



Board of Executive Directors

For consideration

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To: The Board of Executive Directors
From: The Secretary
Subject: Dominican Republic. Proposal for a loan for an electricity distribution network rehabilitation project

Basic Information: Loan type Specific Investment Operation (ESP)
Borrower Dominican Republic
Amount up to US\$40,000,000
Source Single Currency Facility of the Ordinary Capital

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Remarks: As reported to the Board of Executive Directors at its meeting on 10 August 2006, the Office of the Secretary is distributing simultaneously a document (PR-3314-1) containing the text of the electronic links of the above-referenced document.

References: GN-1838-1(7/94), DR-398-5(5/03)

Other distribution: Representative in Dominican Republic

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

DOMINICAN REPUBLIC

**ELECTRICITY DISTRIBUTION NETWORK
REHABILITATION PROJECT**

(DR-L1026)

LOAN PROPOSAL

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Electronic Links
REQUIRED <ol style="list-style-type: none">1. Annual work plan (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1420711)2. Monitoring and evaluation arrangements (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419798)3. Environmental and social management report (ESMR) (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1486764)
OPTIONAL <ol style="list-style-type: none">1. Environmental and social strategy (ESS) (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419686)2. Financial projections 2008-2013 (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419721)3. Social management component (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419747)4. Conditions to be met during project execution (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419777)5. Results indicators and monitoring (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419852)6. Financial management and disbursement arrangements (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1419879)7. Design and sector knowledge issues (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1420360)8. Project breakdown by distribution company (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1420347)9. EdeNorte social management report (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1487918)10. Project Operations Manual (http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=1512380)

APPENDICES

Proposed resolution

ABBREVIATIONS

CDE	Corporación Dominicana de Electricidad [the former Dominican Electricity Corporation]
CDEEE	Corporación Dominicana de Empresas Eléctricas Estatales [Dominican Corporation of State-owned Electricity Companies]
CNE	Comisión Nacional de Energía [National Energy Commission]
CRI	Cash recovery index Calculated as follows: (kWh billed by EDEs / kWh bought by EDEs) × (RD\$ paid by consumers to EDEs / RD\$ billed by EDEs to consumers)
EDEs	Empresas distribuidoras de electricidad [the three regional distribution companies]
EdeEste	Empresa Distribuidora de Electricidad del Este S.A. (private EDE for the eastern Dominican Republic)
EdeNorte	Empresa Distribuidora de Electricidad del Norte S.A. (public EDE for the northern Dominican Republic)
EdeSur	Empresa Distribuidora de Electricidad del Sur S.A. (public EDE for the southern Dominican Republic)
EGEHID	Empresa de Generación Hidroeléctrica Dominicana
ETED	Empresa de Transmisión Eléctrica Dominicana
GDP	Gross domestic product\
GWh	Gigawatt-hours
kWh	Kilowatt-hours
MW	Megawatts
OFID	OPEC Fund for International Development
OPEC	Organization of Petroleum Exporting Countries
PCBs	Polychlorinated biphenyls
PRA	Programa Nacional de Reducción de Apagones [National Blackout Reduction Program]
SBDs	Standard bidding documents
SECCI	Sustainable Energy and Climate Change Initiative
SEH	Ministry of Finance
SEMARN	Ministry of the Environment and Natural Resources
SIE	Superintendency of Electricity
UERS	Unidad de Electrificación Rural y Suburbana [Suburban and Rural Electrification Unit]

PROJECT SUMMARY

DOMINICAN REPUBLIC ELECTRICITY DISTRIBUTION NETWORK REHABILITATION PROJECT (DR-L1026)

Financial Terms and Conditions			
Borrower: Dominican Republic		Amortization period:	25 years
Executing agency: Corporación Dominicana de Empresas Eléctricas Estatales [Dominican Corporation of State-owned Electricity Companies] (CDEEE), acting through the Suburban and Rural Electrification Unit (UERS)		Grace period:	4 years
		Disbursement period:	4 years
		Interest rate:	Variable
IDB (Ordinary Capital)	US\$40,000,000	Inspection and supervision fee:	*
Local	US\$12,730,000	Credit fee:	*
Total	US\$52,730,000 ¹	Currency:	U.S. dollars from the Single Currency Facility
Project at a Glance			
Objective and description: The project's principal objective is to make the electricity sector more sustainable in the medium and long term by improving the financial position of the electricity distribution companies (EDEs). To accomplish this, resources will be directed to investments designed to raise their cash recovery index (CRI), which will: (i) reduce both technical and nontechnical losses to enhance energy efficiency and improve the collection rate; (ii) improve the quality of the electricity supplied to consumers; and (iii) strengthen the relationship between the EDEs and users, so as to raise user awareness of the impact of energy theft and achieve lasting reductions in losses through energy efficiency. Enhanced energy efficiency through lower consumption as a result of reduced technical and nontechnical losses will lead to less energy generated, and therefore to reduced greenhouse gas emissions, in line with the Sustainable Energy and Climate Change Initiative (SECCI) promoted by the Bank. To this end, the program will mainly finance projects to rehabilitate the networks of the EDEs—adding and regularizing users, enhancing energy efficiency, and improving the quality of electricity service—as well as activities enabling the companies to establish closer ties to the communities, especially those with low rates of collection and high levels of electricity theft.			
Special conditions precedent to the first disbursement: (i) Signature of the loan agreement between the Ministry of Finance (SEH) and the CDEEE, and of the subsidiary agreements between the CDEEE and the EDEs (see paragraph 2.1); (ii) approval and implementation of the project Operations Manual; and (iii) contracting of a specialist to act as liaison between the lenders and UERS (see paragraph 3.8).			
Special contractual clauses: (i) Maintain growth of operating costs under one-half of growth in billings (see paragraphs 2.2 and 2.3); (ii) increase the establish CRI values (see paragraph 2.4); (iii) comply with the “Environmental Handbook for Electric Power Distribution Projects” to be agreed upon between the Inter-American Development Bank (IDB) and the executing agency, and conduct an annual independent audit of compliance with that handbook, and its effectiveness (see paragraph 2.12); and (iv) contract a firm to inspect the works included in Component I, to be financed with the loan (see paragraph 3.7).			
Exceptions to Bank policy: None			
Project consistent with country strategy: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>			
Project qualifies as: SEQ <input type="checkbox"/> PTI <input type="checkbox"/> Sector <input type="checkbox"/> Geographic <input type="checkbox"/> Headcount <input type="checkbox"/>			

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

¹ The complete financing program includes US\$42 million in contributions from the World Bank and US\$30 million in contributions from the OPEC Fund for International Development (OFID). Evaluation and inspection will be carried out jointly to achieve economies of scale.

