Ministry of Public Works

The Road Climate Resilience Project

IDA Credit Number 5303 TL,
IBRD Loan Number 8290 TL
and
IDA Credit Number 6012-TL

Annual Project Financial Statements
for the Year Ended 31 December 2018
MINISTRY OF PUBLIC WORKS  
- ROAD CLIMATE RESILIENCE PROJECT  
WORLD BANK LOAN ACCOUNT - IDA CREDIT NO. 5303-TL, IBRD LOAN NO.8290-TL  
AND IDA CREDIT NO. 6012-TL

Funding body: World Bank (WB)  
Recipient & Employing Authority: The Council for the Administration of the Infrastructure Fund (Democratic Republic of Timor-Leste)  
Implementing agency: Ministry of Public Works – Project Management Unit  
Loan numbers: IDA Credit 5303-TL, IBRD Loan 8290-TL and IDA Credit 6012-TL  
Auditors: Merit Partners

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MINISTRY OF PUBLIC WORKS
ROAD CLIMATE RESILIENCE PROJECT
WORLD BANK LOAN ACCOUNT - IDA CREDIT NO. 5303-TL, IBRD LOAN NO.8290-TL
AND IDA CREDIT NO. 6012-TL

STATEMENT OF APPROVAL
FOR THE YEAR ENDED 31 DECEMBER 2018

The Project Manager of the Road Climate Resilience Project ("the Project") hereby states that the Project Management Unit has complied with the terms and conditions set out in the following loan agreements, IDA Credit no. 5303-TL, IBRD Loan No. 8290-TL and IDA Credit No. 9012-TIM, dated 18 November 2013 and their subsequent amendments and 7 June 2017.

The financial report of the Project for the year ended 31 December 2018 set out on pages 7 to 13, consists of statement of cash receipts and payments, statement of outstanding loan balances and undrawn facility and the accompanying notes to financial statements were prepared and signed by the PMU Financial Administrator and approved by the PMU Project Manager and Director of Road, Bridge and Flood Control on behalf of the Ministry of Public Works ("the MPW").

The accompanying financial report of Road Climate Resilience Project presents fairly, in all material respects the statement of outstanding loan balances as at 31 December 2018 and the financial transactions for the year then ended.

Prepared by:

Fernando L. Da Rosa
Financial Administrator
MPW-PMU
The Road Climate Resilience Project
Date: 31 May 2019

Approved by:

Odete G. Víctor da Costa
Project Manager
MPW-PMU
The Road Climate Resilience Project
Date: 31 May 2019

Joao Mario Gama de Sousa
Director of Road, Bridge and Flood Control
Ministry of Public Works
Date: 04- Junho 2019
Independent auditor’s report to the Ministry of Public Works - Program Management Unit of The Road Climate Resilience Project


We have audited the accompanying financial report of The Road Climate Resilience Project ("the Project"), which comprises the Statement of Cash Receipts and Payments and the Statement of Outstanding Loan Balances and Undrawn Facilities for the year ended 31 December 2018, a summary of significant accounting policies, other accompanying notes, and the Ministry of Public Works - Program Management Unit's ("MPW-PMU") Statement of Approval.

In our opinion, , the financial report of The Road Climate Resilience Project presents fairly in all material respects the financial transactions for period ended 31 December 2018, and;

a. is in accordance with the requirements under the World Bank ("WB") administered IBRD Loan No. 8290-TL and IDA Credit No. 5303-TL dated 18 November 2013 with subsequent amendments and IDA Credit No. 6015-TL dated 7 June 2017;

b. the financial report is prepared in accordance with the basis of accounting as disclosed in Note 1; and

c. complies with the World Bank Disbursement Guidelines for Investment Project Financing.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report.

We are independent of the MPW-PMU in accordance with the independence requirements of the International Federation of Accountants ("IFAC") Code of Ethics for Professional Accountants. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Program Management Unit for the Financial Report

The Program Management Unit of the Project is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements under the World Bank ("WB") administered IBRD Loan No. 8290-TL and IDA Credit No. 5303-TL, dated 18 November 2013 with subsequent amendments and IDA Credit No. 6015-TL dated 7 June 2017 ("Loan Agreement"), and for such internal control as the Program Management Unit determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

The Program Management Unit is responsible for overseeing the Project’s financial reporting process.
Auditor’s Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Merit Partners

