

SREP Mali – SEGOU SOLAR PV PROJECT – ISSUES LIST

#	Comment / Issue	Made by	Answer
1	<p>This project generally seems quite high risk and we can see why concessional finance is required. It appears that with regard to the off-taker risk, EDM is in a weak fiscal position with a low credit rating, which means further TA/capacity building support is needed to ensure EDM is able to take forward their obligations under this proposal. The proposal mentions some technical assistance that has been provided previously (1.12-1.18) but doesn't make clear that there is specific TA available for this project and given it is the first of its kind in the county it seems that there could be a need for it. Is this the case?</p>	UK	<p>The Credit Risk Note issued by AfDB's Credit Committee received an Obligator Risk Rating of 5 – Moderate Risk. This note reflects the experienced sponsor with good track record, the high demand for electricity and the Take-or-Pay of the Power Purchase Agreement supported by a sovereign guarantee, which properly mitigates off-taker risk. In addition, the Partial Risk Guarantee (PRG) being sourced from the World Bank (WB) will further mitigate this risk.</p> <p>No Technical Assistance was considered in the project for the following reasons:</p> <ul style="list-style-type: none"> (i) there is an ongoing USD 120 million WB project entitled “Mali Energy Support Project”. The project was supposed to be concluded this June 2016 but was extended for another 2 years. Among others, the project will aim at undertaking capacity and institutional strengthening of key sector institutions including EDM, (ii) the Government of Mali (GoM) is progressing with the unbundling of EDM by putting all owned generation assets into a separate vehicle, and by establishing cost-reflective electricity tariffs. This is expected to improve the balance sheets of the companies and reduce the need for annual subsidies from the GoM, (iii) as part of the PRG being proposed in the context of the project, the WB is continuing dialogue with the GoM on the overall status of the energy sector and encouraging the development of a realistic roadmap for the next 5 years for EDM reform and resolving other sector issues., (iv) the SREP amount allocated for the project was sourced from the SREP private sector set-aside competition for which the beneficiary is a private sector entity. Allocating any amount of the total envelope to a Technical Assistance to benefit a public sector entity was not feasible from an implementation point of view, and (v) the PAPERM project approved in the context of the SREP Mali Investment Plan, and which implementation is progressing well, includes a Technical Assistance component that supports the improvement of the policy, legal, regulatory and institutional framework and associated capacity building workshops to all

			renewable energy stakeholders (including staff from EDM) for scaling up renewable energy investments.
2	We would suggest that support for EDM and also for the government could be required as it highlights that although the GoM does have regulatory support in place, there are key policies missing (e.g. feed in tariff or other market supporting policies). It seems that with additional support, the impact of this project could be much greater. Is this the case?	UK	The PAPERM project as mentioned in answer #1 financed in the context of the SREP Investment Plan has the objective to improve the policy, regulatory and institutional framework surrounding renewables in Mali. The project is currently under implementation. However for this case, the commercial bankability of the project does not depend on the establishment of feed-in tariff or other market supporting policies, the project's stakeholders (e.g. project sponsor, AfDB, IFC, Government of Mali and EDM) have decided that any support to the Public Sector to enhance the regulatory and policy framework is undertaken outside the scope of the project.
3	Can the project team clarify how and why this particular site has been chosen? The proposal mentions that the site is some 240km north-east of Bamako, is 2.8km from a nearby substation. While linked to the national grid, we assume that it will provide power to a local communities (Segou and others?) and hence the public consultations in the project area?	UK	The site selection was done based, inter alia, on technical, security, environmental and social criteria. From a technical point of view the following criteria were considered: (i) availability of solar resource for maximum generation capacity, (ii) proximity to sub-station owned by EDM (2.8 km away), and (iii) security. While the solar resource is higher in the northern area of the country vis-à-vis the southern area, security appears to be more challenging in this area. As such, a compromise between these two criteria has been found and a site was selected in the central part of the country (Ségou). Besides the availability of the required land (87ha in the land reserves of the state), the choice of site was also dependent on the following environmental and social factors: (i) the favorable local topography (uniform and flat), (ii) the absence of rivers or large depressions that may complicate the installation of the solar panels or increase the site environmental sensitivity, (iii) the ease of access to the site from the RN6 (1.9 km away from the site); (iv) the absence of sensitive areas on the site (archeological sites, protected areas, etc.), (v) the availability of local labor, (vi) the commitment of the Government of Mali and local authorities to secure the land for the project; and (vii) the absence of valuable biodiversity, including large terrestrial fauna and endangered or endemic species.
4	We also note that the National Energy Policy has a guiding principle based on decentralisation. We assume that the location of the site fulfils this requirement?	UK	Yes, the location of the site fulfills the National Energy Policy, the National Policy on Decentralization and the National Land Development Policy. The main objectives of these policies include, inter alia, ensuring: (i) a greater involvement of local authorities in regional development activities, (ii) a fair distribution of basic infrastructures across the country, and (iii) that regional and sub-regional inequalities in terms of access to basic services, resources and employment opportunities are reduced.

