



1. Project Data:		Date Posted : 08/21/2000	
PROJ ID: P009542		Appraisal	Actual
Project Name: Third Rural Electrification	Project Costs (US\$M)	162.5	179.2
Country: Bangladesh	Loan/Credit (US\$M)	105	105
Sector(s): Distribution & Transmission	Cofinancing (US\$M)	17.7	25
L/C Number: C2129			
	Board Approval (FY)		90
Partners involved : USAID	Closing Date	06/30/1998	12/31/1999

Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives
(a) Expand the use of electric power as a least cost substitute for petroleum products; and (b) Strengthen the performance of the Rural Electrification Board (REB) and the system of rural electricity cooperatives .

b. Components
(a) Expansion of existing distribution networks to unserved areas through the establishment of four new Rural Electrification Cooperatives (RECs); (b) Rehabilitation of distribution systems that were taken over from parastatal electric companies;
(c) Strengthening of existing distribution networks in seven existing RECs and expansion of their systems into unserved areas;
(d) Institutional strengthening .

c. Comments on Project Cost, Financing and Dates
None.

3. Achievement of Relevant Objectives:
All the relevant objectives were achieved . The four new RECs were established . Consumer connections in existing and four new RECs were 60% higher than original estimates, with an excellent mix of households and businesses . Eight times more km of lines were taken over from parastatals (and rehabilitated) than originally planned . Network losses for these lines have fallen from the 30-50% range to 25-20% within the 18 months of takeover . Institutionally, all the cooperatives met the financial covenants and management targets agreed during project appraisal and all audit reports were submitted on time . A system of performance targets was put in place in which each cooperative annually discusses and negotiates acceptable targets with the national Rural Electricity Board .

4. Significant Outcomes/Impacts:
During the course of project implementation the Government agree to have the Bangladesh Electric Power Board transfer some 6400 km of lines within the territory of the RECs (up from the original 850 km of lines at project appraisal). This large-scale transfer enable the RECs to establish efficient organized systems for rationalization and upgrading, which they proceeded to do .
The project was carried out with substantial participation of the local private sector . Private contractors carried out all construction work . REB established programs to train local linesmen, wiremen, etc ., who subsequently found employment in the service of private contractors and in house wiring enterprises .
A system of performance target agreements were put into place, and bonuses were tied to meeting of these targets . This system has, apparently, greatly improved worker commitment and morale and has been instrumental in bringing about great improvements in REC performance .

5. Significant Shortcomings (including non-compliance with safeguard policies):
This project is remarkable in that it does not appear to have any significant performance shortcomings .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly Satisfactory	

Institutional Dev .:	High	High	
Sustainability :	Highly Likely	Highly Likely	
Bank Performance :	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR :		Exemplary	

NOTE: ICR rating values flagged with "*" don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

(a) Rural electricity cooperatives can function efficiently . Electric power distribution can be improved by shifting the responsibility for its implementation from public sector parastatals to private sector entities, even when these entities are cooperatives, and therefore not privately owned .

(b) Local training programs established by a central body can create a cadre of competent technicians who can, in turn support a private sector led construction .

8. Assessment Recommended? Yes No

Why? This project might be considered for an audit for the lessons it can generate on how to effectively implement rural electrification programs . It could make use of a USAID financed socio-economic impact study carried out while the project was being implemented (1995-96). It would most likely also provide important lessons on private sector development of the energy sector .

9. Comments on Quality of ICR:

This ICR is exemplary. It focuses on key issues, and is extremely thorough and insightful, particularly for a core ICR .