MunLi Chee
Director

Darwin

6 June 2019
### Statement of Cash Receipts and Payments

**For the Year Ended 31 December 2018**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Cumulative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Receipts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts through the following:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WB Loans:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan No. 5303-TL</td>
<td>858,156</td>
<td>4,942,826</td>
<td>3,052,235</td>
<td>6,326,309</td>
<td>2,207,661</td>
<td>17,387,187</td>
</tr>
<tr>
<td>Loan No. 8290-TL</td>
<td>0</td>
<td>0</td>
<td>42,717</td>
<td>1,826</td>
<td>4,575,951</td>
<td>4,620,494</td>
</tr>
<tr>
<td>Designated Account Advances - Loan No. 5303-TL</td>
<td>1,999,990</td>
<td>2,157,732</td>
<td>2,583,166</td>
<td>1,843,664</td>
<td>697,995</td>
<td>9,282,547</td>
</tr>
<tr>
<td>GoTL Disbursements:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid by GoTL (Note 4)</td>
<td>1,287,234</td>
<td>8,662,014</td>
<td>4,980,450</td>
<td>12,685,365</td>
<td>11,606,681</td>
<td>39,221,744</td>
</tr>
<tr>
<td></td>
<td>4,145,380</td>
<td>15,762,572</td>
<td>10,658,568</td>
<td>21,073,654</td>
<td>21,097,822</td>
<td>72,738,056</td>
</tr>
<tr>
<td><strong>Cash Payments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commitment Charges</td>
<td>0</td>
<td>0</td>
<td>42,717</td>
<td>1,826</td>
<td>39,010</td>
<td>83,553</td>
</tr>
<tr>
<td>Consulting Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid from World Bank</td>
<td>19</td>
<td>2,491,478</td>
<td>2,173,083</td>
<td>2,025,049</td>
<td>2,776,511</td>
<td>9,466,140</td>
</tr>
<tr>
<td>Civil Works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paid from World Bank</td>
<td>858,156</td>
<td>5,310,068</td>
<td>3,637,775</td>
<td>7,394,375</td>
<td>6,744,601</td>
<td>23,944,975</td>
</tr>
<tr>
<td>Paid by GoTL (Note 4)</td>
<td>1,287,234</td>
<td>8,662,014</td>
<td>4,980,450</td>
<td>12,685,365</td>
<td>11,606,681</td>
<td>39,221,744</td>
</tr>
<tr>
<td></td>
<td>2,145,409</td>
<td>16,463,560</td>
<td>10,834,025</td>
<td>22,106,615</td>
<td>21,166,803</td>
<td>72,716,412</td>
</tr>
<tr>
<td><strong>Excess (Deficit) of Cash Receipts Over Cash Payments</strong></td>
<td>1,999,971</td>
<td>(700,988)</td>
<td>(175,457)</td>
<td>(1,032,961)</td>
<td>(68,921)</td>
<td>21,644</td>
</tr>
<tr>
<td><strong>Cash at Beginning of Period</strong></td>
<td>0</td>
<td>1,999,971</td>
<td>1,298,983</td>
<td>1,123,526</td>
<td>90,565</td>
<td>0</td>
</tr>
<tr>
<td><strong>Cash at End of Period</strong></td>
<td>1,999,971</td>
<td>1,298,983</td>
<td>1,123,526</td>
<td>90,565</td>
<td>21,644</td>
<td>21,644</td>
</tr>
</tbody>
</table>

The Statement Should be Read in Conjunction with the Accompanying Notes.
## StateMENT OF OUTSTANDING LOAN BALANCES AND UNDRAWN FACILITIES

### AS AT 31 DECEMBER 2018

(Amounts in US Dollar)

### Cumulative Disbursements

<table>
<thead>
<tr>
<th></th>
<th>IDA Credit 5303 US$</th>
<th>IDA Credit 6012 US$</th>
<th>IBRD Loan 8290 US$</th>
<th>Total US$</th>
<th>IDA Credit 6012 SDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance, 1 January 2018</td>
<td>23,066,581</td>
<td>216,490</td>
<td>651,475</td>
<td>23,934,546</td>
<td>152,019</td>
</tr>
<tr>
<td>Disbursements made during the year</td>
<td>2,207,661</td>
<td>2,667,526</td>
<td>4,684,935</td>
<td>9,560,122</td>
<td>1,875,123</td>
</tr>
<tr>
<td>Foreign exchange difference arising on translation of period end balances</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>46,511</td>
</tr>
</tbody>
</table>

