DOMINICAN REPUBLIC
Lessons From The Energy Sector: A Citizen Engagement Snapshot

CONTEXT

A lack of trust between consumers and water and sanitation utilities contributes heavily to the nonpayment of water bills, one of the most significant impediments to cost recovery among water utilities.¹

Utilities attempting to extend service to low-income settlements are frequently trapped in a vicious circle: poor cost recovery contributes to inadequate service provision and this in turn fuels customer dissatisfaction. This is not a problem of the water sector alone. In the Dominican Republic’s energy sector, frequent power cuts and a lack of accountability between utilities and users contributed to a “culture of nonpayment.” Utilities’ image suffered as payments became politicized, fomenting theft through illegal connections and hostility toward utility staff. Utilities were reluctant to make new investments in low-income neighborhoods, as newly installed connections were quickly vandalized.

To help shift these patterns, the World Bank’s Electricity Distribution Rehabilitation Project (EDRP) (2008–13) and, later, the Distribution Grid Modernization and Loss Reduction Project (DGMLRP) (2016–20) supported three energy utilities from the Dominican Republic (EDE Norte, EDE Este, and EDE Sur) in the adoption of holistic social management strategies (SMSs). Facing similar challenges, one of the Dominican Republic’s water utilities is exploring this approach in its extension of services in low-income areas in the north of the country.

About the Social Management Strategy and the Social Contract

The SMS sought to reestablish trust and align incentives between the three Dominican energy utilities and their consumers, including through their engagement in a “social contract.” The contract specified obligations for the utility and consumers on the same electricity circuit, and recognized that if one party failed to hold up its side of the agreement, the contract was broken, thereby creating mutual accountability. During the EDRP, the social contract focused on EDEs committing to a number of hours of service (typically 24 hours), and in return participating communities agreed to pay 95 percent of their bills and to reduce illegal connections within their electricity circuit. For the first time, consumers now had an incentive to ensure neighbors paid bills/did not connect illegally in order to obtain the specified service level.
Key in the success of these projects was that each had a dedicated SMS component and budget. The EDRP allocated US$9.2 million out of a total of US$42 million, the DGMLRP allocated US$4.56 million out of a total of US$120 million. While the strategies adopted in these projects had slight differences, they both followed a structured process (figure 1).

### Establishing Robust Social Management Groups to Work Closely with Communities

Social management groups, created at the utility level, worked closely with local communities in the design and implementation of SMS activities. During the DGMLRP, more than 150 specialists were hired to support strategies led by the EDEs in different circuits. They interacted with the community on a permanent basis and also handled complaint books that were aggregated into the utilities’ grievance redress systems.²

### Fomenting Community Ownership

In recognition of the effort required to reverse years of mistrust and reset customers’ relationship with their utility, Community Monitoring Committees (COSEs), were elected by the community and worked closely with social management teams in the implementation of strategies. COSEs were purposefully diverse and politically balanced, to ensure political interests did not distort incentives to pay, charge, or deliver quality services. They were key in enforcing the social contract and supporting dialogue between the utility and the community, this also entailed helping to mitigate conflicts at the community level. COSEs received training on issues such as energy management and helped transmit this information to community members and leaders supporting social management strategies in other circuits.

### Transforming Communities into Partners in Demand Management

Under the DGMLRP, 44,000 community members participated in capacity-building activities on topics such as: the rights and duties of utility clients, how to use telemetering technologies, and efficient and safe energy use.² Capacity-building activities were targeted at community members and children in schools. A teacher training program was developed to ensure the sustainability of programs at schools, while businesses received assessments of efficient energy use.² Meanwhile, prior to activating new meters in rehabilitated circuits, the EDRP organized workshops where children learned how to read energy meters, and calculate energy use and the costs of different actions (appliance use, turning lights off, etc.). By the time meters were activated, children had transmitted acquired knowledge on energy conservation to parents. This contributed to efficient energy use and helped decrease their bills.

### Linking Feedback to Incentives for Improved Service

One of the utilities, EDE Este, introduced a series of incentives for utility employees to focus on customer service. These included a scoring system on customer responsiveness for each employee. They instituted a system of systematic calls to a random sample of customers following service requests, where customers could rank the service. Employees with good client ratings received financial rewards.
Conclusion

Thanks to the SMS supported by the DGMLRP, customer satisfaction with services increased significantly. For example, in EDE Norte, customer satisfaction increased from 18 to 93 percent. In addition, 91 percent of households and 88 percent of businesses from rehabilitated circuits reported that they learned how to use energy efficiently. As a result, they had monthly savings in electricity bills of up to US$18. Meanwhile, 14,572 illegal users from circuits rehabilitated under DGMLRP have been regularized.

Strong results achieved by these energy sector projects demonstrate that investing in relationships between water utilities and users can have benefits that extend far beyond customer satisfaction. When engaged and empowered, communities can have a key role in the monitoring of results, demand management, and financial performance.

Resources and Additional Information:


This snapshot was written by Jessica Gesund and Sarah Keener, and received inputs from David Reinstein, and Emmy Araujo. Staff recruited for these groups were specialized in social development or had experience working at the community level.