



The World Bank

BI-Jiji and Mulembwe Hydropower (P133610)

REPORT NO.: RES55835

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RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
BI-JIJI AND MULEMBWE HYDROPOWER
APPROVED ON APRIL 22, 2014
TO
REPUBLIC OF BURUNDI

ENERGY & EXTRACTIVES

EASTERN AND SOUTHERN AFRICA

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I. BASIC DATA

Product Information

Project ID P133610	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 22-Apr-2014	Current Closing Date 31-Dec-2023

Organizations

Borrower Republic of Burundi	Responsible Agency Ministry of Finance,REGIDESO (Régie de Production d'Eau et d'Electricité)
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Project Development Objective (PDO)

Original PDO

The Project Development Objective is to increase the supply of clean and low cost hydropower electricity to Burundi's national grid.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-H9350	22-Apr-2014	18-Jul-2014	12-Jan-2015	31-Dec-2023	100.00	65.47	22.71
TF-A4223	15-Sep-2017	19-Dec-2017	09-Dec-2019	31-Dec-2023	30.34	19.46	11.27

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The PDO of the project remains relevant for Burundi, particularly in the current context of ambitiously increasing access to electricity. However, to achieve the PDO, the project will need additional time and financing to be achieved. The last supervision mission estimated the need for additional financing at 144 MUSD and anticipated a delay of at least 7 months, up to end July 2024.

Under Component A (Hydropower Facilities and Electricity Services), the contract was signed on October 17, 2018, with CMC-ORASCOM, for an implementation period of 35 months for Jiji and 42 months for Mulembwe. The progress made on this contract since it was signed has been rather slow. Indeed, the progress in the implementation of civil works is at a rate 55% for the Jiji development and 30% for Mulembwe, and the progress of the contract as a whole for both Jiji and Mulembwe including design, Factory Acceptance Test (FAT) of major equipment, shipment, etc. is at 60%, which represents a progress of about 8% compared to the progress at MTR five (5) months ago, which is commendable but insufficient to meet the new completion date of July 2024 as announced by the contractor. The mission recommended the PIU to send a notice of default to the contractor requesting him to: (i) finalize the pending design items as soon as possible; (ii) urgently hire a Construction Manager (position vacant for more than 6 months, in violation of contract conditions); and (iii) mobilize more staff to accelerate the works to catch up on delays.

For the construction and extension of the substations, a contract was signed on December 7, 2021, with VTTE-SDEL ELEXA for an implementation period of 18 months. The contract became effective on February 23, 2022 and is being implemented correctly (approximately 40% overall progress), despite some delays due to issues in the validation of the design and difficulties in interfacing with KEC, the contractor in charge of constructing the transmission lines. However, the mobilization of resources has taken place, detailed design is being carried out as well as FAT of major equipment, which sets the stage for an acceleration in the implementation in the next couple of months. The mission recommended the PIU to organize joint engineering design meetings with KEC and ask the contractor to mobilize more staff to accelerate the works to catch up on delays.

For the construction of the transmission lines, a contract was signed on September 17, 2021, with KEC International Limited for an implementation period of 18 months. The contract became effective on January 24, 2022 and is being implemented without major issues so far (approximately 57% overall progress). The detailed design is almost complete, the survey of the affected properties has been finalized for all sections of the lines, the manufacturing of the equipment and its delivery on site is at an advanced stage (82%). The mission recommended the PIU to organize joint engineering design meetings with VTTE-SDEL ELEXA, work closely with REGIDESO for access to land and compensation related issues and mobilize more staff to accelerate the works to catch up on delays.

Under Component B (Technical Assistance & Project Management), the performance of the Owners Engineer (OE) is moderately satisfactory, due to the important delays and cost increases registered with the implementation of the main project contracts that are being supervised by the OE. To ensure a good implementation of all the components of the project, the OE urgently needs to make further efforts on the following aspects: (i) close follow-up with the different contractors for a smooth implementation of the technical recommendations within the agreed timelines, (ii) reinforcement and remobilization of its team on site, (iii) reinforcement of the coordination of schedules and interfaces between the different contractors, (iv) strengthening of its contract management, and (v) close follow-up on the E&S issues in the construction sites.

Under Component C (Power Sector Reform and Institutional Development), REGIDESO has made some progress since the last reporting period. While the management of REGIDESO has now embraced the sector reform agenda, further



efforts are required to better communicate on the reform and embark other stakeholders, notably the Ministry of Hydraulics, Energy and Mines (supervisory authority) and the Ministry of finance, to take greater ownership of the reform. The mission noted for instance the lack of progress in the organizational restructuring of REGIDESO. The mission recommended the PIU to set up a steering committee to oversee the sector reform and REGIDESO's organization restructuring at ministerial level.

Due to the significant delays in project implementation, the budget allocated to Category 3 (related to Component B Technical Assistance & Project Management) has been significantly overdrawn. This is mainly due to the significant cost overrun of the Owners Engineer's contract which is a time based contract. There is therefore a need to reallocate the financing from other categories to Category 3. It is therefore suggested to reallocate the entire amount from the Unallocated Category, SDR 1 million from Category 2 and SDR 2 million from Category 1 to Category 3.

III. DETAILED CHANGES

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IDA-H9350-001 Currency: XDR	GDS WRK NON-CON CONS Prt A.1&A.2	42,700,000.00	34,981,120.58	40,700,000.00	38.00	38.00
	GDS WRK NON-CON CONS Prt A.3	6,500,000.00	2,789,309.62	5,500,000.00	45.00	45.00
	GDS NON-CON CONS TRN & OP Pt B	6,800,000.00	8,417,938.75	11,360,598.00	100.00	100.00
	GDS NON-CON CONS & TRN Prt C.1	168,950.00	163,449.56	168,950.00	48.00	48.00
	GD NCS CS TF Pt C.1a	331,050.00	64,168.24	331,050.00	100.00	100.00
	GD NCS CS TF Pt C.1b	5,724,000.00	4,203,425.92	5,724,000.00	83.00	83.00



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GDS NON-CON CONS TRN Prt C.2 &C.3	800,000.00	343,355.24	800,000.00	100.00	100.00
PPF REFINANCING	115,402.00	115,401.80	115,402.00		
UNALLOCATED	1,560,598.00	0.00	0.00	100.00	100.00
Total	64,700,000.00	51,078,169.71	64,700,000.00		