



**21<sup>ST</sup> Meeting of the Board of Directors  
of TRANSCO CLSG**

**Final Report**

**Abidjan, December 16, 2019**

## **I. INTRODUCTION**

1. The Regional Electricity Transmission Company, “TRANSCO CLSG” held its twenty-first Board of Directors meeting at TRANSCO CLSG’s Headquarters in Abidjan, on December 16, 2019.
2. The Board Directors or their representatives 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. The Chairman welcomed all the participants and informed the Board of passing away of Mr Seydina KANE, Board Member of TRANSCO CLSG and Chairman of the Audit and Good Governance Committee, on Tuesday December 10, 2019 in Dakar. The meeting observed one-minute silence in his memory. The Chairman instructed the General Manager to organise, if possible, a courtesy visit to the family of the late board member. With regards to the project, the Chairman reiterated the critical need to implement national electricity projects that are to be connected to the CLSG transmission line. Following the resignation of Mr ABDENBI from the Board of TRSNSCO, the Chairman introduced the representative of EDG at the meeting,
7. The following agenda was adopted unanimously
  - a) Review and adoption of the Report of the 20th TRANSCO CLSG Board Meeting;
  - b) Presentation and adoption of the General Manager’s Interim Report for 2019;
  - c) Presentation and adoption of the recommendations from the 12th Technical Committee Meeting of TRANSCO CLSG Board;
  - d) Presentation and adoption of the recommendations from the 12th Finance and Administration Committee Meeting of TRANSCO CLSG Board;
  - e) Presentation and adoption of the recommendations from the 10th Audit and Good Governance Committee Meeting of TRANSCO CLSG Board;
  - f) Any other business (AOB);
  - g) Review and adoption of the Board Resolutions.

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

### **Item A: Review and adoption of the report of the 20th Board meeting of TRANSCO CLSG.**

8. After review and amendments, the report of the 20<sup>th</sup> Board Meeting held on June 24, 2019, was unanimously adopted.

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

9. The General Manager of TRANSCO CLSG presented his interim report for 2019, which was followed by a presentation on the progress of the CLSG project. The

presentation focused on several aspects including the implementation of the EPC Contracts, Owners Engineer contracts, financial management, efforts to strengthen the organisation and improve business processes and the main objectives and key activities for 2020 and the related budget.

10. The General Manager thanked all the stakeholders in the CLSG Project, in particular the Chairman of the Board of Directors and the honourable members of the Board, the financial partners and the CLSG countries for their continuous support and commitment to the implementation of the CLSG project.
11. The Board was reminded that the key objectives for 2019 are (i) the reinforcement of the Management's actions to implement the CLSG Project in order to deliver the infrastructure and begin delivery of electricity to Liberia in December 2019 (ii) the continuation of mutual collaboration with the WAPP, other regional organizations and national institutions (iii) the strengthening of the institution in order to better meet the current and future needs and expectations of the key CLSG Project stakeholders.
12. The Board noted significant progress has been made in the implementation of the project. To date, 1,186 towers have been erected and stringing of 214km of the transmission line in the four countries completed. The overall progress increased from 22% at the end of December 2018 to 65% at the end of November 2019 However, due to the several challenges, the section of the transmission line from Man to Monrovia could not be completed and therefore we were not able to deliver the electricity to Monrovia in December 2019 as was envisaged.
13. The Board also noted that in order to catch-up on missed targets, the TRANSCO CLSG Management has agreed with the contractors and the Owner's Engineer on new deadlines and action plans to (i) accelerate the validation of foundations studies and the approval of invoices by the owners' engineer and (ii) intensify efforts to monitor and supervise contractors' performance.
14. The Board was informed that the recruitment of a temporary Contractor for the operation and maintenance of the CLSG line is in progress. The World Bank has agreed to finance this activity and has given its No Objection for a direct contracting with CIE (Compagnie Ivoirienne d'Electricité).
15. The Board noted that TRANSCO CLSG Management, recognizing the regional character of the CLSG Project, continues to collaborate with WAPP, ERERA, OMVG and national institutions to ensure that the CLSG Project remains a major component of the West African interconnected network.
16. The Board also noted that despite the efforts made by donors in providing additional resources to adapt the scope of the project to the needs of CLSG countries and the support provided by the Board Task Force, the implementation of national projects that are to be connected to the CLSG network has not made any real progress except for the connection to the Mount Coffee substation in Liberia and the Bumbuna substation in Sierra Leone.
17. The Board of Directors was further informed that:



