



Report Number: ICRR0022171

1. Project Data

Project ID

P133446

Project Name

Electricity Supply Accountability

Country

Kyrgyz Republic

Practice Area(Lead)

Energy & Extractives

L/C/TF Number(s)

IDA-55150,IDA-H9720

Closing Date (Original)

31-Dec-2019

Total Project Cost (USD)

20,313,499.34

Bank Approval Date

15-Jul-2014

Closing Date (Actual)

31-Dec-2019

IBRD/IDA (USD)
Grants (USD)

Original Commitment

25,000,000.00

0.00

Revised Commitment

23,201,815.40

0.00

Actual

20,313,499.34

0.00

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2. Project Objectives and Components

a. Objectives

The Project Development Objectives (PDOs) as stated in the Financing Agreement (Schedule 1, page 5) and the Project Appraisal Document (PAD, page 6) were:

" To improve the reliability of electricity supply in the project area and strengthen the governance of the project implementing entity's (Severelectro's- SE's) operations".



This review is based on the two objectives: 1. To improve the reliability of electricity supply in the project area; and, 2. To strengthen the governance of Severelectro's operations.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

There were three components (PAD, pages 9 - 10).

1. Distribution Infrastructure Strengthening. The estimated cost at appraisal was US\$16.0 million. The actual cost was US\$19.1 million. The difference between the appraisal estimate and actual cost was on account of the increase in scope of this component (discussed in section 2e).

This component planned to improve the reliability of power supply services and reduce losses in Severelectro (SE). (SE, a state-owned company, is the largest distribution Company in Krygyz Republic, serving over 40% of residential customers and accounting for 52% of total domestic consumption). Activities in this component, included constructing three medium voltage substations in Bishkek, replacement of meters of high-consumption customers in Chui region, and construction of 110 kV cable line connecting the Combined Heat and Power Plant (CHP 1) to the new 'Bishkek' substation for reducing technical losses.

2. Customer Service and Corporate Management System Improvement. The estimated cost at appraisal was US\$7.0 million. The actual cost was US\$0.4 million. The reason for the difference between the appraisal estimate and actual cost is discussed in section 2e.

This component planned to provide SE with information tools to improve its quality of service to customers and improve SE's performance in all business areas. Activities in this component, included installing Management Information System (MIS) in three key areas (Commercial Management System (CMS), an Incidents Recording Management System (IRMS); and an Enterprise Resource Planning (ERP) System) and training SE staff on using the systems.

3. Institutional Strengthening and Project Implementation Support. The estimated cost at appraisal was US\$2.4 million. The actual cost was US\$0.6 million.

This component aimed at institutional strengthening of SE. There were two sub-components: (i) project implementation support in the areas of Monitoring and Evaluation (M&E) and procurement; and (ii) Technical Assistance to SE to improve governance.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates



Project cost. The estimated cost at appraisal was US\$25.4 million. The actual cost at project closing worked out to US\$20.3 million. The actual cost was lower than estimated, on account of the exchange rate fluctuations during implementation and savings realized through use of competitive bidding.

Project financing. The project was financed by an IDA Grant/Credit of US\$25.0 million, and a Europe and Central Asia (ECA) Capacity Development Trust Fund (TF) of US\$0.4 million. The IDA amount disbursed was US\$20.3 million. Due to exchange rate fluctuations, the total IDA financing reduced from US\$25.0 million to about US\$22.6 million at closing. US\$1.8 million was cancelled at government request when the project closed. There was parallel financing for activities associated with installing Management Information System (MIS) from the Kreditanstalt fuer Wiereraufbau (KfW), and the Asian Development Bank (ADB).

Borrower contribution. No borrower contribution was planned at appraisal. SE contributed US\$5.3 million during implementation (ICR, page 14).

Dates. The project approved on July 15, 2014, was effective on December 29, 2014, and closed as scheduled on December 31, 2019.

Other changes. There were two Level 2 restructurings.

The following changes were made through the first restructuring on May 18, 2018.