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, strategy, and rationale

- 1.1 **General context.** Solving the crisis of the Dominican Republic's electricity sector is important for restoring the country's competitiveness, ensuring sustained growth, reducing poverty, and containing the environmental impact. The fiscal burden imposed by direct and indirect subsidies, as well as the costs of self-produced electricity, is very high. This displaces needed social spending, raises production costs, and so reduces the potential to attract investment. In 2005, the total economic cost is estimated to have surpassed US\$1 billion, or 3.4% of gross domestic product (GDP). Resolving the crisis would make it possible to improve governance and increase transparency in the country's public sector.
- 1.2 **Sector reform.** The reform began in 1992 with the signing of long-term energy supply contracts, which broke the government's monopoly. The vertically integrated Corporación Dominicana de Electricidad [Dominican Electricity Corporation] (CDE) was spun off in 1997. It was divided into two generating companies, Itabo and Haina, and three regional distribution companies (EDEs): EdeNorte, EdeSur, and EdeEste. These companies were privatized through the sale of 50% of their shares to the private sector. The remaining shares remained with the Fondo Patrimonial de las Empresas Reformadas [Equity Fund of Reorganized Companies] (FONPER), to be managed as investments. The July 2001 Electricity Act created the regulatory and legal framework as well as the institutions responsible for setting energy policy and the operation of the sector, including Corporación Dominicana de Empresas Eléctricas Estatales [Dominican Corporation of State-owned Electricity Companies] (CDEEE), which is the government holding company for electricity sector public assets; the National Energy Commission (CNE); the Electricity Superintendency; the Coordination Agency for the Connected Electrical System; and the Consumer Protection Office. In 2003, EdeNorte and EdeSur were renationalized. In 2007, the Electricity Act was amended to make electricity theft a crime. Within the CDEEE, the Suburban and Rural Electrification Unit (UERS), which runs the National Blackout Reduction Program (PRA), works to expand the network in both the National Interconnected System and off-grid areas. The UERS-PRA will be the executing agency for the proposed project.
- 1.3 **Generation, transmission, and distribution.** Twelve private companies¹ possess a nominal installed capacity of 2,695 MW (85% of total capacity). Close to half of thermoelectric generation is diesel-based, and 468 MW is produced hydraulically by Empresa de Generación Hidroeléctrica Dominicana (EGEHID), a CDEEE subsidiary. Empresa de Transmisión Eléctrica Dominicana (ETED), also a CDEEE subsidiary, owns all transmission infrastructure in the country. Peak demand in

¹ AES Andrés, CEPP, CESPM, DPP, GPLV, HAINA, ITABO, MAXON, METALDOM, Monte Río, SEABOARD, and Smith Enron.

2006 was 1,760 MW; that demand should have been higher, given the limited supply. The three EDEs serve regulated consumers and a portion of nonregulated consumers.

- 1.4 Energy efficiency through reduced losses in the distribution system and better quality of the electricity supply are the most important factors to be addressed to mitigate the crisis in the sector. These factors are interrelated in a vicious circle, since poor service leads to customer dissatisfaction. In addition, high rates have led to theft through illegal connections and the nonpayment of electricity bills by both residences and businesses. The problem is exacerbated by the difficulty of cutting off the service for nonpaying customers, and the failure to prosecute those who reconnect illegally to the grid. Reduced electricity theft will mean reduced consumption by those users who will then start to be billed, thereby reducing global warming. This energy efficiency effort is part of the Sustainable Energy and Climate Change Initiative (SECCI) promoted by the Bank.
- 1.5 Although most losses are caused by electricity theft, one of every seven kWh produced dissipates in form of heat before delivery to the consumer, contributing to global warming. These losses, called technical losses, are caused by deficient, and generally obsolete, equipment and materials. In addition, a significant portion of the energy efficiency equipment used to reduce losses from theft, as well as the replacement of cables and transformers, also results in reduced heat emissions. Replacing this equipment will rationalize electricity consumption, reducing electricity generation and therefore the production of greenhouse gases.
- 1.6 Network energy efficiency through reduced technical losses may also lower energy costs. The largest technical losses occur during peak hours, when more electricity flows through the equipment and when electricity generation costs are higher. Network energy efficiency decreases the generation requirements, and therefore average electricity costs. This in turn lessens the need for subsidies.
- 1.7 The cash recovery index (CRI) is a key indicator that measures the percentage of energy purchased by the distribution company and paid for by consumers. Although average CRI has improved considerably, it is still far from the operational equilibrium value, estimated at 70%. In 2004, the annual average was 48.4%, and in January 2008 reached 60%. According to estimates, CRI must be above 90% to produce surpluses making possible capital investments and a start on payment of past-due debts.
- 1.8 In terms of quality of service, the availability of electricity has increased steadily, and now stands at about 85% to 90% of demand, compared with 60% to 70% in 2004 and 2005. At more than 40% of the feeders, energy is available 24 hours a day. At 30%, service is provided between 18 and 21 hours a day, and at the rest, service is available fewer than 18 hours a day. It is hoped that in 10 years, all circuits will be served 24 hours a day.
- 1.9 These results were achieved through: (i) a campaign against electricity theft and illegal connections, particularly at the level of large consumers; (ii) the support of

the police under the National Program to Support the Elimination of Electricity Fraud; (iii) increasing the number of inspections; (iv) acquiring remote-metering technology to continuously supervise the supply of electricity to large consumers and detect equipment tampering and theft; (v) reorganizing companies internally, including redesigning business and technological processes and reducing the size of the work force; and (vi) making urgent investments in equipment. The Government of the Dominican Republic has made substantial expenditures on subsidies, totaling some US\$600 million per year in 2005 and 2006, and US\$720 million in 2007, to guarantee supply by generation companies, meet demand in National Blackout Reduction Program areas, cover the technical and commercial losses of the EDEs, and offset unpaid bills of customers whose service may not be cut off, including hospitals, schools, and military installations.

