



# Implementing concession: general success/failure factors from past experiences

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# Distribution Concession- Context

- Power sector reforms during the nineties
- The basic approach involved:
  - Independent regulatory agency,
  - Unbundling the vertically and horizontally integrated utilities into generation, transmission and distribution.
  - Privatization of the unbundled utilities.
- In 2006, the World Bank prepared a systemic analysis of the impact of privatization on distribution of electricity sector<sup>(1)</sup>. The graphs in this presentation has been taken from that source.
- It included 116 electric utilities in 10 Latin American countries.

1: Andres, Foster and Guash. "The Impact of Privatization on the Performance of the Infrastructure Sector: The Case of Electricity Distribution in Latin American Countries"; The World Bank, July 2006.

# Prices



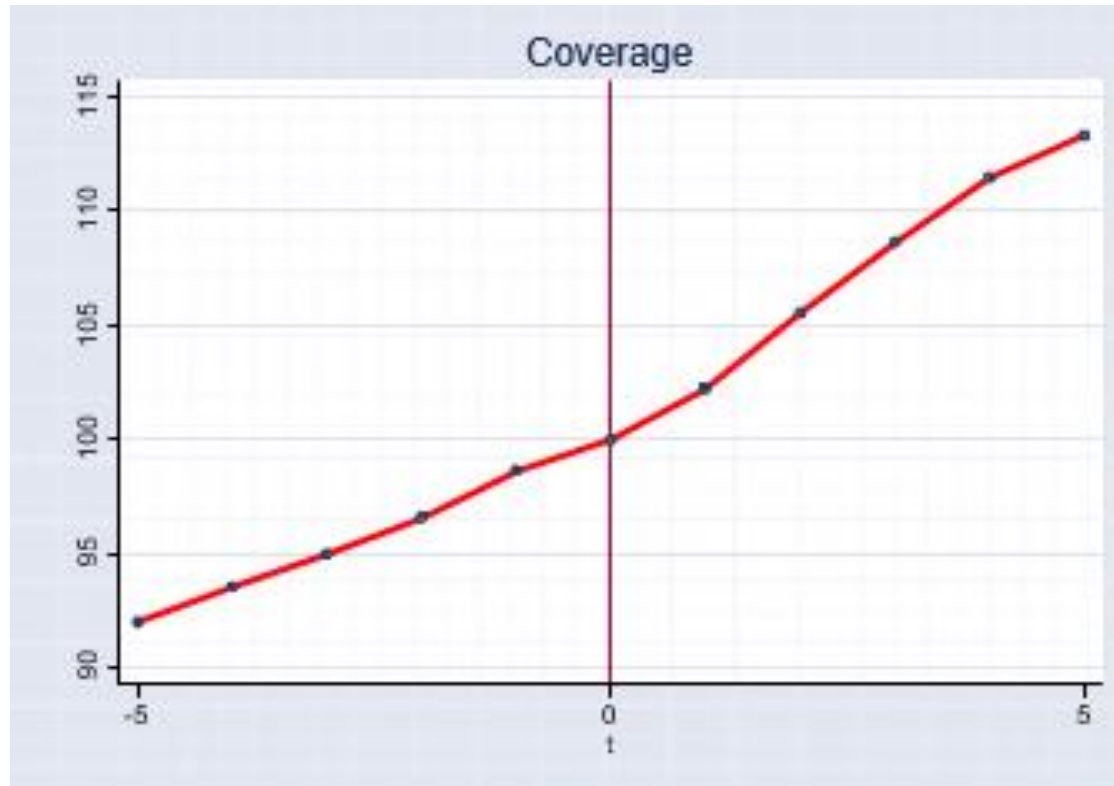
When is the right time to adjust the tariffs to the end-consumers?