- Management has recruited a Change Management Advisor to assist the company to prepare a roadmap for planning and implementing major changes including staffing, logistics and operational processes;
  - The Internal Auditor carried out several missions as part of efforts to improve risk management with regards to the project implementation and the internal control systems;
  - The Management developed and updated institutional documents, including the Financial and Administrative Policies & Procedures Manual, the IT Policies & Procedures Manual and the Procurement Code;
  - The Management appointed a Consultant (AETS) to update the TRANSCO CLSG Business Plan and the financial model.
- From the initial results of the study to update the business plan, the level of energy flows on the CLSG line during the early years of operation would be low and that there will be a need for significant budget support for TRANSCO CLSG operation during these years.
18. The Board took note that TRANSCO CLSG financial management is in accordance with regulatory requirements, financial policies and procedures approved by donors. Also, the interim financial reports for the third quarter of 2019 (the interim management report and the interim financial statements) as well as the 2020 work plan and the 2020 budget were presented to the Finance and Administration Committee meeting held from December 13 to 14, 2019.
19. The Board was informed that the total budget for the year 2020 is US\$186.67 million of which US\$167.8 million is for the EPC contracts expenses, US\$3.4 million for the ESMP and RAP implementation, US\$8.1 million for expenses related to the Owner's Engineer contract and US\$7.4 million for TRANSCO CLSG functioning. The financing of this budget shows a gap of US\$5.47 million for TRANSCO CLSG operating costs. The financing of that gap is being negotiated with the World Bank and KfW.
20. The Board was also informed that the estimated budget presented does not include the costs of the O&M Contractor estimated at US\$8 million and that the World Bank plans to finance this activity.
21. Finally, the Board noted that, for the 2020, the main priorities relate to the completion of all EPC contracts, the commissioning of the CLSG line and the launch of the operation and maintenance phase. In order to implement these priorities, the following key activities would be carried out:
- Complete the recruitment of the temporary O&M Contractor;
  - Significantly advance the recruitment process for the statutory O&M Contractor;
  - Negotiate, conclude and sign Power Purchase Agreements (PPAs) and the Transmission services Agreements (TSAs);
  - Finalize the interconnection agreement;
  - Finalize the study for the review of TRANSCO CLSG business plan;
  - Work in close collaboration with the governments' authorities of the CLSG countries and the utilities for the implementation of the national networks projects in order to satisfy the needs of industrial and mining loads in Liberia,

Sierra Leone and Guinea and to generate additional income for TRANSCO CLSG.

22. The Board invited EDG and EDSA shareholders to fast-track the payment of the outstanding additional capital contributions in order secure the funding required for 2020 budget.
23. The Board congratulated TRANSCO CLSG Management and adopted the General Manager's Interim Activity Report for 2019

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

***a) Technical Committee***

24. The Chairman of the Technical Committee presented the Report of the Committee meeting held from December 2 to 3, 2019 in Abidjan. The report covered progress of the CLSG project during the third quarter 2019, the commissioning strategy for the CLSG project, the activities of the Board's Task Force, the recruitment of the Temporary O&M Operator, the Interconnection Agreement and the methodology for development of the Defense Plan.
25. The Board noted that, at the end of the 3rd quarter 2019, almost all equipment have been manufactured and delivered on construction sites and that implementation of the Project is well advanced with an overall progress rate of 65% as at the end of November 2019.
26. The Board was informed that with a progress estimated at 88% as at the end of November 2019 for the Acceleration Plan, and therefore the objective to deliver electricity to Monrovia in December 2019 could not be met due to the occurrence of many unforeseen challenges. Also, the Board was informed that the TRANSCO CLSG Management has put in place a recovery plan, which will lead to the sequential commissioning of the project in three (3) stages as follows:
  - Section Man -Monrovia in March 2020;
  - Section Monrovia - Kamakwie and Yekepa - Nzerekore in June 2020;
  - Section Kamakwie-Linsan in october 2020.
27. The Board noted that under the environmental component of the project, all activities are well advanced and are carried out in accordance with donor guidelines and national regulations. The progress of the compensation of persons affected by the project (PAPs) and the transfer of the CLSG line corridor is estimated at a completion rate of 98%, while all of the 13 substations sites have been fully transferred to the contractors.
28. The Board noted that, based on available information, no component of the national projects identified as part of the activities of the Task Force would be ready before the end of 2020 and that countries should accelerate the implementation of these projects to align their commissioning dates with the proposed CLSG line commissioning timeline.