- 1.10 To meet the needs of small consumers, the EDEs adopted a community participation approach known as the “Social Pact,” creating management-level units composed of social workers and involving nongovernment organizations and universities. These social-sector units have developed community participation methodologies designed to restore trust between companies and users. Energy efficiency social management plans have been designed and implemented in areas with high losses and low collection rates. Under these, the EDEs and communities sign agreements setting targets for the removal illegal connections and for collection levels in exchange for a stepwise increase in the number of hours of service until it reaches 24 hours per day. These social agreements are promising and may help to sustainably improve the quality of the service. The circuits targeted by the project include community and social management as described above.
- 1.11 **Strategy of the Government of the Dominican Republic.** Despite this progress, significant support is still needed for the sector to recover. The Dominican government approved a comprehensive long-term plan for the electricity sector for 2006-2012 to ensure the reliable provision of electricity at reasonable prices for the entire population. The plan includes a series of short- and medium-term energy efficiency actions, as well as public- and private-sector investments in generation, transmission, and distribution. These measures will make it possible to enhance the sector’s financial viability, while moving with the expansion of the system to meet the rapid increase in demand spurred by economic expansion in the Dominican Republic.
- 1.12 In the short term, the plan pursues energy efficiency through stabilization of the electricity supply, infrastructure improvements, reduced losses, higher collections, and cost control. The plan sets specific CRI targets for each distribution company, and calls for improvements in the quality and reliability of the electricity supply. It also calls for energy efficiency investments in transmission and generation to remove supply bottlenecks, and renegotiation of power purchase agreements with private sector operators. The recently passed Renewable Energy Act provides incentives for generation projects and facilitates their implementation by the private sector. Other measures include deepening a communication strategy, strengthening

institutions responsible for regulation and setting energy policy, and creating a committee to supervise implementation of the plan. The government has also launched an Energy Efficiency Program to replace incandescent bulbs with fluorescent or energy-saving bulbs. This program has replaced over three million so far, with a target of 10 million. The Energy Efficiency Program has a positive impact on reducing greenhouse gas emissions, in line with the SECCI initiative.

- 1.13 In the medium term, the plan seeks to ensure the companies' financial sustainability and address the sector's structural problems. This includes implementing a program to restructure debts between the EDEs and the CDEEE, targeting subsidies, and restructuring the National Blackout Reduction Program.² There are plans for least-cost investments in generation, transmission, and distribution in order to meet demand. Investments in rural electrification are also planned, to achieve universal access. At the institutional level, the plan also seeks to strengthen, and clarify the responsibilities of, the Dominican government and the different agencies, including the National Energy Commission; the Superintendency of Electricity; and the market operator.
- 1.14 The World Bank has supported implementation of the comprehensive long-term plan with a US\$150 million programmatic loan and a US\$7.2 million technical cooperation loan. Despite progress, the IDB recognizes the need for additional support, both in traditional generation and in renewable energy as well as energy efficiency in transmission and distribution. Support in the area of distribution is critical, since it generates funds for the sector, and its smooth operation is a key link in the payment chain, and thus for the viability of the companies and the sector. The EDEs are highly indebted, especially the CDEEE, so they are unlikely to obtain the required resources in the market on their own.
- 1.15 The Electricity Distribution Network Rehabilitation Project (loan DR-L1026) has been prepared in response to a request from the Ministry of Finance (SEH) and the CDEEE, as part of a coordinated program to support the electricity sector and to promote the recovery of the EDEs through a coordinated effort with other donors, including the World Bank and the OPEC Fund for International Development (OFID). Under the proposed operation, the IDB will finance priority investments to raise CRI.

B. Objective, components, and costs

- 1.16 **Objectives.** The project's principal objective is to make the electricity sector more sustainable in the medium and long term through energy efficiency by improving the financial position of the electricity distribution companies (EDEs). To accomplish this, resources will be directed to investments designed to raise their

² The National Blackout Reduction Program (PRA) was created in 2001 to provide a minimum level of service to a half-million low-income families in urban areas by charging a minimum flat rate, in order to address the needs articulated in response to widespread blackouts. The program accounts for 10% of the energy supplied.

cash recovery index (CRI), which will: (i) reduce both technical and nontechnical losses and improve the collection rate through investments in energy efficiency; (ii) improve the quality of the electricity supplied to consumers; and (iii) strengthen the relationship between the EDEs and users, so as to raise user awareness of the impact of energy theft and achieve lasting reductions in losses through energy efficiency. Enhanced energy efficiency will lead to less energy generated, and therefore to reduced greenhouse gas emissions, in line with the Sustainable Energy and Climate Change Initiative (SECCI). Performance indicators to be monitored include: (i) the CRI in the subproject execution areas; (ii) the total CRI of the EDEs; (iii) the number of hours of service in the subproject execution areas; and (iv) the perception of service quality in the target areas.

- 1.17 The project will partially finance the investment plan of the EDEs through a sovereign loan to the Dominican Republic, covering approximately 100 individual circuits that provide close to 35% of the electricity supplied. The individual subprojects will begin within approximately two years and will become operational after two years. The sovereign resources obtained by the Dominican Republic will be transferred in the form of a loan to the CDEEE under a subsidiary agreement establishing the CDEEE's responsibilities for the execution of the program. Lastly, the CDEEE will transfer the resources to the three EDEs under three individual subsidiary agreements.
- 1.18 The total amount of the EDEs' investment plan to be financed in the 2008-2010 period is approximately US\$275.5 million, including US\$152.5 million for investments in rehabilitation, US\$98 million for other maintenance projects and network expansion, and US\$25 million for corporate projects. The multilateral agencies will supply US\$112.5 million, and the remaining US\$163 million will be financed with the EDEs' own resources and contributions from the Dominican Republic. The IDB project will provide US\$40 million in financing. The World Bank approved a US\$42.5-million loan on 20 May 2008, and OFID is considering a loan for US\$30 million.
- 1.19 **Project components.** The program will have the following components: (i) energy efficiency through distribution network rehabilitation in specific areas of the EDEs; (ii) social management of consumers served by the rehabilitated networks; and (iii) technical cooperation to manage and monitor the program, and support the Government of the Dominican Republic in reviewing the EDEs' investment plans.

Component 1: Energy efficiency through distribution network rehabilitation in specific areas of EdeNorte, EdeEste, and EdeSur

- 1.20 The management teams of the EDEs have designed specific action plans that focus on energy efficiency through reduced commercial and technical losses and improved quality of the service provided to their customers. The criteria used to prioritize investments were areas having the following features: (i) a high density of customers and users with high average consumption; (ii) circuits with high losses

(technical and commercial); (iii) circuits with high natural growth; (iv) circuits with high economic potential; and (iv) circuits with a high rate of service interruptions.

1.21 **Types of intervention.** The action plans formulated by the EDEs include the following types of intervention: (i) remote metering of the electricity consumption of large consumers connected to medium-voltage grids, and (ii) energy efficiency through rehabilitation of medium-voltage circuits and low-voltage grids.

