



**19<sup>th</sup> Meeting of the Board of Directors of  
TRANSCO CLSG**

**Final Report**

**Abidjan, March 25, 2019**

## **I. INTRODUCTION**

1. The Regional Electricity Transmission Company, “TRANSCO CLSG” held its nineteenth Board of Directors meeting at TRANSCO CLSG’s Headquarters in Abidjan, on March 25, 2019.
2. The Board Directors attended the meeting.
3. The list of participants is attached as Annex A to this report.
4. After verification, it was noted that the required quorum was reached and, therefore, the Board of Directors could validly sit and deliberate.
5. The Chairman of the Board of Directors, Mr. Amidou Traoré, Director General of CI-ENERGIES chaired the meeting.
6. During his usual welcoming statement, the Chairman, introduced and welcomed Mr. Paschal Buckley and Dr Joe-Lahai Sormana who were attending the board meeting for the first time as Board Members representing the Shareholders LEC and EDSA respectively. The new Board Directors briefly introduced themselves. The Chairman of the Board of Directors mentioned the CLSG project progress status and briefly outlined the points that were going to be discussed during the Board meeting.
7. The agenda below was unanimously adopted;
  - a) Review and adoption of the report of the 18<sup>th</sup> Board Meeting of TRANSCO CLSG;
  - b) Presentation and adoption of the General Manager report for 2018 and his interim report for 2019;
  - c) Presentation and adoption of recommendations from the 8<sup>th</sup> meeting of the Board Audit and Good Governance Committee;
  - d) Presentation and adoption of recommendations from the 10<sup>th</sup> meeting of the Board Technical Committee;
  - e) Presentation and adoption of recommendations from the 10<sup>th</sup> meeting of the Board Finance and Administration Committee;
  - f) Any others business,
  - g) Signature of Resolutions.

## **II. OUTCOMES OF THE MEETING**

### ***Item A: Review and adoption of the report of the 18<sup>th</sup> Board meeting of TRANSCO CLSG.***

8. After review and amendments, the report of the 18<sup>th</sup> Board Meeting held on November 22, 2018, was adopted.

### ***Item B: Presentation and adoption of the General Manager’s report for 2018 and his interim Report for 2019.***

9. The General Manager of TRANSCO CLSG presented his report for 2018 as well as his interim report for 2019. The Board noted that the CLSG Interconnection Project is

on the track to provide reliable and affordable electricity to millions of citizens in the four beneficiary countries.

10. Indeed, the implementation of the CLSG interconnection project is well advanced and construction activities on the ground continue to progress significantly in the four countries. The results achieved during the period under review shows that the partial commissioning of the line can be take place in December 2019.
11. The Board of Directors noted that civil works are progressing, and the construction of towers and substations continues unabated. The equipment and materials manufactured have been delivered at the project sites in Côte d'Ivoire, Liberia and Sierra Leone.
12. The Board was informed that EPC contractors have been hiring thousands of local residents from communities affected by the CLSG project. In fact, 7695 local residents and other international experts have been employed by the EPC contractors to implement the CLSG interconnection project.
13. In the same vein, more access roads have been created by the EPC contractors along the CLSG transmission corridor in Côte d'Ivoire, Liberia and Sierra Leone. These access roads already allowed local residents to increase commercial activities in their respective communities.
14. The Board of Directors noted that with regard to the implementation of the Environmental and Social Management Plan (ESMP) and the Resettlement Action Plan (RAP), the baseline database for the monitoring of the environmental components such as water, air, vegetation and wildlife has been established with the support of hired consultants, national and local committees, and relevant government authorities.
15. In addition, during the year 2018, the compensation process for Project Affected Persons (PAPs) was finalized for Côte d'Ivoire and significant progress was achieved in Liberia and Sierra Leone. At the end of December 2018, out of 1,303 km, 755 km of the line corridor were turned over to the EPC contractors. In addition, nine (9) of the thirteen (13) substations sites were also turned over to the EPC contractors. The objective of the TRANSCO CLSG Management is to complete compensation for all PAPs by the end of June 2019, and transfer the remaining sections of the line corridor to the EPC contractors.
16. The Board of Directors noted that TRANSCO CLSG management has begun the process of recruiting the O & M (Operation and Maintenance) contractor and that the process will follow an accelerated approach. The prequalification stage will be eliminated, but the selection criteria in the Request for Proposals will be reinforced. TRANSCO CLSG management plans to sign the contract with the O&M Operator by October 2019.
17. The Board of Directors noted that, in terms of administrative and financial management, the internal audit function remains strong and continues to work independently. This has provided reasonable assurance that the internal controls put in place through several corporate documents are adequate and remain relevant. In addition, the recruitment process for a new external auditor ended in March 2019., with the selection of COFIMA (based in Benin).
18. It was also brought to the attention of the Board that the implementation of the documentation management system is progressing. Indeed, TRANSCO CLSG

Management strives to maintain a safe and secure working environment in order to further motivate staff and increase productivity.