- The scope of Component One activities was expanded to include the connection of the Bishkek substation to the national grid, and underground transmission cable for the substation.
- The activity associated with installation of a Enterprise Resource Planning (ERS) system (Component Two) was excluded from IDA financing, as this activity was completed by the government. US\$2.0 million of the IDA financing for this activity was reallocated for funding component one activities
- The indicator "electricity losses per year in the project area" was renamed as "electricity losses per year in SE's distribution network", as the boundary for the project area" was difficult to be defined, as the substations were constructed in Bishkek city and the smart meters were installed in the larger Chui district.
- Targets for some indicators (such as for technical and commercial losses for SE and duration of outages), were revised to reflect the better data that became available from the Management Information System (MIS) that was installed under this project. (The PAD (paragraph 36) notes that the baseline data and associated target values were unreliable).

The following changes were made with the second Level 2 restructuring on December 23, 2019.

- US\$1.8 million of the IDA financing was cancelled at government request.
- Funds were reallocated between categories and some targets were revised with the availability of better data from the MIS.

3. Relevance of Objectives



Rationale

Country context. Over a third (38%) of the population of the Kyrgyz Republic, were classified as living below the national poverty line in 2002. The performance of the economy relied on relatively few sectors (gold, agriculture and reexports), and remittances from workers employed abroad. The relatively undiversified economic structure rendered the economy vulnerable to adverse economic shocks.

Sector context. The power sector in the Kyrgyz Republic is relatively large and accounted for 4% of the Gross Domestic Product (GDP) and 16% of industrial production. Although there was significant potential for electricity exports, the electricity distribution companies faced significant challenges at appraisal, due to factors, such as: (1) Unreliable and poor service quality, due to insufficient investment and under-spending on maintenance in the years before appraisal. This caused frequent emergency shutdowns of distribution facilities, with SE reporting 20 outages per day on average during the winters of 2009 to 2012. (2) Financial unviability of SE, due to the low tariffs and high technical and non-technical losses. and, (3). Governance issues. At the sectoral level, these issues were due to factors, such as overlapping roles in sector policy making, unpredictable expenditure planning, an ambiguous regulatory environment, and lack of transparent mechanisms for setting tariffs. At the company level, manifestations of poor governance, included deficient internal systems and inadequate corporate resource management and customer information systems, that aggravated issues relating to accountability, transparency and data reliability.

Government strategy. The PDOs were aligned with the Government strategy articulated in the "*National Sustainable Development Strategy (NDS)*", for 2013-2017. The overall objectives of the strategy specifically called for, among other things, "increase in energy efficiency and reduction of losses especially heat and electrical energy and promotion of renewable energy sources", "ensure reliability and uninterrupted nature of supply of electricity, primarily to domestic consumers", and to "improve the financial and corporate governance in the energy sector, and enhance the financial and commercial discipline of the energy sector". The government also developed a detailed Action Plan in 2013 -2014 for operationalizing the strategy.

Bank strategy. The PDOs were well-aligned with the Bank strategy. At appraisal, the Country Partnership Strategy (CPS) for 2013 - 2017, recognized governance issues as the key development challenge in Kyrgyz Republic. A focus area of the CPS identified maintenance of scarce natural resources and physical infrastructure, as priorities. The PDOs are aligned with the Focus Areas Two and Three of the current Country Partnership Framework (CPF) for 2019 - 2022. While Focus Area Two of the CPF highlighted the need for "enhancing growth of natural resource sectors", Focus Area three underscored the need for "enhancing resilience to climate change and disaster risk".

Bank's prior experience. The Bank has a history of engagement in the energy sector in Kyrgyz Republic, including through investment financing operations, under Development Policy Operations (DPOs - The Energy Sector DPO and a subsequent Economic Governance DPO), Technical Assistance on tariff setting methodology, and analytical and advisory services (Energy Chapter of the Public Expenditure Review and Power Sector Note, that identified the challenges facing the sector). This project incorporated many measures (such as, strengthening SE's procurement system, financial reporting mechanism, audits according to International Financial Reporting Standards (IFRs), and timeliness of performance indicators for the sector, identified by the DPO on Economic Governance. As this project aimed at moving forward with sector reforms aimed at addressing governance issues, and adding value through building on the progress realized thus far, the relevance of the PDO to the Bank strategy is rated as Substantial.



Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve the reliability of electricity supply in the project area

Rationale

Theory of Change. The causal links between project activities, their outputs, and outcomes were logical. The outcomes were attributable to the project activities and the intended outcomes were monitorable. Activities associated with constructing distribution substations, connecting cable lines, installation of selected Management Information Systems (MIS), and installing smart meters to the energy-intensive users, were aimed at strengthening SE's distribution network. The planned investments constituted a critical mass that would likely aid in reducing emergency shutdowns of distribution facilities (such as, due to equipment congestion and overloading), and thereby to the PDO of improving the reliability of electricity supply in the project-intervened areas. However, the extent to which the outcomes were attributable to the project activities, given the difficulties in identifying the project's boundaries.

Outputs (ICR, pages 18 -19).

- Three medium-voltage substations in Bishkek, intended for reducing technical losses, were constructed as targeted. The Bishkek substation was connected to the national grid, and the underground transmission cable for the substation as envisioned..
- The transmission capacity of SE increased to 112,600 Kilovolt Ampere (KVA), far exceeding the target of 54,000 KVA.
- 39,500 smart meters, intended to reduce the non-technical (commercial) losses of SE were installed to energy-intensive customers. This exceeded the target of 38,000 smart meters.

Outcomes.

- Electricity losses per year in SE's distribution network declined from 15% at the baseline in 2016, to 11.6% in December 2019, exceeding the target of 13%. (The ICR (paragraph 24) notes that SE was unable to disaggregate losses due to technical and non-technical losses as originally envisioned).
- Average duration of outages in SE's network declined from 21 hours at the baseline to 17.21 hours, when the project closed, exceeding the target of 18 hours.
- According to a customer survey conducted at closure, the share of customers satisfied with SE's services increased to 29%, exceeding the target of 10%. There was no baseline figure for this indicator. Disaggregated data conducted by the survey indicated that 29% of female customers



reported satisfaction, as compared to the target of 10%, and 19% of customers from low-income levels as compared to the target of 10%.

The project objective of improving the reliability of electricity supply in the project area was achieved and exceeded. The outcomes were mostly attributable to the project's activities; bearing in mind that the indicators had to be restructured because it was proving difficult to define the boundary for the 'project area'. As such, efficacy is rated as substantial.

Rating

Substantial

OBJECTIVE 2

Objective

To strengthen the governance of the project implementing entity's (Severelectro's) operations

Rationale

Theory of Change. The link between project activities, outputs and outcomes was logical. Installing Management Information System (MIS) was likely to aid in providing real-time reliable data to SE for improving its operations. Capacity building activities to the SE for strengthening its financial systems, making the transition towards International Financial Reporting Standards (IFRS), corporate procurement practices, and strengthening SE's institutional and human capacities were aimed at improving SE's management. The ICR does not clarify whether planned investments constituted a critical mass that could contribute to improving SEs governance. With this caveat, these activities, together with the outcomes of activities mentioned above, were likely to aid in the long-term goal of achieving financial viability of SE.

Outputs.

These activities were completed as targeted.

- The Management Information System (MIS) was installed by project closure, with the following technical and functional specifications: (1) A Geographic Information System (GIS) for maintaining a reliable database of customers and network assets. This IDA- financed activity was completed and the GIS system was operational when the project closed; (2) An Outage Management System (OMS) intended to support customer orientation, through enabling the SE's quality centers to better respond to client queries and complaints, was likely to improve SEs customer orientation. This activity fully financed by SE was completed and the OMS was operational when the project closed; and, (3). An Enterprise Resource Planning (ERP) system, aimed at supporting efficient and transparent execution of processes and activities relating to corporate functions (accounting, asset management, financial management, business planning and information management was similarly financed by SE.
- SE's accounting personnel completed their accounting training for Certified Accounting practitioner, widely recognized in the Commonwealth of Independent State (CIS) countries. The financial



personnel of SE were sent on study tours to Georgia to learn from peer company experiences in functional accounting practices.

These activities were not yet complete when the project closed

- The activities associated with the Commercial Management System (CMS), intended to provide an integrated management of the commercial cycle financed by KfW, and an Asset Management System (AMS) intended for maintenance of SE's network infrastructure financed by ADB were not complete when the project closed. According to the information provided subsequently by the team, the completion of these activities were delayed due to the restrictions caused by the COVID -19 pandemic, and that these activities are likely to be completed by March 2021.