- a. Remote metering of the electricity consumption of large consumers connected medium-voltage grids. These customers represent less than 2% of total EDE users, but their consumption accounts for more than 30% of total sales. Regional experience shows that installing remote metering systems is fully effective in eliminating nontechnical losses in the electricity supplied to these customers.
- b. Rehabilitation of medium-voltage circuits and associated low-voltage grids, from the medium-voltage busbars of the transmission stations to the individual connections of all users. This type of intervention comprises several activities:
 - (i) Associating users to the medium-voltage circuits through which they receive the electricity service, updating the distribution company's databases of customers and facilities and detecting fraud in the supply of electricity to consumers registered as customers.
 - (ii) Detecting consumers not registered as customers of the company.
 - (iii) Enhancing energy efficiency by identifying the circuits with the greatest absolute losses and the greatest potential for recovering electricity sales income, and setting orders of priority for the mitigation activities listed below.

1.22 In areas where the company can conduct its activities without restrictions ("manageable"):

- (i) Enhance energy efficiency by replacing low- and medium-voltage conductors that are overloaded or in poor condition, overloaded transformers, and connections in disrepair
- (ii) Eliminate illegal connections.
- (iii) Install theft-proof meters and connections for existing customers.
- (iv) Install theft-proof connections for new customers.
- (v) Remote metering and remote disconnection and reconnection for clients supplied with low-voltage electricity, whose average monthly consumption exceeds 400 kWh.

1.23 In areas with significant restrictions on the company's ability to conduct its activities ("unmanageable"), new low- and medium-voltage grids will be built, and theft-proof connections installed for customers.

- 1.24 The bid packages for this component, including the target area and amounts to be financed by the IDB, the funds allotted as the government's counterpart contribution, and possible contingency funds to be provided by the EDEs, are summarized below:

**Table 1. Energy Efficiency Projects through Distribution Network Rehabilitation
in Specific Areas of the EDEs**
(in US\$ millions)

EDE	Project name	Amount	IDB contribution	Counterpart		Total
				CDEEE	EDEs (contingency)	
EdeNorte	Santiago	16.90	14.00	2.90	1.69	18.59
EdeSur	San Cristóbal	12.50	10.50	2.00	1.25	13.75
EdeEste	Este II and Santo Domingo I	12.80	10.70	2.10	1.28	14.08
Total		42.20	35.20	7.00	4.22	46.42

Component 2: Social management of consumers served by the rehabilitated networks

- 1.25 In the areas where the medium-voltage circuits and low-voltage grids are to be rehabilitated, social management plans will be designed, executed, and evaluated, in order to: (i) restore trust between the EDEs and their customers; (ii) raise payment levels; (iii) reduce fraud; and (iv) educate users in energy efficiency for efficient and safe energy use. To this end, the EDEs will assign social-sector teams to each circuit to be rehabilitated. These teams will employ participatory methods to conduct a socioeconomic assessment of the neighborhoods and sectors served by each circuit, as well as of the conditions on which electricity service is provided and the levels of payment and fraud.
- 1.26 With the participation of community organizations and leaders, the scope of the "24 Hours of Light Program" will be determined, along with the rights and responsibilities of the EDEs, users, and communities, and the relationship between service quality and billing and collection levels. These agreements will take the form of a Social Pact signed by both parties. The social-sector teams will work in close coordination with the technical teams. Once the interventions have been identified in each circuit, the social-sector teams will disseminate them to all members of the community and conduct educational programs on energy efficiency, electricity generation, transmission, and distribution in the country, the associated costs, institutional structure, each party's rights and obligations, the consequences of not paying for electricity, the method used to meter electricity consumption, how and where payments are to be made, and rational and efficient energy use. In each community, tracking and liaison committees will be created for the ongoing monitoring and evaluation of the Social Pact.

Component 3: Technical cooperation, administration, monitoring, and evaluation

- 1.27 This component covers the costs of technical assistance for:
- Calculations and estimates for designing a strategy to restructure the debt between the EDEs and the CDEEE.
 - Audit to certify: (i) completion of work by contractors; (ii) the project indicators such as the CRI for subprojects and EDEs; (iii) the number of hours of electricity service provided in the intervention areas; and (iv) presentation of indicators to monitor the company's financial condition.
 - Audit of the transfer of funds contributed by the government.
 - Monitoring of the perception of the quality of the electricity supply.
 - Costs of project administration, monitoring, and evaluation.

1.28 Project costs and financing

The total cost of the project is US\$52.73 million. The Bank loan will be for US\$40 million, drawn from the resources of the Single Currency Facility of the Bank's Ordinary Capital, broken down as follows: US\$35.2 million for network rehabilitation, US\$2.8 million for social management, and US\$2 million for project administration, evaluation, and supervision, as presented in the following table.

Table 2. Project Cost Table

Components	IDB		Government		Total	
	US\$ millions	%	US\$ millions	%	US\$ millions	%
1. Distribution network rehabilitation	35.20	88	11.22*	88	46.42	88
2. Social management	2.80	7	0.88	7	3.68	7
3. Technical cooperation and project administration, monitoring, and evaluation	2.00	5	0.63	5	2.63	5
Total	40.00		12.73		52.73	

* Includes US\$4.22 million for contingencies, as a contribution from the EDEs.

- 1.29 The costs associated with components 1, 2 and 3 will be distributed among the lenders, such that contracts can be paid in full. Each agency will finance specific contracts, paid for by all three EDEs, in order to simplify fiduciary oversight. The amounts to be financed will be determined once the contracts have been definitively assigned.

C. Economic and financial analysis

- 1.30 The program will upgrade the distribution infrastructure used to deliver approximately one-third of the electricity to final consumers, not including those covered by the blackout reduction program. CRI is expected to increase by 20% in the reconstructed circuits, raising the national CRI average by 7%. In financial

terms, the investments will generate some US\$125 million in annual gross income for the EDEs, and US\$100 million in net income after deducting increased energy purchases due to the incorporation of circuits into the 24 House of Light Program.