19. The Board noted with satisfaction that budget performance is improving with an overall budget execution rate of 85.4% in 2018 compared to 80.2% in 2017. In the same vein, the overall funds disbursement by the Donors and CLSG countries towards the project has increased from 18.9% of the available funding of US\$530.83 million in 2017 to 35.2% in 2018, reflecting the significant progress made in the construction of the interconnection line.
20. Finally, the Board of Directors was informed that the total available financing of US\$530.83 million for the CLSG project that includes the additional funds provided by the World Bank and KfW will be adequate to fully cover all project costs.
21. At the end of the presentations, the Board of Directors was reminded that the Power Purchase Agreement (PPA) and Transmission Service Agreement (TSA) had already been adopted by TRANSCO CLSG, CI-ENERGIES, LEC, EDSA and EDG and that these agreements will be updated in the coming months.
22. The Board of Directors congratulated the Management of TRANSCO CLSG for the significant progress achieved, and adopted the General Manager's activities report for 2018 and his Interim Activity Report for 2019.

**Point C: Presentation and adoption of the Board Committee reports**

***a) Audit and Good Governance Committee (AGGC)***

23. In the absence of substantive Chairman who was unable to attend the Audit and Good Governance Committee meeting, Mr. Siengui Apollinaire Ki, acting as Chairman, presented the report of the Audit and Good Governance Committee meeting which consisted presentations and discussions on (i) the progress of the CLSG Project, (ii) the Internal Audit Report for the period from January to March 2019 and (iii) the report on the recruitment of the External Auditor.
24. With respect to the CLSG Project progress, the Board noted that, notwithstanding the significant progress achieved in the implementation of the Project, there are risks that should be managed for the project to be completed within a reasonable time (expected completion timeline) and the available budgets.
25. The Board of Directors noted that TRANSCO CLSG Management with the support of donors has prepared an Acceleration Plan to speed up completion of some EPC contracts and deliver electricity to Monrovia by December 2019 and Freetown and Nzerekore by March 2020.
26. The Board of Directors also noted that the review of the Internal Audit Report for the period from January to March 2019 shows that:
  - No material misstatements were observed on the transactions selected for review from the 2018 Financial Statements.
  - The expenditures reviewed from the withdrawal applications of the World Bank from October, to December 2018 were found to be eligible expenditures.

- The fixed assets at headquarters were physically verified, and that these assets were observed to be accurately accounted for in the financial Statements.
  - The internal audit report provides reasonable assurance that the internal controls over the reviewed areas are adequate.
27. Regarding the recruitment of the External Auditor, the Board of Directors noted that:
- The recruitment process was based on the terms of reference approved by the Board in March 2016, and the Donors in July 2018.
  - The World Bank Procurement Guidelines were applied during the process given that the World Bank is financing this external audit assignment.
  - Based on the least cost selection method of the World Bank Procurement Guidelines, the audit firm, COFIMA (based in Benin) has been provisionally selected as the next external auditor of TRANSCO CLSG for a term of three years 2018, 2019 and 2020 for a total audit fee (contract price) of CFA 52,260,000.
28. The Board of Directors, after review, adopted the report of the Board Audit and Good Governance Committee and therefore approved the appointment of the audit firm COFIMA (Benin) as External Auditor of TRANSCO CLSG for a period of three (3) years (fiscal years 2018, 2019 and 2020) and for a total amount of 52,260,000 CFA francs

***b) Technical Committee***

29. The Senior Strategic Advisor, Mr. Amadou Diallo presented the report of the Technical Committee Meeting which consisted update on the progress of the CLSG Project, the activities of the Task Force relating to the connection of the CLSG line to the national networks as well as the challenges to be addressed and the recommendation to the Board of Directors to authorize the General Manager to sign the construction contract for the Botota substation in Liberia.
30. The Board of Directors noted that the overall progress of the Project was 22.3% against a forecast of 33% at December 2018. These delays are the result of (i) the delay in the site turnover or the release of the line corridor due, among others, to the poor performance of certain consultants in charge of consolidating RAP data; (ii) the poor performance of some EPC contractors (corridor marking, quality of studies) and the intensity of the rainy seasons that affect civil engineering works; (iii) delays in the approval of studies by the Owner's Engineer and the manufacturing of equipment and finally (iv) delays in the approval of RAP reports by some Donors.
31. In order to address these challenges and meet the new deadline for commissioning of the project, the Board was informed that Management has taken, strong measures that include (i) increased mobilisation of experts by the Owner's Engineer and provision of additional logistics for field staff (ii) improvements in approval of engineering studies and supervision of field activities; (iii) strengthen the team of consultants in charge of RAP data consolidation to accelerate the process of data collection and compensation of PAPs; (iv) the adoption of a roadmap by TRANSCO CLSG and donors to optimize the deadlines for the issuance of the no-objection on RAP consolidation reports.

