



▶ WHAT IS THE DIFFERENCE MADE?



▶ WHAT ABOUT THE VALUE FOR RESOURCES SPENT? WHAT BETTER COULD HAVE BEEN ACHIEVED?



▶ WHAT IS THE LEVEL OF SATISFACTION OF THE BENEFICIARIES?

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Boulaos Power Plant Project in Djibouti City Lighting Communities, Improving Prosperity

The project aimed at meeting the increasing demand for electricity in the city of Djibouti and its suburbs by replacing an age-old and obsolete generating unit and upgrading the existing 20 KV distribution network system. The targeted improvements in the electricity output and distribution were expected to promote economic growth and standard of living in the Djibouti city where almost 70 percent of the country's population live.

What was planned?

It was planned to:

- Spend Euro 9.40 million.
- Complete the project in 36 months, from August 2006 to July 2009.

Targeted outputs were:

- Procurement and installation of a Diesel Generating Unit of 8 MW capacity.
- Upgrading of the 20 KV distribution network system.

In order to:

- Create reliable access to electricity for the inhabitants through creating 20,000 new connections.

And ultimately to:

- Improve the living conditions of the population in Djibouti city and its suburbs.
- Boost economic activities by lowering cost of business and allowing growth of new businesses that require access to electricity.

What actually happened?

Actually:

- Euro 16.5 Million was spent, about 75% higher than appraisal.
- The project was completed in 63 months, with an implementation delay of 27 months, delaying the completion to October 2011.

And the outputs were:

- A Diesel Generating Unit of 8 MW capacity was procured and installed.
- The existing 20 KV distribution network system was upgraded as planned at appraisal.

And the outcomes were:

- The new equipment provided the city of Djibouti with 8 MW capacity which is more than 14% of the total 56 MW available capacity in the Djibouti city and its suburbs.
- 16,000 new electricity connections added, creating access to electricity for about 80,000 people.

And ultimately led to:

- Production of 20,053 MWh of electricity by the end of 2014, which is 23% of the total electricity the city of Djibouti gets.
- A 32 percent increase in access to electricity, creating 51 direct jobs, enhancing economic activities with increased access to electricity, and improving livelihood in the city.



The generator financed by IDB

What went right?

- The project has achieved tangible outcomes in terms of providing a large proportion the population access to electricity in the city of Djibouti.
- Electricité de Djibouti (EDD), the Executing Agency of the project, has demonstrated its capacity to handle such projects and respected IDB expectations, turning the project into a profitable operation despite electricity prices being fixed by the government.

What could have been better?

- The power plant should have been equipped with a gaseous emissions control system (for Nitrogen Oxide, Carbon Dioxide and Sulfur gaseous emissions) to ensure environmental sustainability.
- The project faced a very high cost overrun and a long start up delay of 27 months to secure additional financing to cover the gap.

So, what is it to take away?

- Due to the very high surge of prices of industrial and electro-mechanical equipment in 2007-2008, the project encountered 75% cost overrun and a start-up delay of more than 2 years. Thus, in order to ensure sound and timely implementation of its operations, the Bank should ensure adequate appraisal estimates with relevant and accurate data. This will prevent unnecessary cost overrun and delays that result in higher financial burden on the beneficiary and affect project benefits.
- Even with the 23% increase in electricity production from this plant, the overall electrification rate in the country still remains as low as 60%, leaving about 40% of the population in the dark. The government may empower the executing agency, Electricité de Djibouti, to seek new sources of financing for more power projects to ensure access to electricity for the rest of the population.



The Control Room of the Power Plant