- 1.31 **Economic analysis.** The first economic benefit will be to enhance network energy efficiency through reduced technical losses in the rehabilitated circuits, from an average of 15% to close to 7% of the energy supplied. Although these losses are still relatively high (the standard is from 3% to 4% in areas whose proximity to the ocean causes them to be affected by saline corrosion), the EDEs will save US\$130/MWh, or close to US\$40 million per year.
- 1.32 A second benefit will come from increased income through higher collections due to the reduction in metering errors, decreased theft with the removal of illegal connections and disconnections for nonpayment, and modern metering equipment. El program includes (i) the expansion of metering, both among large consumers and residential and commercial consumers; (ii) antifraud cables and meters, as well as other technical measures to make theft more difficult; and (iii) better quality of service and the Community Support Program, which is expected to make users more willing to pay for electricity service.
- 1.33 Although a portion of the benefit to companies will be solely in the form of increased collections, there will be other economic benefits for the country: (i) lower demand from users who will begin to pay for the service, and from those who currently pay a fixed rate; the expected reduction from energy efficiency investments and those described above is on the order of 20%. In terms of surpluses for the consumer, this reduction was calculated at half of the rate of US\$200/MWh; (ii) lower production costs, and the consequent reduction in the subsidies that the government must provide, both directly, to make up for EDEs' shortfalls, as well as indirectly, through the fuel used by generation plants. In the base case, the companies' earnings turn positive again from the fourth year of the program onward, enabling them to repay their debts to the government; (iii) lower costs associated with raising the quality of electricity service, including the purchase, operation, and maintenance of backup generators, the purchase of bottled liquefied petroleum gas,³ rectifiers and inverters, and costs associated with equipment damaged by noncompliance with electricity parameters. These costs are estimated to be twice as much as for electricity supplied by the grid.
- 1.34 The resulting economic rate of return is 73%, and the economic net present value is US\$534 million. If only the first benefit—reducing technical losses—is quantified, the economic rate of return is 11%. If the reduction in consumption is added, it increases to 25%.

³ LPG is a mixture of propane (90%) and other gases. It is considered clean energy, because of its low pollutant content.

- 1.35 **Financial analysis.** The project's estimated financial rate of return is 59%. This high return is typical of loss reduction projects at distribution companies, because they are implemented over very short periods of time, marginal income increases substantially without a significant increase in marginal costs, and project selection is based on raising the CRI.
- 1.36 Financial models were constructed to project the financial soundness both of the CDEEE and of the EDEs. Losses in the system and revenue are expected to improve more slowly than assumed in the five-year rate cycle profiles. It was assumed that rates will remain stable, except for transfer of the higher cost of purchased energy due to increases in fuel prices. Cash flows are particularly sensitive to: (i) the CRI; and (ii) the transfer of higher oil prices.
- 1.37 **Technical analysis.** The CDEEE and the EDEs have conducted similar investment projects with acceptable quality standards. They possess highly trained staff for the engineering design, planning, and implementation of the different investment components under the project, which will employ modern network rehabilitation practices. The Bank project team reviewed the feasibility studies and criteria used and conducted field visits, and was satisfied with the proposals.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument and contractual conditions

- 2.1 The multilateral agencies will sign a loan agreement with the Government of the Dominican Republic, acting through the Ministry of Finance (SEH). The Dominican Corporation of State-owned Electricity Companies (CDEEE), in turn, will receive a loan from the SEH to make investments in the three components. The CDEEE will lend to the electricity distribution companies (EDEs) under subsidiary agreements. Signature of the loan agreement between the SEH and the CDEEE, and of the subsidiary agreements between the CDEEE and the EDEs, will be a condition precedent to the first disbursement.
- 2.2 Both the subsidiary agreement and the participation agreements will create an obligation for the EDEs to limit the increase in their annual operating expenditures (excluding taxes, depreciation, payments to the National Energy Commission (CNE) and Superintendency of Electricity (SIE), and provision for uncollectable accounts) to one half of the percentage increase in total energy billings (in GWh), adjusted for inflation.
- 2.3 In the event that the EDEs are unable to meet this obligation, the EDEs and the Suburban and Rural Electrification Unit (UERS) will provide a diagnostic assessment of the situation, to the Bank's satisfaction, together with supporting documentation and a plan for improving this indicator over the subsequent six months.
- 2.4 The increase in the cash recovery index (CRI) will be in accordance with the table below.

Table 3. Projected Increase in CRI

Period	EdeNorte	EdeSur	EdeEste
December 2008	59.0	63.0	63.0
June 2009	60.0	64.0	64.0
December 2009	61.0	65.0	65.0
June 2010	63.5	67.5	67.5
December 2010	66.0	70.0	70.0
June 2011	68.5	72.5	72.5
December 2011	71.0	75.0	75.0

B. Environmental and social safeguard risks and mitigation measures

- 2.5 The Dominican government is strengthening its environmental regulation system through an operation with the World Bank, which by end-2008 will establish a detailed licensing mechanism and strengthen the monitoring and supervision component. Sixty staff of the Ministry of the Environment and Natural Resources (SEMARN) have received training and international certification in environmental auditing.
- 2.6 The Dominican Republic's framework of environmental laws does not require environmental licensing of electricity distribution projects. The EDEs, in conjunction with SEMARN and with the support from the World Bank, developed an Environmental and Social Handbook for the electricity distribution sector that identifies the processes and methodologies applicable to different categories of projects. The projects must have a socioenvironmental management plan, which does not require approval by the environmental authority. The only consideration is the disposal of used equipment, especially when it contains PCBs,⁴ and disposal of the PCBs themselves. The EDEs, which have experience in this area, will be responsible for such handling, which is regulated by a clearly defined procedure that meets international standards in force.
- 2.7 The project does not involve socioenvironmentally sensitive areas or indigenous territories, and will be conducted in highly intervened areas. It requires no acquisition of easements or land. However, if such acquisitions became necessary, the acquisition process will take place within the framework of consultation and participation policies and comply with the applicable country laws and regulations.
- 2.8 The environmental benefits far outweigh the potential risks. The benefits will be reduced emissions of greenhouse gases as a result of less consumption, reduced sources of heat emissions, and removal of illegal connections, which cause many accidents; their removal will also help to improve the appearance of public streets.

⁴ Polychlorinated biphenyls (PCBs) are used as insulants and cooling agents in transformers and capacitors. Their production was prohibited in the 1970s because of their high toxicity. Equipment installed before then is still in use, and poses no significant risks as long as the liquid does not leak. Nevertheless, such equipment must be used in strict compliance with applicable rules and regulations. Loan supervision will include close monitoring of such procedures.