32. The Board of Directors was informed that with regard to potential delays that may arise from the intensive rains in the sub region, TRANSCO CLSG Management is working in close collaboration with the EPC Contractors to acquire specialized equipment in order to carry out site works during the rainy season.
33. The Board also noted that the recruitment of the O&M contractor for TRANSCO CLSG network will be an accelerated procurement process without the pre-qualification stage. The related tender documents have been submitted by the Owner's Engineer and are being examined internally by TRANSCO CLSG in close consultation with the Donors. The launching of the bidding process is expected at the latest by the end of April 2019. The Board stressed the need to accelerate the recruitment of the O&M operator.
34. The Board of Directors was informed that EPC contractors have been reminded to alert about cases of sexual harassment in communities along the project corridor, particularly in Sierra Leone, where regulations are very strict. The management of TRANSCO CLSG reassured the Board of the existence of a mechanism to supervise the workers and minimize the risks of social malfeasance such as sexual abuse/harassment. These include the Code of Conduct which is signed by employers and employees to comply with the provisions of good behaviour.
35. The Board of Directors encouraged TRANSCO CLSG management to organize awareness campaigns on the issue of sexual abuse/harassment for its employees, the contractors and other persons involved in the CLSG Project .
36. The Board of Directors noted that the Task Force has made significant progress on pre-feasibility studies for the connection of national networks to the CLSG transmission line. The Board also took note of the schedule of actions to be undertaken in this vein.
37. The Board noted that the financing agreement for the construction of the fifth substation at Botota, has been signed between the Government of Liberia and the KfW. The board also noted that the Government of Liberia has on-granted the funds to TRANSCO CLSG for the construction of the Botota substation estimated at 11,200,000 (eleven million two hundred thousand) US dollars.
38. The Board was informed that the construction of this substation was included as an option in the tender won by Sieyuan from China and that KfW had given its no-objection to activate this option. The execution timeline for the project is 18 months and the technical arrangements are being made to take into account the connection of the substation to the CLSG line in due course.
39. The Board of Directors authorized the General Manager of TRANSCO CLSG to sign the addendum to the contract with the company Sieyuan for the construction of the Botota substation (BEI / KfW-SS-Lot 2).
40. Due to security and stability of the WAPP regional network, the Board of Directors stressed the need to accelerate the development and implementation of the 2nd circuit of the CLSG interconnection line that is estimated at US\$130 million, and engage donors including the World Bank to mobilise the required funds.

41. The Board of Directors, after review, adopted the Report of TRANSCO CLSG Board Technical Committee.

*c) Finance and Administration Committee*

42. The Chairman of the Finance and Administration Committee presented the Report of the said Committee. The Report focused on three (3) areas (i) the presentation and review of the CLSG Project Progress Report, (ii) the presentation and review of the Fourth Quarter Interim Financial Management Reports for 2018 and (iii) the presentation and review of the Draft Annual Report and Financial Statements for 2018.
43. With regards to the CLSG Project progress as at March 21, 2019, the Board noted that the contracts for the four substations in Liberia and the five substations in Sierra Leone will be completed by December 2019. In addition, three out of the four transmission line contracts financed by the EIB and the World Bank in Liberia and Sierra Leone will also be completed by December 2019.
44. The Board noted that the contract for the construction of the Man substation (financed by AfDB and signed in July 2018) will be completed in March 2020. Despite the Management's request for the early completion in 2019, the EPC Contractor maintained that it would not be possible to change the timing of the manufacturing of the primary equipment. Therefore, the commercial operations of the transmission line will only begin on that date.
45. The Board of Directors was informed that, in view of the significant changes that occurred during the implementation of the Project, it is extremely important to update the business plan to reflect the current reality. The Management informed the Board that a consultant would be recruited to carry out this update.
46. The Board noted that although real progress has been achieved in the implementation of the Project, there are still risks that could further affect the cost and delivery timeline of the project. The Board invited TRANSCO CLSG to remain vigilant and set-up alert mechanisms to anticipate these risks and address them early before they occur.
47. Regarding the Interim Financial Management Report for the fourth quarter 2018, the Board noted that the total cash receipt from January to December 2018 amounted to US\$77.7 million as against US\$66.4 million for the same period in 2017, that represents an increase of 14%.
48. The Board of Directors also noted that the World Bank's additional financing which became effective in October 2018 as well as the KfW additional financing are now ready for disbursement. The additional capital contribution for LEC was fully paid in 2018, while CI-Energies have paid US\$346,700 (three hundred and forty-six thousand seven hundred) as at December 31, 2018 and 174,051 (one hundred seventy-four thousand and fifty-one) US dollars in February 2019. EDSA and EDG have not yet made any payments.
49. With regards to the Draft Annual Report and Financial Statements for 2018, the Board noted that total assets increased from US\$94.4 million as at December 31, 2017 to US\$187.3 million as at December 31, 2018 and reflects the increase in expenditures on EPC contracts resulting from significant progress achieved in the construction of the transmission line.