### Outstanding Loan Balances, 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>IDA Credit 5303 US$</th>
<th>IDA Credit 6012 US$</th>
<th>IBRD Loan 8290 US$</th>
<th>Total US$</th>
<th>IDA Credit 6012 SDR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25,274,242</td>
<td>2,884,016</td>
<td>5,336,410</td>
<td>33,494,668</td>
<td>2,073,653</td>
</tr>
</tbody>
</table>

### Undrawn Loan Facilities

<table>
<thead>
<tr>
<th></th>
<th>IDA Credit 5303 US$</th>
<th>IDA Credit 6012 US$</th>
<th>IBRD Loan 8290 US$</th>
<th>IDA Credit 6012 SDR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Facility (As per Loan Agreement)</td>
<td>25,000,000</td>
<td>35,201,256</td>
<td>15,000,000</td>
<td>26,000,000</td>
</tr>
<tr>
<td>Less: Accumulated disbursements made up to 31 December 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Direct payment</td>
<td>(17,387,187)</td>
<td>(2,226,083)</td>
<td>(4,618,669)</td>
<td>(1,562,431)</td>
</tr>
<tr>
<td>- Designated Account</td>
<td>(7,887,055)</td>
<td>(657,933)</td>
<td>(717,741)</td>
<td>(465,243)</td>
</tr>
<tr>
<td>Cumulative foreign exchange difference arising from loans disbursements</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(46,511)</td>
</tr>
<tr>
<td>Exchange difference arising from Undrawn loan facilities</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(689,208)</td>
</tr>
</tbody>
</table>

### Outstanding Undrawn Facilities, at 31 December 2018

<table>
<thead>
<tr>
<th></th>
<th>IDA Credit 5303 US$</th>
<th>IDA Credit 6012 US$</th>
<th>IBRD Loan 8290 US$</th>
<th>Total US$</th>
<th>SDR Rate at 31 December 2018 to the US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>(274,242)</td>
<td>32,317,240</td>
<td>9,663,590</td>
<td></td>
<td>23,236,607</td>
<td>1.39079</td>
</tr>
</tbody>
</table>

The Statement Should be Read in Conjunction with the Accompanying Notes.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Project Description

The Government of Timor-Leste, through the Ministry of Public Works ("the Ministry" or "MPW"), has received funding through loans from the International Development Association ("IDA") and International Bank for Reconstruction and Development ("IBRD"), both administered by the World Bank, towards the cost of the Road Climate Resilience Project ("the Project"). The Project will be co-financed by the Government of Timor-Leste ("the Government" or "GoTL") and through grants from the World Bank.

The objective of the Project is to deliver sustainable climate resilient road infrastructure on the Dili-Ainaro Road Corridor.

The Project consists of the following parts:

Part 1: Development of Climate Resilient Road Infrastructure

A. Carrying out of civil works to reduce the impact of volume and intensity of rainfall on road infrastructure, including: (a) construction or reinforcement of slope stabilization structures; (b) improvement of drainage structures; (c) upgrading of the Dili-Ainaro Road Corridor; and

B. Design and Supervision of activities in Part 1.A of the Project.

Part 2: Climate Responsive Maintenance and Emergency Planning and Response Systems

A. Design of emergency planning and response systems; and

B. Routine and emergency maintenance on the Dili-Ainaro Road Corridor.

Part 3: Project Support and Training

Strengthening the implementation capacity of the Project Management Unit ("PMU") to support the MPW with the Project execution, and carrying out of a training program for MPW staff, local contractors and community- based contractors for assisting in the implementation of Parts 1 and 2 of the Projects, as well as the hiring of an independent monitor for supervision of the implementation of the Resettlement framework and any Resettlement Action Plans.

Part 4: Feasibility Studies and Detailed Design

Feasibility studies and detailed design of selected road segments linked to the Dili-Ainaro Road Corridor.

The Project is being implemented by the Ministry’s Project Management Unit ("MPW-PMU").
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont.

b. Basis of Accounting

The financial report is for the MPW project for Road Climate Resilience Project ("the Project"), a project established Timor-Leste and co-financed by the Government of Timor-Leste and through World Bank administered loans.

The financial report is for the period 1 January to 31 December 2018 and has been prepared in accordance with the World Bank loans terms and conditions (see Note 2), which were signed on 18 November 2013 and 7 June 2017, with subsequent amendments.