- 2.9 The environmental handbooks for the project were prepared in a transparent manner that encouraged the participation of all stakeholders. Once the first draft had been prepared and agreed upon by consensus with the EDEs, it was sent to SEMARN for additional revisions and posted on the EDEs' websites. SEMARN reviewed the document and requested minor changes, which were incorporated. The handbooks were then adopted as official corporate policy.
- 2.10 The program will benefit low-income communities by incorporating them into the 24 House of Light Program. This will ensure that the communities have electricity service throughout the day (today they have service only an average of 15 hours a day). The communities involved and the EDEs sign a Social Pact, whereby the communities commit to pay for the service in a timely manner and to save electricity, and the EDE commits to support the communities with projects, education in energy efficiency and ways of saving energy, and improvements to the distribution system. This process will temper rejection of the EDEs for low quality service, which is the fundamental obstacle to higher revenues. The program will be rolled out on the basis of the highly successful pilot projects conducted by the companies in recent months.
- 2.11 In light of the activities to be financed and the scope of the Bank's Environment and Safeguards Compliance Policy (OP-703), this operation has been classified as Category "B."
- 2.12 The projects to be financed will adhere to the "Environmental Handbook for Electric Power Distribution Projects" to be agreed upon between the Bank and the executing agency. The bidding documents for works and activities will require compliance with this handbook. Project resources may be used to finance measures to mitigate the identified environmental and social impacts. As a special execution condition, an annual independent audit of compliance with that handbook, and its effectiveness, will be conducted. The audit report will be delivered to the Bank for evaluation. The Bank will conduct at least one supervision visit annually to evaluate the performance of environmental and social impact mitigation measures.

C. Fiduciary risk

- 2.13 Assessment of the procurement capacity of the UERS and the EDEs indicates that they are capable of meeting the Bank's fiduciary requirements. To reinforce that capacity, a procurement specialist with experience in multilateral banking was hired. In addition, UERS and EDE officials have been working with World Bank officials to transfer such capacity. IDB fiduciary specialists at the Bank's Country Office in the Dominican Republic will also be supporting the UERS and EDE teams in this area.
- 2.14 The CDEEE/UERS financial management systems were reviewed by the World Bank (in conjunction with IDB fiduciary specialists), and deemed acceptable. The project audited financial statements for the IDB-financed components will be delivered within four months after the end of each year. The financial statements will be audited by an audit firm acceptable to the Bank. Efforts will be coordinated

with the World Bank and the OFID to harmonize terms of reference and the process for contracting the auditing firm, which may reduce costs.

- 2.15 The UERS will be responsible for coordinating activities related to procurement, fiduciary matters, and program monitoring. The UERS and the EDEs have prepared the project Operations Manual, approval and implementation of which will be condition precedent to disbursements from the Bank.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Institutional arrangement for implementation

- 3.1 The project will be implemented by the three regional distribution companies (EDEs) and the Suburban and Rural Electrification Unit (UERS), which is part of the Dominican Corporation of State-owned Electricity Companies (CDEEE). The UERS will coordinate, supervise, and report the outcomes of implementation. It will also serve as the main point of contact with the Bank. The UERS has been responsible for improving service in rural and urban fringe areas. Specialized consulting assignments will be commissioned with the loan proceeds for supervision of the works to be financed. Each EDE will be responsible for the design, technical specifications, and oversight of the work done on its own networks.
- 3.2 UERS will operate with the existing resources and organizational structure, with the addition of the specialist and consulting services described above, and the very important participation of technical and procurement staff from the EDEs. The general manager of the UERS, who reports directly to the executive vice president of the CDEEE, will coordinate all program-related activities between the CDEEE and the EDEs, and will be the direct contact with the lenders involved in the project. Administrative, procurement, and financial matters will be handled by the UERS administrative board of directors, using existing monitoring, procurement, financial, budgetary, and record-keeping systems that are satisfactory to the Bank. Technical matters will be handled by EDE staff, supported by the UERS as needed. The UERS will be responsible for preparing bid documents and conducting the entire procurement process, including the preparation of installation and supply contracts. The EDEs and UERS will be jointly responsible for evaluating proposals and making recommendations for contract awards.
- 3.3 **Financial management.** Bank policies and procedures will be used, as detailed in the project Operations Manual available in the list of “Electronic Links” for the operation. Compliance with Bank policies will be required for the management of the funds, both in U.S. dollars and in Dominican pesos; the delivery of reports, including annual procurement plans, work progress reports, bidding documents, and other documents related to program execution; the performance of technical and financial audits; and the identification of eligible expenditures. For local currency needs, which are expected to be relatively minor, a designated account will be opened and managed in accordance with the Operations Manual.

- 3.4 **Procurement.** Goods and related services, works, and consulting services will be procured in accordance with Bank policies as described in documents GN-2349-7 and GN-2350-7. The attached Procurement Plan (Annex II) provides a breakdown of procurement processes under the project.

B. Supervision and evaluation of outcomes

- 3.5 The UERS, with the support of the contracted consultants, will supervise the fulfillment of the agreed performance indicators. The UERS and the EDEs have already implemented the systems needed to generate the required information on the cash recovery index (CRI). The UERS will deliver consolidated program progress reports within 45 days after the end of each quarter, in the format established in the project Operations Manual.
- 3.6 The fees of different auditors will be financed with the loan proceeds. These auditors will help the UERS and the EDEs to certify (i) completion of work by contractors; (ii) the project performance indicators such as the CRI for subprojects and the EDEs; (iii) the financial position of the EDEs; (iv) compliance with the environmental handbook; and (v) the number of hours of electricity service supplied to consumers in the subproject areas. Periodic surveys will be used to monitor customer satisfaction with the electricity service and with the EDEs in the intervened circuits.
- 3.7 The executing agency will engage an independent firm to inspect the contracted works, which will deliver an independent report on their quality and work execution timetable. This report must be approved by the executing agency as a precondition for notification to the Bank of its instructions for payments to the respective contractors, chargeable against the loan proceeds. The inspection firm may utilize UERS infrastructure and staff in performance of its work. It must commence work prior to the start of works under project Component 1. The terms of reference for contracting of the inspection firm will be included in the project Operations Manual.
- 3.8 A permanent liaison between the multilateral lenders and the executing agency was deemed necessary, given the multiple operational functions performed by the UERS, including expansion of rural and suburban networks, management of the National Blackout Reduction Program, and implementation of the Energy Efficiency Program. This individual, who will be under the direction of the UERS, will monitor progress of the three project components on an ongoing basis and gather all information necessary for submission on the relevant dates. Accordingly, the UERS will contract a project specialist to serve as an operational liaison with the Bank. This specialist's duties and responsibilities are stated in the agreed terms of reference attached as an annex to the project Operations Manual.

