency.

Challenge

The project sought to address the institutional capacity weakness of the power sector entities in the Dominican Republic. Institutional strengthening of the electricity sector was recognized as a key factor to achieve the required sector reforms. The Loan focused on strengthening various key sectoral institutions accordingly. The inefficiencies of the sector resulted in a service of very low quality and high cost. The Project was effective in accomplishing many of the proposed capacity building and institutional strengthening activities. The power sector today has significantly increased the number of hours of service and the number of poor people with access to electricity.

More Results



**US\$11.0
million**

was the originally value of the project

Approach

The project document and several other Bank studies pointed out the lack of independence of the power sector regulator to operate efficiently. Activities to strengthen the independence of this institution in the context of the energy framework created by the government, as well as its capacity and that of related institutions to carry out their respective functions, were two of the objectives of this technical assistance loan. The Bank worked consistently with the National Energy Commission and other beneficiary institutions to improve the quality of studies, to perform useful training, and to solve problems that arose.

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- » Dominican Republic Power Sector Technical Assistance Project, closed on December 31, 2010
- » Dominican Republic Electricity Distribution Rehabilitation Project

Results

The Power Sector Technical Assistance Project had several specific objectives and was designed to provide expert assistance to contribute towards:

- **Improved power sector development strategy, foster private sector participation in distribution, and agreed policy on achieving power sector structure.** The project helped the Dominican Republic government to improve policy formulation and implementation by: (i) promoting a national dialogue to achieve a consensus on required reforms and the participation of the private sector; (ii) strengthening the National Energy Commission; (iii) funding the public consultation processes; and (iv) improving the management of government interests as shareholder in power sector enterprises. All activities were completed. It also resulted in an improved sector development strategy, and the National Energy Commission has achieved a new level of capacity in terms of policy formulation, despite shortcomings in two indicators.
- **Reduced blackouts and system collapses, while encouraging stable or falling tariffs.** The project sought to help address the design of the transmission grid and the wholesale power market, to improve system reliability and increase competition in the wholesale power market. While blackouts were reduced, they continue to affect the sector.
- **Improve urban supply quality and higher rural coverage.** The aim was to increase the quantity and quality of electricity for the poor, through rural electrification programs and by improving the Blackout Reduction Program (*Programa Nacional de Reducción de Apagones*, or PRA) in urban *barrios* (low-income neighborhoods). The rural electrification activity under the project had its shortcomings, however, on the positive side, the PRA scheme was no longer required from 2009-2010, which indicated improved urban supply quality.
- **Absence of environmental damage caused by power activities.** There has been increased environmental awareness and a stronger interest in developing renewable energy. However, there was no evidence indicating that the power sector is polluting less than before.

Bank Contribution

This five-year Power Sector Technical Assistance Project was an element of an overall assistance package to the Dominican Republic power sector. The total project was originally valued at US\$11.0 million, of which the IBRD would provide US\$7.3 million and the government would provide US\$3.7 million. The Bank provided its full allocation under the project while the counterpart funds reached US\$3.0 million (81 percent). Financing of the project totaled US\$10.3 million of which a total of US\$8.9 million was invested in project activities, representing 81.2 percent of the planned amount.

Partners

In addition to close collaboration with the government, particularly through the ministries of Finance, and Economy and Planning, the project worked in partnership with the Inter-American Development Bank (IADB) and the International Monetary Fund (IMF).

Moving Forward

The project formed a platform for the development of the Dominican Republic Electricity Distribution Rehabilitation Project that was approved by the World Bank on April 18, 2008. The total amount was for US\$142 million, with US\$42 million provided by IBRD, while the IADB agreed to co-finance US\$42 million and OPEC Fund for International Development (OFID) US\$39 million.