The financial report is prepared on a cash basis of disbursements made by the World Bank in respect of the Project. On this basis, Project Expenditures are recognized when disbursements are paid rather than when incurred. The financial report is presented in US dollars, which is the Project’s functional currency.

Cash disbursements made by the Government of Timor-Leste in respect of the Project are included in this report (see Note 4).

The Project’s expenditures financed by World Bank administered grants are also disclosed in Note 4 of this report. A separate financial report is prepared for these Project expenditures.

The following specific accounting policies have been adopted in the preparation of this report.

c. Use of Estimates and Judgements

The preparation of a financial report in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

d. Project Expenditures

Project expenditures comprise of eligible expenditure incurred to deliver the Project as defined by the loan agreements. Projects disbursements are mainly with the following:

i. Contractors

The road building and civil works for Parts A and B of the Project had been contracted to Chongqing International Construction Corporation for Lots 3 to 5 of Dili – Ainaro road.

ii. Project Consultants

The design and supervision for Parts A to D of the Project had been contracted to Katahira & Engineers International for Lot 3 and Egis International for Lots 4 and 5 of Dili – Ainaro road.
NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont.

e. Payment Protocol

Project expenditures are paid using the Designated Account and Direct Payments methods, following the World Bank Disbursement Guidelines for Investment Project Financing (“the WB Guidelines”).

The Designated Account method is payment made for eligible expenditures paid through an account maintained by MPW-PMU on behalf of the Project. The Designated Account is replenished in accordance with the World Bank’s guidelines on Designated Account Fund and Statement of Expenditures Procedures.

The Direct Payment method is payments made for eligible expenditures through direct transfers of funds from the World Bank to the Project’s contractors or consultants. The direct payment is based on World Bank’s proportionate share of the invoiced amount.

f. Cash

Cash, held in the Designated Account is stated at nominal amounts in United States dollar (US$).

g. Fixed Assets

All items of property, plant and equipment are expensed in the statement of cash receipts and payments in the year of acquisition. Property, plant and equipment are procured as per Project requirements and in accordance with the World Bank’s procurement guidelines. All property, plant and equipment procured under the loans will become the property of the Government of Timor-Leste after the Project is completed. A fixed assets register is maintained by MPW-PMU.

h. Commitment

Eligible expenditures incurred but not yet paid are recorded separately from the accounting records, and are not recorded in the statement of cash receipts and payments.

i. Taxation

There is no charge for income taxation as the Project is not subject to taxation.

Withholding tax receipts owed to Timor-Leste Revenue Services are withheld from the Government’s payment made to suppliers of goods and services for the supplier’s full invoice amount at the following rates:

- Construction or building activities 2%
- Construction consulting services 4%
- Payments to non-residents 10%

The withholding taxes for the Civil Works have been deducted and covered by the Government’s counterpart fund. Taxes related to the consulting services are charge from the loan as the consulting services are disbursed 100% from the loan.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont.

j. Foreign currencies

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

k. Advance Payments and Retention Payable

As per agreements with the contractors, the contractor may request for advance payment on receipt of notice of commencement. This is equivalent to 15% of the accepted contract amount or as determined in each of the agreements. The advance payment made by the Project is included in the statement of cash receipts and payments. These are recovered proportionately from the contractor’s billings commencing from the 30% progress completion report.

The Project also withheld payment equivalent to 10% of the contractor’s progress billings. The 10% retention is only applicable for civil works and will be paid to the contractors upon completion and acceptance of the Project. The retention payables are recorded separately from the accounting records, and are not recorded in the statement of cash receipts and payments.

NOTE 2: LOAN AGREEMENT

On 18 November 2013, the Government of Timor-Leste, through Ministry of Public Works ("the Ministry or MPW"), signed a financing agreement with International Development Association ("IDA") and International Bank for Reconstruction and Development ("IBRD"), both administered by the World Bank, towards the cost of the Project. The financing agreement consists of IDA Credit No. 5303-TL and IBRD Loan No. 8290-TL, and has a combined total of $40 million credit line. On 7 June 2017, an IDA Credit No. 6012-TL of about SDR26 million was signed as an additional financing for the Project.

As stipulated in the loan agreement, the loans from World Bank will partly or in whole finance the eligible expenditures of the Project whereas the remaining part will be funded through World Bank administered grants and by the Government of Timor-Leste. The associated costs financed by World Bank administered loans and GoTL are disclosed in Note 4.

