



GENERAL MANAGER'S STATEMENT

Mr. Chairman and members of the Board of Directors, in fulfilment of my mandate under the shareholders' Agreement and Articles of Association, I am here today to brief you on the CLSG project Implementation for the year 2017 and beyond. My statement is centered around 6 key areas of implementation as follows:

- 1. Delivering the transmission line Infrastructure**
- 2. Institutional strengthening and improving business processes**
- 3. Financial Management, Internal control and External Audits**
- 4. Synchronization with WAPP, regional and national projects**
- 5. Key challenges and Risks**
- 6. Looking ahead into 2018**

1. Delivering the transmission line Infrastructure

Mr. Chairman and members of the Board of Directors, during the period under review, we have made significant progress, marked by the commencement of actual construction activities on the field by EPC contractors.

We have contracted eight out of 13 EPC contractors. All of the six transmission lines contracts were concluded, and two out of the three sub station contracts were also signed during the year. These EPC contractors are currently working at the preliminary stage which includes series of key studies that are either completed or on going. The studies include soil investigations, aerial surveys, review and alignment of the line routing and factory acceptance tests.

We also re-launched the procurement process for SCADA in Guinea, SVC at Man, and sub stations financed by AfDB. The contract for SVC was awarded to NR Electric, China and negotiations were concluded in November 2017. The request to authorize the General Manager to sign the contract is presented to this honorable body for consideration.

The bid evaluation report for SCADA was submitted to AfDB in November 2017, while the deadline for the submission of for sub stations financed by AfDB was extended to January 18, 2018.

On the ESMP and RAP front, consultants for the RAP data consolidation and environmental baseline database have been recruited, and are currently executing their respective tasks. The NGOs for the compensation process have also been contracted. These efforts will lead to the start of compensation of persons affected by the project in 2018.

2. Institutional strengthening and improving business processes

Mr. Chairman and members of the Board, as you are aware we embarked on the remodeling and extension of the head quarters building in 2017 to create a more conducive work environment for staff. The reconstruction exercise has taken much longer than planned and costs more than the original budget due to the poor structural condition of the building we acquired. Major structural re-enforcements were carried out to deliver a standard quality that will assure the health and safety of staff. Notwithstanding these setbacks, I am happy to report that the building is nearing completion and that by the end of December 2017, the team will move from the temporary rented office locations to our permanent home. During this reconstruction exercise, my resilient team has had to deal with a lot of inconveniences to remain focused and deliver the results we see today.

Mr. Chairman and members of the Board, once the building is completed we will deploy a web based document management system at the head quarters in Abidjan and country offices in Monrovia, Freetown and Conakry. This automation of our business process will improve workflow, enhance savings in stationery and IT consumables, ensure flexibility and improve responsiveness and reliability in work processes.

3. Financial Management, Internal control and External Audits

Mr. Chairman and members of the Board, in 2017 we set our selves to build on the solid foundation made in 2016, during which the financial and administrative policies and procedures manuals were approved, and the accounting information systems acquired. With the support of the Board, the first audit report that covered the financial statements for 2014 and 2015 were approved on March 15, 2017. Further, the audited financial statements for 2016 were approved in September of 2017. These audited financial statements were subsequently shared with donors with significant delays, even though there were good reasons for the delays. However, we are making all efforts to ensure that such delays are not repeated going forward.

4. Synchronization with WAPP, regional and national projects

Mr. Chairman and members of the Board of Directors, we are mindful that CLSG project is a regional effort and, so we continued to work closely with both national and regional entities in the implementation of the CLSG project.

At the regional level, several coordination meetings were held with WAPP and OMVG to review progress on the construction of the WAPP ICC and the construction of Linsan substation that will now be implemented by OMVG.

At the national front, we continued to engage all the key stakeholders that have a direct impact on the construction of the CLSG transmission line. The aim is to ensure that all the required visas, permits, customs duty and tax exemptions are secured with minimum delays. Our coordination activities with national bodies also enhanced the implementation of ESMP and RAP to ensure that we comply with national laws and regulations. We also focused on the progress of national projects that will be connected to the CLSG transmission line and rural electrification of villages along the transmission line route.

5. Key challenges

Mr. Chairman and members of the Board, one of the key challenges we faced during the year 2017 is the inability of JOYTI STRUCTURES LTD to implement the transmission line contract for WB/EIB TL Lot 3 segment linking the substations of Mano (L) to Kenema (SL) and Kenema (SL) to Bikongor (SL) in Liberia and Sierra Leone. The contract was subsequently terminated in November 2017 and a fast track process to recruit another contractor also launched

in November 2017. Efforts are currently underway to expedite the ratification of these additional financing in Liberia and Sierra Leone.

With the support of the Board, Donors and the Governments of Liberia and Sierra Leone, the financing gap for the CLSG project was closed with additional funds of US\$109.5 million through the Governments of Liberia and Sierra Leone. The respective financing agreements for this additional credit will be signed between December 14 and 17, 2017. We are making effort to ensure that these agreements are ratified by the parliaments of the two countries.

6. Looking ahead into 2018

Mr. Chairman and members of the Board of Directors, with the significant achievements in 2017, we are now poised to conclude the procurement of the remaining EPC contractors in 2018, complete the compensation of persons affected by the project in August of 2018, and significantly advance the physical construction of the transmission line system.

Acknowledgements

Mr. Chairman and members of the Board of Directors, as we made these steady efforts towards achieving those crucial components, the management of TRANSCO CLSG recognizes your strong role in all this. You have clearly demonstrated your invaluable support to making sure our path was smooth. We are also grateful to donors, the governments and the member utilities of the CLSG countries for their partnership and support in pushing the CLSG project forward. We are very confident that with your continued support, we will construct and commission the CLSG project come December 2019.

Finally, I would like to use this opportunity to acknowledge the remarkable efforts of my team which has made it possible to achieve the key deliverables during the year on the project implementation and institutional functions. Through their efforts, we have achieved key milestones towards the project implementation.

THANK YOU