The project was designed to:

1. **Meet future demand requirements**: This objective was achieved. Demand is being met through a combination of imports from Mexico during off-peak hours and generation from plants within Belize during maximum demand hours.
2. **Reduction of generation costs**: This objective was achieved. The cost of operations has been reduced by around 10 percent (80 percent of diesel generation has been substituted by imported energy).
3. **Increase reliability**: This objective was achieved. Reliability has increased substantially, and frequent outages in Belize's main towns are no longer experienced. However, it also states that improvements in service quality remain to be quantified.
4. **Pollution reduction**: This objective was achieved. Past spills have been cleaned up and, in those plants that remain operational, spill prevention mechanisms are underway and are scheduled to be completed in 2000.
However, the ICR also notes that local and regional emissions have been reduced with the shutdown of the more inefficient diesel plants, although, this was not quantified. It should also be noted that BEL was two years late in carrying out the Environmental Audit, Mitigation and Cleanup Study of its diesel plants. This delay may be due to a number of factors: (i) the project was the first of its kind in Belize; (ii) the project had relatively large and varied environmental components; (iii) the country did not have environmental legislation in place; and (iv) there were no local pollution threshold standards in place.

5. **Institutional Reforms**

This objective was substantially achieved. On June 25, 1999 the Government presented the legislature with a bill amending the Electricity Act and a bill for the creation of a Public Utilities Commission (PUC). The PUC would have a regulatory function encompassing the following utilities: power, telecommunications, and water and sewerage. These two bills were enacted on August 3, 1999. In addition, BEL was privatized through public bidding in October 1999.

4. **Significant Outcomes /Impacts:**

- The institutional development objectives of the project were substantially and fundamentally exceeded. Originally, they called for the enactment by GOB's Cabinet of pricing regulations to complement the 1992 Electricity Act. However, the Government realized that the 1992 regulations were insufficient to support GOB's sector privatization objectives. Therefore, the GOB amended the Electricity Act of 1992 and established a Public Utility Regulation Commission (PUC) to regulate power, telecommunications and water.
- Pollution reduction actions have been carried out and more are underway.

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

There were noteworthy delays in implementation and difficulties in financing that could have been largely avoided by careful planning before the project began.

<table>
<thead>
<tr>
<th>6. Ratings</th>
<th>ICR</th>
<th>OED Review</th>
<th>Reason for Disagreement /Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Institutional Dev.</td>
<td>Substantial</td>
<td>Substantial</td>
<td></td>
</tr>
<tr>
<td>Sustainability</td>
<td>Likely</td>
<td>Likely</td>
<td></td>
</tr>
<tr>
<td>Bank Performance</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Borrower Perf.</td>
<td>Satisfactory</td>
<td>Satisfactory</td>
<td></td>
</tr>
<tr>
<td>Quality of ICR</td>
<td></td>
<td>Satisfactory</td>
<td></td>
</tr>
</tbody>
</table>

7. **Lessons of Broad Applicability:**

- This project demonstrates the efficient use of comparative advantage in meeting a country's increasing electricity demand through international trade. With this project, Belize becomes one of a small group of countries that supplies a large part (52 percent by 2002) of its electricity demand through imports. This has significantly reduced its electricity costs and has the potential for further cost reductions.
- Whenever possible, financing arrangements should be made a condition for negotiations rather than loan effectiveness.

5. **Audit Recommended?** Yes ☐ No ☑

9. **Comments on Quality of ICR:**

This ICR was clearly written, logically organized and objectively analyzed, and is commendable. The “Lessons Learned” section was particularly insightful.