

GAS SEEP HARVESTING PROJECT
TF053740

Project Overview – March 2005

Project Objectives

The objectives of this project are to (a) harvest natural gas, currently escaping into the atmosphere from gas seeps at Aliambata, to secure carbon credits for Timor-Leste and, (b) to the extent feasible, utilize the gas for power generation to benefit local communities and gain further carbon credits. The project is intended as a demonstration of how the nearly 30 gas seeps on Timor-Leste's southern coast can be exploited to secure carbon credits for Timor-Leste and, where feasible, to benefit local communities from indigenous energy resources. An amount of \$340,000 of TFET funds has been allocated to finance this Project.

Project Status

To prepare this project, Japanese funding through the PHRD grant facility \$274,065, was secured by the Bank. The grant agreement for PHRD funding was signed by the Government on September 30, 2004. The preparation involves five contracts for (i) a project management consultant, (ii) sampling and testing of the seeping gas, (iii) a study of uses of the gas particularly power generation, (iv) a study of community benefits and land use issues, and (v) an inventory of gas seep resources across the country. A phased approach is being employed and the study for the uses of gas will only be commenced after the results of the gas sampling/testing are available. On December 1, 2004, the Procurement Office of the Ministry of Planning and Finance completed the contracting process for hiring a project management consultant for administering the PHRD preparation grant. Expressions of interest for the gas sampling/testing were invited and, based on these EOIs, detailed proposals were invited from four prospective firms. A contract was awarded to Sinclair Knight and Merz, of New Zealand, for \$140,000, on March 27, 2005. Consultants are expected to mobilize by mid-April.

The Bank team is exploring various options for obtaining carbon credits to enhance the benefits of the project. However, these credits would only be available to Timor-Leste if the country ratifies the climate change convention (UNFCCC). The Bank has strongly urged Government to expedite its deliberations regarding the climate change convention.

TFET Technical Appendix, March 2005. TFET was asking for \$540,000 for this project.