

Document of
The World Bank

Report No: 65009-EG

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
EGYPT: EL TEBBN POWER PROJECT
LOAN NUMBER – 7359-EGT
FEBRUARY 16, 2006
TO THE
ARAB REPUBLIC OF EGYPT
OCTOBER 16, 2011

Restructuring**Status: Draft****Restructuring Type: Level II – CD Approval**

Last modified on date : 10/03/2011

1. Basic Information

Project ID & Name	P091945: EG-El Tebbin Power
Country	Egypt, Arab Republic of
Task Team Leader	Mohab Awad Mokhtar Hallouda
Sector Manager/Director	Patricia Veevers-Carter
Country Director	A. David Craig
Original Board Approval Date	02/16/2006
Original Closing Date:	04/30/2011
Current Closing Date	10/30/2011
Proposed Closing Date [if applicable]	04/30/2012
EA Category	A-Full Assessment
Revised EA Category	N/A
EA Completion Date	06/12/2005
Revised EA Completion Date	N/A

2. Revised Financing Plan (US\$m)

Source	Original	Revised
BORR	190.00	482.00
IBRD	259.60	259.60
OPEC	0.00	40.00
Total	449.60	781.60

3. Borrower

Organization	Department	Location
Ministry of International Cooperation		Egypt, Arab Republic of

4. Implementing Agency

Organization	Department	Location
Ministry of International Cooperation		Egypt, Arab Republic of

5. Disbursement Estimates (US\$m)		
Actual amount disbursed as of 10/03/2011		246
Fiscal Year	Annual	Cumulative
2011	0.00	246
	Total	246

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	N
Does the restructured projects trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.	N

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The project development objectives are to: (i) assist the GOE in enhancing the provision of energy supply in a sustainable manner, through investment in new generation capacity, and (ii) help the GOE strengthen sector performance by engaging in policy dialogue and supporting measures aimed at improving financial performance, the functions of the regulator and energy efficiency. Input would also be provided to the development of the legal framework for the sector.

7b. Revised Project Development Objectives/Outcomes [if applicable]
N/A

ABBREVIATIONS AND ACRONYMS

EGT	Egypt
FM	Financial Management
FMR	Financial Management Report
MW	Megawatt (one million watts)

Regional Vice President:	Inger Andersen
Country Director:	A. David Craig
Sector Director:	Laszlo Lovei
Sector Manager:	Patricia Veevers-Carter
Task Team Leader:	Mohab Awad Mokhtar Hallouda

EGYPT, ARAB REPUBLIC OF

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ANNEX 1

Extension of Closing Date

EGYPT, ARAB REPUBLIC OF

EL-TEBBIN POWER PROJECT

P091945

LOAN NUMBER 7359-EGT

Restructuring Paper

1. The closing date for ARAB REPUBLIC OF EGYPT, Loan Number 7359-EGT P091945 will be extended from October 30, 2011 until April 30, 2012.
2. This new six month extension will bring the cumulative closing date extension to 1 year as the first six month extension from April 30, 2011 to October 30, 2011 was approved on April 20, 2011.
3. In making this request we confirm that: (i) the objectives of the Project have been completely achieved and (ii) the Project continues to be implemented satisfactorily. We can also confirm that (i) this Credit is not subject to an ongoing suspension of disbursements, and (ii) no audit reports are outstanding
4. Construction and commission of El-Tebbin power plant has been completed. The plant consists of two identical units of 350 MW and these two units have passed the reliability and performance tests. Performance tests were successfully concluded in December 2010. The average daily energy production from the two units is 13,516 MWH, resulting in an average output of 281 MW per unit to date. Unit #1 was commissioned on August 28, 2010 and unit #2 on September 17, 2010. Of the total US\$259.60 million amount of the Loan, US\$246 has been disbursed to date.
5. Procurement under the project has been completed. The project continues to maintain sound financial management arrangements, including stability of staff, consistent application of internal controls and smooth process of flow of funds. All previous FMRs and audit reports were timely received, reviewed and found acceptable by the Bank. Therefore, the project FM arrangements are "Satisfactory".
6. **Justification for the extension;** The proposed extension is necessary to acquire spare parts and to complete project activities under contracts for supply and installation of switchyard (CP104), steam generator and auxiliaries (CP105), steam turbine generator (CP106), and

contract for circulating water pump (CP109A) financed by the World Bank loan. The preparation and agreement of spare parts took some extra time during the operation phase to confirm between contractor and employer the most optimum list. Several packages of the spare parts already are on site and the extension request is to complete the list and give adequate time for shipping. The main reasons for need for extension are:

- a. During the political crisis all experts left Tebbin site for at least two months and when they came back the working hours were too short due to the safety. It was difficult to arrange with the contractors to prepare the final spare parts lists so the schedule of delivery of spare parts was delayed.
- b. Many spare parts were delivered but not paid for because it is still under inspection.
- c. Due to closing of the contracts the last amendment normally takes more time to settle pending items.

ANNEX 2 Activity and Disbursement Plan

EL-Tebbin Power Station Project (2*350 MW)700 MW

Total Loan	Total Disbursement	Balance in dollar
\$ 259,600,000	\$ 246,046,790	\$ 13,554,210

El-Tebbin project packages and contractual status

Currency	Contract	CP-104	CP-105	CP-106	CP-109A	Total
EURO	Contract Price	17,953,822	106,132,400	77,030,493	3,823,599
	Approved Value	17,265,285	96,484,000	74,750,140	3,431,589
	Remaining	688,537	9,648,400	2,280,353	392,010	13,009,300

Disbursement by package before closing and during the extension period

Activity	Total needed	Euro / Million						
		Oct 2011	Nov 2011	Dec 2011	Jan 2012	Feb 2012	Mar 2012	Apr 2012
CP -104 operational certificate (OAC/PAC)	688,537	0	26,000	662,537				
CP -105 Spare parts	9,648,400	1,671,673	3,495,821	4,480,906				
CP -106 Spare parts	2,280,353	2,280,353	0	0				
PO 109A operational certificate (OAC/PAC)	392,010	0	337,900	54,110.				
	13,009,300	3,952,026	3,859,721	5,197,553				

The estimated needed total is 13 million Euros which amounts to around 17.8 million Dollars at the current exchange rate. This amount exceeds the remaining loan amount. The borrower understands that any amounts exceeding the loan will be paid by the borrower.