Outcomes.

The PDO of strengthening the governance of SE's operation were to be measured by the reliability of the operational and financial data submitted to SE's management and other stakeholders.

- SE management and other stakeholders had access to real time data on outages through the Outage Management System (OMS). This aided SE in better responding to customer complaints.
- Residential customers in the Pervomaysaya district had access to real time data on the billing system through the Commercial Management System (CMS).
- SEs financial systems were aligned with the International Financial Reporting Standards (IFRS). Audited annual financial statements for 2018 and 2019, that were compliant with the IFRS, were prepared and disclosed on the company's website.

The real time information is necessary for customer orientation and that the other outcomes are likely to increase the transparency and accountability of SE's operations. However the rollout of all modules of the Commercial Management System (CMS) that was initially planned for the end of March 2020, was postponed to March 2021, given the uncertainties caused by the current COVID crisis. Once the CMS is fully operational, it is expected to maximize the accuracy and efficiency of billing and customer management systems.

Rating

Substantial

OVERALL EFFICACY

Rationale

The overall efficacy rating is Substantial based on the substantial rating for improving the reliability of electricity supply in the project area, and the substantial rating for strengthening the governance of Severelectro's operations.



Overall Efficacy Rating

Substantial

5. Efficiency

Economic analysis. A cost-benefit analysis was conducted for activities associated with component one and two activities at closure. These activities accounted for 96% of the actual cost. Although an economic analysis was conducted at appraisal, the results are not reported, since the methodologies were not strictly comparable. The costs of the project included the investment costs and the incremental operation and maintenance costs. The quantified benefits were assumed to come from the systemwide savings arising from the reduction of losses. The Net Present Value (NPV) of the base case, that is, without considering carbon benefit was US\$24.2 million at 6% economic discount rate in line with the Bank's guidelines, and the Economic Internal Rate of Return EIRR was 17.1%. When the environmental benefits were taken into account, the NPV increased to US\$32.0 million in a low-case scenario and US\$39.7 million in a high-case scenario, and the EIRR increased to 21.4% in a low-case scenario and 25.4% in a high case scenario. The other project benefits not factored in the economic analysis, including benefits due to the improved outage response system, faster mapping of the company's assets and identification of outages and strengthened institutional and human capacity.

Financial analysis. An ex post Financial analysis of the project was carried out using a cost-benefit analysis, with a discount rate of 4.87%, in line with the Bank's guidelines. The main financial costs of the project are the investment cost and the incremental operation and maintenance costs. The project's financial benefits were assumed to come from the savings from the reduced power purchase cost of electricity (due to the reduction in SE losses). The NPV was US\$36.9 million and the Financial Internal Rate of Return (FIRR) was 23.4%.

The ICR (page 14, footnote 14) reports that the discount rate values used for the economic and financial analyses are in line with the Bank's 2016 guidance note entitled "*Discounting Costs and Benefits in Economic Analyses of World Bank Projects*", and the shadow carbon prices are based on the Bank's 2017 "*Shadow Price for Carbon Guidance Note*".

Administrative and Operational Issues. Savings were realized due to the competitive bidding process and hence US\$1.8 million of the Bank financing for the project was cancelled at closure at government request. The ICR (paragraph 71) notes that the implementation of the first two substations and smart metering was smooth, though there were some delays with the commissioning of the underground cable lines due to the local licensing issues, and the financial statement audit. Frequent changes in counterparts also resulted in a lack of buy-in and commitment to strengthen the Management Information Systems (MIS) during the early implementation years. However, implementation accelerated in the last years. The project closed with costs well under budget, and all Bank-financed activities were completed on time, with no extension of the closing date.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:



	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	17.10	96.00 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of the PDO to the government and Bank strategy is Substantial. The overall efficacy is rated as Substantial, based on the substantial rating for improving the reliability of electricity supply in the project area and the Severelectro's operations. Efficiency is substantial, given that the actual costs were well within the budget and all the Bank-financed activities were completed as scheduled, with no extension of the project closing date. Overall outcome is satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Technical risk. Given that the infrastructure investments are likely to last through the lifetime of the technology and the SE staff have been trained to use the system, the technical risk is Low.

