



Republic of Mali
Ministry of Energy and Water



Scaling Up Renewable Energy in Mali
(SREP-MALI – INVESTMENT PLAN)

Additional information submitted to the SREP Sub-committee
8th March 2012



Introduction



- The SREP Sub-Committee Meeting that was held in Washington on 1st November 2011 approved “in principle” the SREP-Mali IP
- The GoM and MDBs were invited to start the preparation of the three proposed Mali SREP investment projects
- Questions were raised by the Sub-Committee members that have been answered in the “Additional Document to the IP”
- The SREP Sub-Committee considered that the GoM had requested an excessive amount of preparation funds for the proposed projects and decided to endorse half of the originally requested amount as a first tranche
- The GoM would like to highlight the fact that ***there is no cap in the SREP Programming and Financing Guidelines regarding Project Preparation Grants (PPGs) and that preparatory studies are authorized to be funded by the PPGs as per the Guidelines; the development of the IP was made under this assumption.***



What has been done since November 2011



- The GoM in cooperation with the MDBs started working with a view of advancing the preparation and fine-tuning the design of the three projects. To this end, detailed TOR have been prepared for Project 1 and Project 3, with AfDB/GoM financing.
- On the basis of the these TOR, ***the GoM wants to highlight the extensive work that needs to be done in the coming months to prepare the projects and the necessity of having sufficient preparation funds*** in order to be able to procure the consultant teams that will carry out the planned work.



Updated Request from the GoM



- **Project 1 – Solar PV IPP:** the amount requested is equivalent to the one requested in November = USD950,000. The GoM and the implementing MDB need to have the total amount in a single tranche to procure the Transaction Advisory Team.
- **Project 2 – Hybrid mini-grids:** the amount requested is equivalent to the one requested in November = USD500,000. The GoM and the implementing MDB wish to have the total amount in a single tranche to launch the preparatory activities.
- **Project 3 – Mini/micro hydro project:** While preparing the detailed TORs for the studies, the costs were fine-tuned according to the activities that need to be carried out = USD 2,200,000. The GoM and the implementing MDB need to have the total amount in a single tranche to procure the consultant team for the feasibility studies/project design and bidding documents.
- **The GoM confirms its wish to have the Strategic Coordination as a Technical Assistance project.** Therefore, a project brief has been prepared for this project.



Costs related information (projects)



- As per the requirements of the SREP Sub-Committee, some benchmarking was undertaken to assess the total costs of the proposed projects.
- The results show that the ***proposed costs are within the range of what is being done currently in West African countries.***
- The costs will be fine tuned during projects preparation.



Costs related information (PPGs)



- ***The category of activities embedded in the Malian PPGs are in line with the SREP Programming Guidelines*** and respect the fact that no upper cap is put on the amounts being requested to the SREP Sub-Committee.
- At the moment it is generally acknowledged by the donors and other key stakeholders that lack of financing for Project Preparation activities is one of the main barriers hindering the full implementation of a number of infrastructure projects in Sub-Saharan Africa. ***The SREP PPGs will therefore play a catalytic role by helping to overcome such barrier.***
- The amounts requested to finance the activities under the PPGs are the result of a detailed and throughout internal MDB benchmarking exercise. ***The Mali National Team and MDBs used their own budget to prepare the TOR for the studies and are requesting PPG funds to finance the technical studies themselves.***



Costs related information (PPGs)



- Since the amounts are a direct result of a benchmarking exercise, both the MDBs and the Mali National Team are fully aware that despite the foreseen activities can be deemed expensive, ***the estimated costs are based on market information.***
- The Mali National Team and the MDBs are fully aware that resources will be drawn from the overall allocation for each project and that ***the high amounts do not put at risk the materialization of the projects.***
- ***10% preparation funds is consistent with MDB practices*** – the request from Mali is below this threshold



Understanding the Program Strategic Coordination



- The Program strategic coordination mechanism ***will ensure that the programmatic approach is trully implemented***, which makes the difference with « projects as usual »;
- The Program strategic coordination mechanism ***will be embeded in the Ministry of Energy***, for five years, and most functions will be continued after the SREP program is implemented (knowledge management and M&E activities especially);
- The Program strategic coordination mechanism ***is in line with the country needs and the SREP Guidelines*** (see paragraphs 15 to 19 of the Programming guidelines, and pages 17 to 20/ see also CIF Knowledge Management: Creating the Capacity to Act (CTF-SCF/TFC.4/4, March 2010).

Such program strategic coordination mechanims exist in the FIP and PPCR programs as well.



Program Strategic Coordination Activities



Sub-Component	Major Activities
Component 1 : Overall program coordination \$500,000 over 5 years (GoM funded)	<ul style="list-style-type: none">• Carry out the general coordination of SREP-Mali, by enhancing collaboration between all stakeholders;• Prepare the annual Program work plans, and support the preparation of the work plans of the projects;• Ensure that SREP activities being implemented are consistent with the national energy policy and the PRSP;• Ensure synergy between the three investment projects;• Initiate and organize crosscutting analytical work in support of various investment projects• Carry out fundraising activities to ensure scaling up of RE investment
Component 2: Knowledge sharing and communication \$1,500,000 over 5 years (SREP cofinanced)	<ul style="list-style-type: none">• Disseminate and communicate the results of SREP at local, regional, national and international level;• Support the management of all the knowledge acquired by the SREP Program• Ensure linkage with the CIF Admin. Unit and prepare regular reports on Program implementation for the SREP sub-committee;• Conduct targeted studies, organize consultative workshops and support dialogue spaces;• Participate in various fora organized by the CIF or other partners to share experience with other pilot countries.



Program Strategic Coordination Activities



Sub-Component	Major Activities
Component 3: Monitoring and evaluation \$500,000 over 5 years (SREP cofinanced)	<ul style="list-style-type: none">• Operate the SREP monitoring/evaluation system and inform the various indicators of the log-frame;• Ensure the implementation of the Environmental and Social Management Master Plan and continuously assess the social, economic and environmental impacts of all Program activities• Ensure consistency between the logical framework of the Malian SREP Program and the general logical framework of SREP/CIF to provide feedback to the CIF and facilitate information consolidation.
Component 4: Cross-cutting capacity building \$1,500,000 over 5 years (SREP cofinanced)	<ul style="list-style-type: none">• <u>At institutional level:</u> (i) support to the revision of the institutional framework of the RE sector and the mandate of national institutions (to ensure its consistency), and building their capacity (including carbon financing); (ii) support to the revision of arrangements (legal, legislative, regulatory, tariff, tax, etc.) governing the subsector; (iv) adaptation of RE technologies to the Malian context and deepening of studies in resource mapping; (v) support to the development of a strong planning system for the energy sector.• <u>At the level of private operators:</u> (i) support to technical managerial training (human and financial resources, administration, business plan development, marketing, environmental impact of investments, etc.); (ii) understanding of regulatory frameworks governing the subsector (legal, legislative, regulatory, etc.)• <u>At the level of banking institutions:</u> (i) needs assessment, (ii) development of specific lending products to renewable energy sources; (iii) sensitization and training of executives; etc.



Mali Team



The Mali National Team will be happy to answer your questions:

- Sinalou Diawara, National Director of Energy (DNE), SREP National Focal Point
- Cheick Sanogo, Deputy Director of DNE
- Ismael Toure, CEO of AMADER
- Alassane Agalassou, Deputy Director of AMADER
- Aminata Théra Fofana, Deputy Director of ANADEB
- Ousmane Tanou Diallo, Senior Advisor to the GoM



Thank you for your attention !