# Distributional Losses



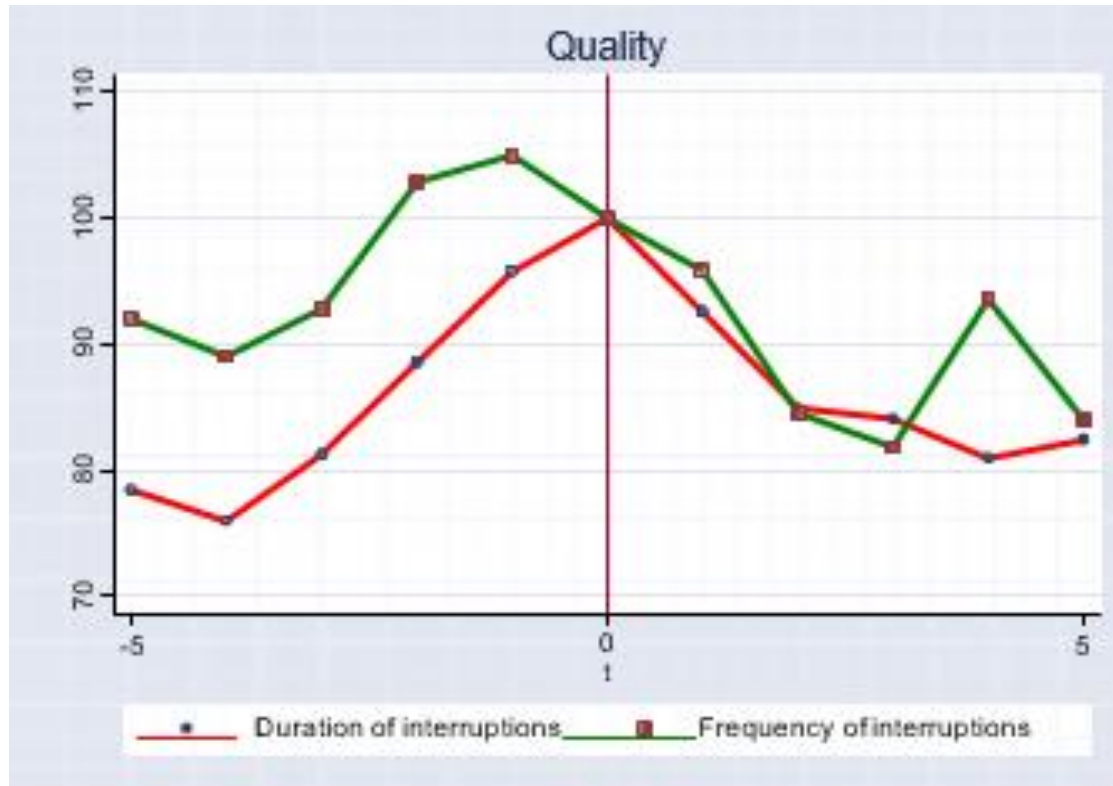
What kind of incentives can be applied to reduce losses and pass-through the benefits to the consumers?

# Access



Should the privatization contracts include obligation to connect new customers?

# Quality of Service



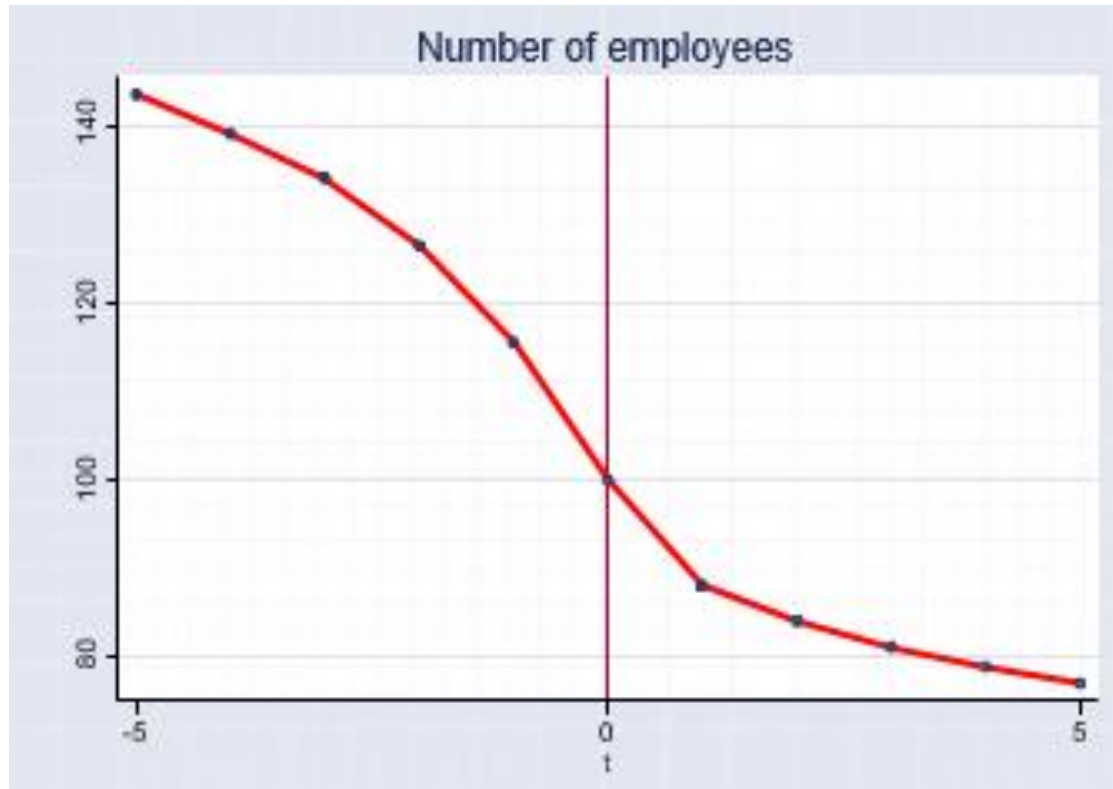
Should the privatization establish quality standards to be achieved by the private concessioner?

# Subsidies



What kind of subsidies should be included under the privatization contract?

# Labor



When is the best time to adjust the staff. Before or after the privatization?



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Thanks