50. In addition, long-term liabilities including loans, grants and advances from donors also increased significantly from US\$106.4 million to US\$183.2 million and reflect the increase in disbursement of fund by donors to the project to finance construction activities.
51. The Board of Directors was also informed that negative equity also increased from US\$12.0 million as at December 31, 2017 to US\$18.7 million as at December 31, 2018 because revenues are not being generated during the construction period. This situation reinforces the need to update the company's business plan (i) to incorporate the actual results of project implementation to date, (ii) to identify and integrate opportunities to increase revenues and thereby reposition TRANSCO CLSG to eliminate negative equity as soon as the transmission line begins commercial operation.
52. The Board of Directors noted that the Draft Annual Report and the Financial Statements for the 2018 is ready for the audit to be timely conducted and submitted to donors before the deadline of June 30, 2019.
53. The Board of Directors, after review, adopted the report of TRANSCO CLSG's Board Finance & Administration Committee.

**Item D: Any other business.**

54. The representatives of the shareholders EDSA and LEC informed the meeting that EDSA and LEC would require a higher volume of electricity above the 27MW agreed upon in the PPA given the increased energy demand in Sierra Leone and Liberia.
55. TRANSCO CLSG Management informed the Board that the World Bank would finance the connection between CLSG substation at Bumbuna and the existing 161 kV Transmission line of Sierra Leone to ensure that Freetown gets electricity through the CLSG transmission line. CI Energies agreed to organized a meeting with EDSA and LEC to discuss their energy demand.

**Item E: Review and adoption of the Resolutions.**

56. After deliberation on the various topics of the agenda, the Board of Directors adopted the following resolutions attached as Annex B to this report.
  - ⇒ **Resolution TRANSCO CLSG/BOARD/86/RES.25/03/19** adopting the report of the 18th meeting of the Board of Directors of TRANSCO CLSG.
  - ⇒ **Resolution TRANSCO CLSG/BOARD/87/RES.25/03/19** relating to the adoption of the reports of the Technical, Finance & Administration, Audit and Good Governance Committees.
  - ⇒ **Resolution TRANSCO CLSG/BOARD/88/RES.25/03/19** relating to the adoption of the General Manager report for 2018 and his interim report for 2019.
  - ⇒ **Resolution TRANSCO CLSG/BOARD/89/RES.25/03/19** relating to the recruitment of the External Auditor for TRANSCO CLSG.



- ⇒ **Resolution TRANSCO CLSG/BOARD/90/RES.25/03/19** authorizing the General Manager to sign the addendum to Siewuan contract in view of the construction of the Botota substation under KfW financing.
- ⇒ **Resolution TRANSCO CLSG/BOARD/91/RES.25/03/19** relating to the follow up on payment of EDG and EDSA additional contribution toward the Company Capital.

### III. ACKNOWLEDGMENT

- 57. The Board members congratulated the General Manager of TRANSCO CLSG and his team for the perfect organization of the meetings and thanked him for the warm welcome they received.
- 58. The Chairman of the Board of Directors thanked the participants and encouraged them to maintain and strengthen their efforts to expedite the implementation of the project.
- 59. The participants of the nineteenth Board of Directors of TRANSCO CLSG expressed their profound gratitude to the people and the Government of Côte d'Ivoire and in particular to His Excellency, Alassane OUATTARA, President of the Republic of the Côte d'Ivoire for the warm welcome and the hospitality they enjoyed during their stay in Abidjan.

**Done in Abidjan this day of June 24, 2019**

  
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**Amidou TRAORE**  
Chairperson



## **VOTE OF THANKS**

THE NINETEENTH MEETING OF THE BOARD OF DIRECTORS OF THE CLSG REGIONAL ELECTRICITY TRANSMISSION COMPANY HELD IN ABIDJAN ON MARCH 25, 2019 EXPRESSES ITS SINCERE GRATITUDE TO HIS EXCELLENCY, ALASSANE OUATTARA, PRESIDENT OF THE REPUBLIC OF COTE D'IVOIRE, TO THE GOVERNMENT AND THE PEOPLE OF CÔTE D'IVOIRE FOR THE WARM HOSPITALITY EACH PARTICIPANT RECEIVED DURING THEIR STAY.

**ANNEX A**  
**LIST OF ATTENDANTS**

**ANNEX B**  
**RESOLUTIONS**