DOMINICAN REPUBLIC
ELECTRICITY DISTRIBUTION NETWORK
REHABILITATION PROJECT

(DR-L1026)

OUTCOME INDICATORS AND MONITORING

The program's financial performance will be measured by the increase in the cash recovery index (CRI), which depends on reduced electricity losses in each circuit and increased bill collections. Greater availability of electricity service is an objective in and of itself, and an incentive for consumers to pay for the service. Although the program will only rehabilitate certain distribution circuits, it is important that the improvements not be offset by a worsening of other network circuits. For this reason, the objectives have been set at the national level, whereas the intermediate objectives refer to the specific circuits addressed by the program. An improved financial position for the regional distribution companies (EDEs) will enable them to finance additional capital investments to improve the quality of service.

Development objectives of the project	Outcome indicators for the project	Use of outcome indicators
(a) Raising the CRI of the three EDEs	(a) CRI of the EDEs	Evaluation of EDE performance by the CDEEE. For EdeNorte and EdeSur, this could mean specific actions to strengthen management.
(b) Increasing the availability of energy at the national level	(b) Average number of hours of service per circuit	
Intermediate outcomes	Intermediate outcome indicators	Use of the findings of intermediate supervision
(a) Rehabilitation of specific circuits	(a) Social Pacts and completion of physical work on the intervened circuits	Identifying necessary changes in management, design, and implementation of project components.
(b) Higher CRI of the intervened circuits	(b) CRI / intervened circuit	
(c) Increased availability of electricity per circuit	(c) Number of hours of electricity available per circuit	

The UERS-PRA and EDE staff, with the assistance of consultants hired with the project resources, will supervise progress against the agreed performance indicators. The CDEEE and the EDEs have already implemented the systems to generate information on losses, revenue, and CRI calculations in a timely manner. Within 45 days after the end of each quarter, the UERS-PRA will deliver consolidated reports on project execution, in the format established in the project Operations Manual. The UERS-PRA will also prepare a detailed report halfway through the execution period, which will serve as an evaluation report. It will also help the Bank to prepare the program completion report.

OUTCOME INDICATORS

Outcome indicators	Base level	Year 1 2008	Year 2 2009	Year 3 2010	Frequency of reports	Information gathering tools	Responsible for gathering information
Percentage of losses per company*	2006 Baseline EdeNorte 45.9% EdeSur 37.0% EdeEste 33.9%		6% increase over baseline	10% increase over baseline	Monthly	Report sent by CDEEE/UERS-PRA	CDEE/UERS-PRA
Collection/billing ratio, (CRI), by company*	2006 Baseline EdeNorte 84.8%, 45.9% EdeSur 91.8%, 57.8% EdeEste 86.2%, 57.0%		0.9%, 1.5% increase over baseline, respectively	1.2%, 1.5% increase over Year 2 outcomes, respectively	Monthly	Report sent by CDEEE/UERS-PRA	CDEE/UERS-PRA
Weighted annual average number of hours of service by circuit type: A, B, C, D	2006 Baseline EdeNorte 3522 EdeSur 3348 EdeEste 3396		Increase over baseline	Increase over Year 2 outcomes	Monthly	Report sent by CDEEE/UERS-PRA	CDEE/UERS-PRA
Intermediate outcome indicators	Base level	Year 1 2008	Year 2 2009	Year 3 2010	Frequency of reports	Information gathering tools	
Signature of Social Pacts and completion of physical work of the selected circuits	2006 Baseline EdeNorte 34 circuits EdeSur 37 circuits EdeEste 18 circuits		Increase over baseline in number of Social Pacts and % of work progress	Increase over Year 2 outcomes	Quarterly	Progress Reports from the Financial and Operational Statements	CDEE/UERS-PRA
CRI per intervened circuit	2006 Baseline EdeNorte 34 circuits EdeSur 37 circuits EdeEste 18 circuits		Increase over CRI baseline per circuit	Increase over Year 2 outcomes	Quarterly	Progress Reports from the Financial and Operational Statements	CDEE/UERS-PRA
Weighted annual average number of hours of service by intervened circuit	2006 Baseline EdeNorte 34 circuits EdeSur 37 circuits EdeEste 18 circuits		Increase over baseline in number of hours service availability per circuit	Increase over Year 2 outcomes	Quarterly	Progress Reports from the Financial and Operational Statements	CDEE/UERS-PRA

* Annual ratio.



**ELECTRICITY DISTRIBUTION NETWORK
REHABILITATION PROJECT
(DR-L1026)
PROCUREMENT PLAN – SUMMARY TABLE**

PROCUREMENT PLAN													
Item	Component and ref. no.		Description of the contract	Estimated cost (US\$000)	Procurement method	Review (prior or post)	Source of financing		Prequalification (Yes/No)	Estimated dates		Status: (pending, awarded, canceled)	Comments
							IDB %	Local/other %		Publication of specific procurement notice	Completion of contract		
1. GOODS													
1	C 2	b.2.1	Purchase of 9 minibuses and 6 pickup trucks to be used by the EDEs to conduct intervention visits, awareness building activities with the communities, and information gathering to evaluate circuits, training.	375.00	ICB	Prior	76%	24%	No	1st Quarter	3 months	Pending	
2	C 2	b.2.2	Procurement of computer equipment for the EDEs to conduct presentations and dissemination and communication activities in the intervened communities; includes 11 datashows projectors, 11 screens, 15 laptops, and 2 electrical extensions.	45.00	PC	Prior	76%	24%	No	1st Quarter	1 month	Pending	
3	C 2	b.2.3	Procurement of video equipment for the EDEs to disseminate a record of the actions and activities in the intervened communities; includes 5 sets of videorecording equipment, 6 DVD players, and 18 cameras.	25.00	PC	Prior	76%	24%	No	1st Quarter	2 months	Pending	
4	C 2	b.2.4	Procurement of communication and scenography equipment for the community events (community assemblies, educational forums to be conducted), to be used by the EDEs. Includes 11 sound systems, 11 cordless microphones, 6 1-KW electric generators, 11 INVE systems.	45.00	PC	Prior	76%	24%	No	1st Quarter	2 months	Pending	
5	C 2	b.2.5	Procurement of 128,250 energy-saving light bulbs for energy saving campaigns, to be used by EdeNorte, EdeEste and EdeSur.	300.00	ICB	Prior	76%	24%	No	1st Quarter	3 months	Pending	
6	C 2	b.2.6	Designing and printing thematic material for the awareness-building campaign for EdeNorte clients.	80.00	NCB	Prior	76%	24%	No	1st Quarter	3 months	Pending	
7	C 2	b.2.7	Printing 20,000 informational fliers on technical work and for meeting invitations; printing 5,000 informational posters; printing 2,000 educational brochures on rational energy use, preventing electrical risks and business cycle	80.00	NCB	Prior	76%	24%	No	1st Quarter	3 months	Pending	