Refer to the table below for funding allocation:

<table>
<thead>
<tr>
<th>Category</th>
<th>Civil Works:</th>
<th>IDA Credit No. 5303-TL</th>
<th>IBRD Loan No. 8290-TL</th>
<th>IDA Credit No. 6012-TL</th>
<th>Government of Timor-Leste</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phase 1 and 2 under IDA Credit</td>
<td>40%</td>
<td>n/a</td>
<td>n/a</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Phase 1 and 2 under IBRD Loan</td>
<td>n/a</td>
<td>40%</td>
<td>n/a</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Phase 1 and 2 under IDA Credit</td>
<td>n/a</td>
<td>n/a</td>
<td>87.32%</td>
<td>12.68%</td>
</tr>
<tr>
<td>Category 2 – Goods, consultants’ services, non-consulting services, incremental operating cost and training:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Phase 1 and 2 under IDA Credit</td>
<td>100%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Phase 1 and 2 under IBRD Loan</td>
<td>n/a</td>
<td>100%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Phase 1 and 2 under IDA Credit</td>
<td>n/a</td>
<td>n/a</td>
<td>100%</td>
<td>n/a</td>
</tr>
<tr>
<td>Category 3 – Front-end Fee</td>
<td></td>
<td>n/a</td>
<td>100%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Category 4 – Interest and Commitment charges</td>
<td>n/a</td>
<td>100%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

NOTE 2: LOAN AGREEMENT – cont.

The terms and conditions of the facility include a series of covenants which the Project must comply with as follows:

IDA Credit No. 5303-TL

a. The principal amount of the loan shall be repaid on semiannually commencing 15 March 2019 up to 15 September 2038;

b. The interest rates on the withdrawn credit shall be equal to the greater of (a) the sum of 1.25% per annum plus the basis adjustments; and, (b) 0% per annum. The interest are payable on 15 March and 15 September in each year; and

c. The maximum commitment charge rate on unwithdrawn financing balance shall be 0.5% per annum.

IBRD Loan No. 8290-TL

a. The principal amount of the loan shall be repaid on semiannually commencing 15 March 2022 up to 15 March 2041;

b. The interest rates on the withdrawn credit shall be at a rate equal to the reference rate for the loan currency plus the fixed spread. The interest are payable on 15 March and 15 September in each year; and

c. The Government of Timor-Leste (“Borrower”) may at any time request conversations of the terms of the loan in order to facilitate prudent debt management.

IDA Credit No. 6012-TL

a. The principal amount of the loan shall be repaid on semiannually commencing 15 September 2022 up to 15 September 2042;

b. The interest rates on the withdrawn credit shall be equal to 1.25% per annum. The interest are payable on 15 March and 15 September in each year; and

c. The maximum commitment charge rate on unwithdrawn financing balance shall be 0.5% per annum.

NOTE 3: DESIGNATED ACCOUNT

Pursuant to terms and conditions set out for each of the loan agreements (see Note 2), the Project Expenditures for eligible expenditures were made pursuant to WB Guidelines for Projects. Eligible expenditures are paid through direct payment from World Bank or reimbursement through the Designated Account. The Designated Account is replenished in accordance with the World Bank’s Guidelines on Designated Fund and Statement of Expenditures Procedures.
NOTE 4: PROJECT FUNDING

The costs of the Project, as disclosed in Note 2, are financed through World Bank administered loans and grants and by Government of Timor-Leste (GoTL). The cumulative Project Expenditures as at 31 December 2018 amounted to $90.32 million and is financed / funded through the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank Loans</td>
<td></td>
</tr>
<tr>
<td>Loan No. IDA Credit No. 5303-TL</td>
<td>$25,274,242</td>
</tr>
<tr>
<td>Loan No. IBRD Loan No. 8290-TL</td>
<td>5,336,410</td>
</tr>
<tr>
<td>Loan No. IDA Credit No. 6012-TL</td>
<td>2,884,016</td>
</tr>
<tr>
<td>World Bank Grants – IDA No. H683-0</td>
<td>17,603,073</td>
</tr>
<tr>
<td>GoTL Disbursements</td>
<td>39,221,744</td>
</tr>
<tr>
<td>Total Project Expenditures</td>
<td>$90,319,485</td>
</tr>
</tbody>
</table>