5	<p>Also, the proposal briefly mentions that the project site is currently being farmed by 55 people (households?) and that it has been agreed that they will be given land-for-land. Can the project developer/AfDB ensure that these people have been fully consulted and have freely agreed to the compensation as proposed. Is there a reason why this specific site is required by the project? Were there alternatives and if so, why were they not chosen instead?</p>	UK	<p>It is worth mentioning that land acquisition for the project was done according to AfDB and IFC standards which require, inter alia, evidence of public consultation and consultation plans with key stakeholders, including Project Affected People (PAPs). It is also worth mentioning that this project does not involve physical displacement (no houses/homes are affected).</p> <p>The affected assets include farm land (50 individual PAPs) and unused land (5 individual PAPs). Several compensation packages were proposed including land-for-land and were extensively discussed with the concerned stakeholders. The consultations activities with the PAPs were carried out in four stages as follows:</p> <ul style="list-style-type: none"> (i) General assembly information and consultation meeting on the resettlement issue. This step was carried out before the census and involved bringing together populations from the villages of Pélangana Wèrè, Soro Wèrè, Bougouni and Sido Sonicoura, as some people are within the area of influence of the project. This meeting was held on January 7th, 2016 and aimed to inform people, discuss their concerns regarding resettlement issues and possible compensations measures; (ii) Individual consultations during the census of the PAPs. These consultations were conducted through the census questionnaire with each PAP being surveyed. The questionnaire had, among others questions, asked PAP's to choose the preferred options for the various compensation package available and the type of support they would need to secure or improve their livelihoods; (iii) Consultation with local authorities of potential host villages (Fahira and Tiguini) in case of land-for-land compensations. The authorities were consulted to better consider the possible hosting of PAPs farmers (in the cases of land-for-land compensations); (iv) ARAP Results Workshop. The preliminary version of the ARAP was presented during two workshops (February 24th and 25th 2016). <p>Comments were received and included in the final version of the ARAP that was disclosed locally and on AfDB's website. The links to the ESMP and ARAP summaries are included in the respective words. They provide further details on the consultation process.</p> <p>Different alternatives were analyzed in terms of technology and sites. Two sites were selected in the project area (the Pelengana Wèrè and the</p>
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			industrial area). However, from an environmental and social point of view, the Pelengana Wèrè displayed the minimum potential impacts and was therefore selected.
6	It is unclear what the significance of the peace-keeping roles that women play in relation to this project?	UK	<p>In the document AfDB established a link between the social, political and economic participation of women and the promotion of a culture of peace, in alignment with the UN discourse and research on this matter. A speech delivered by the Deputy Executive Director of UN Women attempts to address the issue at a generic level. It states: “Women as mothers, grandmothers, and other family members - often being the first teachers of children, can play a vital role in educating young people to value peace and not war. Therefore women’s empowerment are crucial to advancing the culture of peace in all its vectors — education, sustainable economic and social development, human rights and equality, democratic participation, advocacy based on true knowledge but also wisdom, tolerance and understanding at all levels — in the family, community, country, region and globally.”</p> <p>At the project level, as stated in section 13 of the proposal “gender consideration”, the project will: (i) promote equality in employment opportunities and in equal access to income, training and special programs/activities to support women in sectors or areas that are traditionally male-dominated, (ii) stimulate substantive participation of women’s organizations in the implementation of activities, including those ex-ante and ex-post, (iii) empower women also through campaigns of functional literacy, and life skills including access to information and services of reproductive health and prevention of early marriage and gender violence, (iv) provide for training to develop hard, soft and life skills for women with a view for them to develop business and entrepreneurship skills thanks to increased access to electricity.</p>
7	How have the figures for the number of people with improved access to electricity been derived?	UK	The figures were derived from the Mali Demographic and Health Survey (MDHS-III 2001) undertaken by the <i>Cellule de Planification et de Statistique</i> (Planning and Statistics Unit) of the Ministry of Health and the <i>Direction Nationale de la Statistique et de l’Informatiqu</i> (National Directorate of Statistics and Computer Science) which provides information on the average size and gender breakdown of Malian households.

		<p>In addition to the above, the team consulted the Lenders' Technical Advisory report that estimates that the generation capacity of the project would be sufficient to power 60.000 households.</p> <p>As such, by multiplying the number of households by the average size of households (rural and urban) break by gender (male and female) one was able to reach the presented figures.</p>
8	<p>The proposal mentions that the project will utilize 129,888 solar polycrystalline PV panels. How much scope is there for local manufacture of components such as metal frames, etc. that would create additional local jobs?</p>	<p>UK</p> <p>As part of the negotiations and discussions on the Concession Agreement, an assessment targeting what could realistically be sourced was undertaken. Unfortunately, it was concluded that for reasons of volume and quality, manufacturers of equipment for a large-scale solar PV power plant was unavailable in Mali. There are some modules' assembly lines in the region but their size is very small compared to the volume requested for the power plan plant (around few thousand per year).</p> <p>The Concession Agreement captures the scope for the involvement and creation of local indirect jobs. The agreement states that local skills shall be developed during the construction and operation phases of the project and for that purpose Scatec will introduce a training program for Malian technicians with the objective of engaging local expertise in civil engineering, electronic engineering, construction, logistics and monitoring of industrial facilities. It is estimated that the project will create around 150 direct local jobs during construction and about 50 during operations. At macro level, the increase in power supply in the country could contribute to the creation of around 2000 jobs.</p> <p>In short, the construction and electrical installations will be entirely undertaken by local people as well as the Maintenance of the power station.</p>