RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
ENERGY SERVICES DELIVERY PROJECT
GRANT
IN THE AMOUNT OF SDR 1.64 MILLION
(US$2.5 MILLION EQUIVALENT)
JUNE 28, 2007

TO THE

DEMOCRATIC REPUBLIC OF TIMOR-LESTE

DECEMBER 21, 2011
ABBREVIATIONS AND ACRONYMS

CFL compact florescent lamp
EDTL Electricidade de Timor-Leste
GoTL Government of Timor-Leste
IDA International Development Association
LV low voltage
MoF Ministry of Finance
MoI Ministry of Infrastructure
MV medium voltage

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Extension of Closing Date

1. The Project has experienced implementation delays due to capacity constraints mainly related to management of procurement. In addition some activities for rehabilitation of the Comoro power plant could not be implemented because they required some units of the plant to be shut down for prolonged periods of time and this proved infeasible given the much higher increase in power demand than the forecast at appraisal. These activities have, therefore, been deferred for implementation at a later time with EDTL’s own resources after augmentation of the power plant’s capacity. With respect to the institutional capacity building component it turned out that more upstream work was required to build consensus and client ownership in the envisaged reforms.

2. Despite the lack of progress on three of the four components, some good progress has been made towards achieving the development objectives of the project by significantly reducing system losses and increasing revenue collection under the rehabilitation and upgrading of the distribution system component. The Government has, therefore, requested a scale up of this component through a reallocation of the remaining funds for the other three components. The scale up of the rehabilitation and upgrading of the distribution component has the potential to improve the project’s prospects for achieving (fully or partially) its efficiency improvement objectives.

3. The Borrower has also requested an extension of the grant closing date (letter dated October 28, 2011) by six months from December 31, 2011 to June 30, 2012 to allow enough time for completion of the rehabilitation and upgrading component of the project. This Restructuring Paper covers the extension of Grant closing date. A second RP for a level 2 restructuring will be submitted for management approval by January 15, 2012.

4. There are no overdue audit reports and quality issues related to Interim Financial Reports are being addressed with intensive support from the project’s financial management specialist. There are also no outstanding safeguards and fiduciary issues.

5. This would be the first extension of the Grant’s closing date. The Borrower has submitted a satisfactory action plan for completion of the remaining activities within the six months proposed extension period.