[illegible]

Item	Component and ref. no.		Description of the contract	Estimated cost (US\$000)	Procurement method	Review (prior or post)	Source of financing		Prequalification (Yes/No)	Estimated dates		Status: (pending, awarded, canceled)	Comments
							IDB %	Local/other %		Publication of specific procurement notice	Completion of contract		
4. CONSULTING SERVICES													
17	C 2	c.2.1	Contracting of an individual consulting assignment to design the social programs for the education of EdeNorte customers.	30.00	NICQ	Prior	76%	24%	No	2nd quarter	3 months	Pending	
18	C 2	c.2.2	Contracting of an individual consulting assignment to design EdeNorte’s social responsibility and marketing community program.	30.00	NICQ	Prior	76%	24%	No	2nd quarter	3 months	Pending	
19	C 2	c.2.3	Contracting of an individual consulting assignment to design EdeNorte’s energy-saving campaign.	30.00	NICQ	Prior	76%	24%	No	2nd quarter	3 months	Pending	
20	C 2	c.2.4	Contracting of an individual consulting assignment to strengthen and standardize EdeNorte’s social-sector management processes.	30.00	NICQ	Prior	76%	24%	No	2nd quarter	3 months	Pending	
21	C 2	c.2.5	Contracting services for the production of eight 20-minute educational videos for the awareness-building campaign for EdeNorte clients on: (i) the organizational structure of the electricity sector in the country; (ii) user rights and responsibilities.	160.00	QCBS	Prior	76%	24%	No	4th quarter	2 months	Pending	
22	C 2	c.2.6	Contracting 5 consultants to design the course for EdeSur’s education and training program.	150.00	NICQ	Prior	76%	24%	No	2nd quarter	3 months	Pending	
23	C 2	c.2.7	Contracting a company to publicize and disseminate information on EdeSur’s community activities. Includes printing 100,000 brochures, making 5 cassette recordings, editing 1 cassette recording, producing 4 educational videos, running 300 spots.	180.00	QCBS	Prior	76%	24%	No	4th quarter	2 months	Pending	
24	C 2	c.2.8	Hiring 26 community managers to make direct contact with the community for two years in the area where the EdeEste project is to be executed.	320.00	NICQ	Prior	76%	24%	No	2nd quarter	2 years	Pending	
25	C 2	c.2.9	Hiring an advisor to train EdeEste’s community team.	40.00	NICQ	Prior	76%	24%	No	2nd quarter	3 months	Pending	
26	C 2	c.2.10	Hiring a data analyst to document, monitor, and evaluate actions taken under the EdeEste project.	72.00	NICQ	Prior	76%	24%	No	2nd quarter	2 years	Pending	
27	C 2	c.2.11	Hire an agency to produce 3 15-minute educational videos, including scripts, and production on DVD, as well as radio broadcast and education announcements during high-impact programs for EdeEste.	60.00	QCBS	Prior	76%	24%	No	4th quarter	2 months	Pending	
28	C 3	c.3.1	Procurement management assistant during the bidding process (6 months) for the supply and installation contracts.	12.00	NICQ	Prior	76%	24%	No	1st Quarter	2 years	Pending	

Item	Component and ref. no.		Description of the contract	Estimated cost (US\$000)	Procurement method	Review (prior or post)	Source of financing		Prequalification (Yes/No)	Estimated dates		Status: (pending, awarded, canceled)	Comments
							IDB %	Local/other %		Publication of specific procurement notice	Completion of contract		
29	C 3	c.3.2	Project financial management assistant	72.00	NICQ	Prior	76%	24%	No	1st Quarter	2 years	Pending	
30	C 3	c.3.3	Individual consulting services to standardize the technical specifications for the supply and installation contracts.	30.00	IICC	Prior	76%	24%	No	1st Quarter	2 years	Pending	
31	C 3	c.3.4	Individual consulting services for the preparation of technical bid documents for the supply and installation contracts.	15.00	IICC	Prior	76%	24%	No	1st Quarter	2 years	Pending	
32	C 3	c.3.5	Individual consultant services to support the technical evaluation of bids on the supply and installation contracts.	15.00	IICC	Prior	76%	24%	No	1st Quarter	2 years	Pending	
33	C 3	c.3.6	Consulting firm for external supervision of the execution of the supply and installation contracts.	1,500.00	QCBS	Prior	76%	24%	No	1st Quarter	2 years	Pending	
34	C 3	c.3.7	Technical audits (4 phases, 1 for each six-month period)	200.00	QCBS	Prior	76%	24%	No	1st Quarter	2 years	Pending	
35	C 3	c.3.8	Environmental audits (2 phases, 1 for each year)	100.00	QCBS	Prior	76%	24%	No	1st Quarter	2 years	Pending	
36	C 3	c.3.9	Financial audit of the project	150.00	QCBS	Prior	76%	24%	No	1st Quarter	2 years	Pending	

Goods and works: ICB: international competitive bidding; LIB: limited international bidding; NCB: national competitive bidding; PC: shopping; DC: direct contracting; FA: force account; PSA: procurement through specialized agencies; PA: procurement agents; IA: inspection agents; PLFI: procurement in loans to financial intermediaries; BOO/BOT/BOOT: build, own, operate/build, operate, transfer/build, own, operate, transfer; PBP: performance-based procurement; PLGB: procurement under loans guaranteed by the bank; PCP: community participation in procurement;

Consulting firms: QCBS: quality- and cost-based selection; QBS: quality-based selection; FBS: selection under a fixed budget; LCS: least-cost selection; CQS: selection based on the consultants' qualifications; SSS: single-source selection.

Individual consultants: NICQ: National individual consultant selection based on qualifications; IICC: International individual consultant selection based on qualifications.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/___

Dominican Republic. Loan ____/OC-DR to the Dominican Republic
Electricity Distribution Network Rehabilitation Project

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Dominican Republic, as Borrower, for the purpose of granting it a financing to cooperate in the execution of an electricity distribution network rehabilitation project. Such financing will be for the amount of up to US\$40,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on __ _____ 200_)

LEG/SGO/CID/IDBDOCS#1673262
DR-L1026