Government commitment. Although the installed MISs are useful tools to efficiently resolve customer complaints relating to outages and ensure better quality of electricity supply, there is risk associated with government commitment to the financial and operational sustainability of the electricity sector in general, given that electricity tariffs do not fully recover costs.

There is also the risk that the government may not allocate sufficient funds to maintain the energy sector assets, and undertake future investments in the power system to meet the growing demand for electricity.

Governance and political risks. There is political risk, given that the country still faces issues relating to frequent changes and reshuffling of the government including in the energy sector.

8. Assessment of Bank Performance

a. Quality-at-Entry

The preparation of this project drew on Bank's prior experience with electricity distribution companies (both state-owned and private) in Latin America, India and other developing countries. The analytical



underpinnings drew on the results from the 2013 Power Sector Note for the Kyrgyz Republic. The equipment and technologies chosen for the project were commercially proven, and widely used by utilities in developed and developing countries worldwide. The implementation arrangements were appropriate, with the Project Implementation Unit (PIU) housed in SE. The PIU was staffed with experts with experience in implementing donor-funded projects. Several risks were identified at appraisal, including substantial risks associated with the operating environment, implementation capacity and governance risk. The mitigation measures, included institutional strengthening (including through staff training) and establishing oversight mechanisms (PAD, page 12). Appropriate arrangements were made at appraisal for monitoring and evaluation, safeguards and fiduciary compliance (discussed in section 9 and 10).

There were moderate shortcomings at Quality-at-Entry. Although the risk associated with coordination with other donors who were co financing complementary activities was foreseen at appraisal, the mitigation measures were not adequate. Better coordination of all processes between the parties could have helped in advancing the implementation of those activities. Inadequate coordination between the parties contributed to the non-completion of the complementary activities when the project closed.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

Supervision missions were held twice a year on average, as per the norm, during the initial years of implementation, and appropriately ramped up to four times a year in the last years when the project entered advanced stage of implementation (with almost seven missions in the last 18 months of project implementation). According to the information provided subsequently by the team, there were three Task Team Leaders, during the lifetime of this operation. Of these, two were based at Bank Headquarters and one in the field - Tashkent (Uzbekistan). Given that the baseline figures and associated targets for some indicators (such as electricity losses of SE and duration of outages) were unreliable, these issues were addressed during implementation, with the installation of the MIS. The support provided by the supervision team aided in fiduciary and safeguards compliance (discussed in section 10). In the last year of implementation, the supervision team resolved the outstanding issue of licensing issues of commissioning the cable line, by raising the issue with the highest level within the government. .

There were moderate supervision shortcomings. The ICR (paragraph 106) notes that more expedient decision making during the restructurings, could have helped in speeding project performance. For example, the national regulation required a special local license for constructing high and medium voltage electricity lines and the contractor did not have the local license. This was not noticed at the beginning and contributed to delays, as the approval process took longer than anticipated (ICR, paragraph 88).

Quality of Supervision Rating

Moderately Satisfactory



Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The results framework was clear and the key indicators - electricity losses per year in the project area, and the duration of outages and customer satisfaction based on surveys - were attributable to the project, and appropriate for monitoring the PDO of "improving the reliability of electricity supply". Likewise, the indicators such as preparing financial audits based on International Financial Reporting Standards (IFRS) were appropriate for monitoring the PDO of "improving governance of SE's operations".

Given that baseline data on the technical and commercial electricity losses and managing outages was unreliable, the targets were revised appropriately, with more reliable data after installation of the MIS during implementation.

b. M&E Implementation

The Project Implementation Unit was responsible for monitoring (including collecting data and reporting progress against the agreed performance indicators to the World Bank. In addition to the M&E conducted to inform its operations to the Board, the project also gathered information from customers through a customer survey. This enabled measuring changes before, during and after implementation. The results indicator "Average duration of Severelectro's network" was corrected at project restructuring as reliable data from the project supported MIS systems became available, and this aided in reflecting the project outcomes more accurately (ICR, paragraph 96).

c. M&E Utilization

The M&E was utilized to: (a) monitor and manage project progress and achievements of the PDO: (b) identify areas where issues needed to be addressed: and (iii) provide a basis for important decision making. The ICR (paragraph 97) notes that the experience accumulated under the project would be valuable in the M&E of SE's operation in future.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards



The project was classified as a Category B (partial assessment) project, under the World Bank's safeguard policies. Two safeguard policies were triggered at appraisal: Environmental Assessment (OP/BP 4.01): and Involuntary Resettlement (OP 4.12) (PAD, paragraph 63).

Environmental Assessment. Minor adverse environmental impacts (such as, due to noise and dust, waste handling and spill response and health and safety risks) were expected from the associated with constructing three new substations (PAD, paragraph 100). An Environment Management Plan (EMP) was prepared and publicly-disclosed at appraisal, to address issues pertaining to environmental safeguards (PAD, paragraph 101). The ICR (paragraph 100) notes that there was compliance with environmental safeguards, with no environmental issues during implementation. According to the information provided subsequently by the team, all civil works were done in compliance with the requirements of the EMP, with no outstanding environmental issues. The team also informed there were no serious Occupational and Health Safety cases during implementation.

Involuntary Resettlement. Resettlement impacts were expected in one of the sub-stations, primarily affecting an entrepreneur and a small number of employees on a project site. A Resettlement Action Plan (RAP) was prepared and publicly-disclosed at appraisal (PAD, paragraph 63). The ICR (paragraph 101) notes that there was no physical resettlement of households during implementation. Two households who experienced impacts on their assets, were duly compensated. According to the information provided by the team, there were no reported cases of grievances.

b. Fiduciary Compliance

Financial management. A financial management assessment conducted at appraisal, concluded that the existing financial management arrangements of the SE's Project Implementation Unit (PIU), were satisfactory (PAD, paragraph 50). The ICR does not provide information on whether there was compliance with the financial covenants. The ICR (paragraph 102) notes that there were no significant financial management issues during implementation and that financial reports and unqualified audits were submitted during implementation in a timely fashion. The team clarified that the final audit was unqualified.

Procurement. A procurement assessment of SE was conducted at appraisal. As this was first Bank financed project of SE, the procurement risk was rated as substantial. Mitigation measures incorporated at design included, adequate procurement staff and intensive staff training (PAD, paragraph 56). The implementing agency had sufficient capacity and ex post reviews of procurement were conducted regularly. The ICR (paragraph 103) notes that procurement management was rated as moderately satisfactory during implementation (ICR, paragraph 103).

c. Unintended impacts (Positive or Negative)

d. Other



11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR draws the following main lessons from the experience of implementing this project, with some adaptation of language.

1. Advanced project preparation, including bidding documents for procurement of goods and works, can help in speeding project implementation. The preparation of this project was expedited by the resources from the Europe and Central Asia (ECA) Capacity Development Trust Fund Grant. This helped SE in preparing the investment program, including priority investments based on transparent and justified criteria, and bidding documents for procurement of goods and works. This aided in speeding implementation.

2. Dissemination of international best practices can be critical for utilities operations. This project continuously provided proactive capacity building to SE's personnel through workshops and study tours in Uruguay, Georgia, India, Italy and Kenya to learn from international experience on governance, procurement and financial management.

3. To ensure sustainable development in the medium and long term, institutional reforms are necessary. Although SE has put in place some governance improvement measures, SE and other utilities will be able to better plan and recover its capital and maintenance expenses and improve its financial standing, only with a medium-term tariff policy that enables cost recovery, accompanied by social protection schemes that encourage energy consumption.

13. Assessment Recommended?

No

14. Comments on Quality of ICR



The ICR is clear and provides a good exposition of the project. The theory of change clearly indicates the links between the project activities, outputs and how they were related to the intended outcomes. The project candidly acknowledges issues with the unreliability of data at appraisal and how they were addressed during implementation. The ICR draws reasonably good lessons from the experience of implementing this project.

The ICR provides no information on whether there was compliance with financial covenants. The ICR is excessively long (with the main body of the text, more than twice the recommended length of 15 pages). The ICR would have benefitted through putting more information into annexes, so as to keep the main body of text concise.

a. Quality of ICR Rating
Substantial