29. The Board also noted that, given the deadlines for the CLSG project commissioning and the need for operation and maintenance activities, TRANSCO CLSG management has obtained the World Bank's No Objection for the recruitment of a temporary O&M Operator on a direct contracting pending the finalization of the recruitment process for the Statutory Operator and negotiations are underway with CIE (Compagnie Ivoirienne d'Electricité) to this end.
30. The Board was informed that a consultant has been hired by the WAPP Secretariat General, under a World Bank financing, to prepare the Interconnection Agreement which will be signed by concerned parties and private entities that would be connected to the CLSG network and that this document, which is currently being drafted, must be validated by the CLSG countries before the commissioning of the CLSG network.
31. The Board was also informed that the TRANSCO CLSG Management has launched the preparation of a Defense Plan for the CLSG network, the implementation of which aims to avoid a total outage (black-out) on the CLSG network and that this important document will be available before the launching of the CLSG project commissioning schedule.
32. After review, the Board of Directors adopted the report of TRANSCO CLSG's Board Technical Committee.

***b) Finance and Administration Committee***

33. The Chairman of the Finance and Administration Committee presented the report of the said Committee meeting held from December 13-14, 2019 in Abidjan. The Report covered the Update of the Business Plan, the update of key institutional documents and development of new policy documents on IT and Procurement, the Interim Financial report for the 3rd Quarter 2019 and the 2020 Annual Work and Budget.
34. The board was informed that TRANSCO CSLG Management has hired the consultant AETS to conduct update of the company's Business Plan which aims to determine TRANSCO CLSG's financial viability. In particular to assess whether the forecast energy transit on the CLSG line will generate the required revenues that will to cover the operation and maintenance costs, administrative expenses and staff costs, and debt service obligations.
35. The Board noted that the preliminary results of this Business Plan update study indicate that the revenues will not be sufficient to cover the expenses of the company and that the Company will have to request significant financial support from stakeholders and pursue additional revenues through rental of excess fiber optic capacity and connections of mining and national network projects to the CLSG line.
36. The Board also noted that the Task Force of the Finance and Administration Committee updated the TRANSCO CLSG institutional documents, in particular the Information and Technology Policy Manual, the Financial Management Policies Manual, the Administrative Procedures Manual (Volume III) and the Procurement Code and that documents are sufficiently comprehensive and consistent with efforts to strengthen the governance of the company.



37. With regards to the interim financial report for the 3rd quarter 2019, the Board was informed that: (i) the total disbursements from January to September 2019 amounted to US\$96.7 million against US\$62.7 million for the same period in 2018, which represents an increase of 54%, (ii) the total payments from January to September 2019 amounted to US\$97.3 million compared to US\$49.4 million for the same period in 2018 so an increase of 97%, (iii) the overall disbursement of funds made available by donors and member states of the CLSG project increased from US\$116.1 million at the end of September 2018 to US\$284.9 million at the end of September 2019 corresponding to disbursement rates of 32.2% and 53.7% respectively, (iv) the budget execution rate for the 3rd quarter 2019 is 82.2% against 62.1% for the 3rd quarter 2018.
38. The Board also noted that, with respect to the financial contributions of shareholders, (i) EDSA has not yet paid its additional capital contribution of US\$0.5 million for 2018 and 2019, (ii) TRANSCO CLSG Management requested CI-ENERGIES, EDG and EDSA to pay their contributions for the year 2020 and (iii) the initial contributions of the CLSG project countries member to cover Interest During Construction (IDC) are no longer sufficient to cover the amounts required as result of the extension of the construction period by two (2) years.
39. With regards to the 2020 Annual Work Program and Budget, the Board noted that: (i) the total 2020 budget covering the CLSG project implementation work and TRANSCO CLSG operation is of US\$186.67 Million, (ii) the financing of the budget presents a gap of US\$5.47 Million for which TRANSCO CLSG management has undertaken negotiations with the World Bank and KfW who have promised to finance this gap, (iii) TRANSCO CLSG management intends to discuss with the four (4) CLSG countries to fill the financing gap of the IDC which is not taken into account in the 2020 budget presented.
40. The Board of Directors, after review, adopted the Report of TRANSCO CLSG Board Finance and Administration Committee.

***c) Audit and Good Governance Committee***

41. Mr. Siengui Apollinaire KI, acting on behalf of the Chairman of the Audit and Good Governance Committee, presented the report of the said Committee meeting held on November 27, 2019 in Abidjan. The Report focused on the examination of the internal audit report covering the period from July to November 2019 and the review of the 2020 internal audit plan.
42. The Board was informed that after review of the internal audit report, some management improvements recommendations were made, in particular, (i) improvement of the archiving system within the procurement unit, (ii) the incorporation of a Manpower plan into the company's business plan, (iii) the provision to convene the Steering Committee and Implementation Committee meetings, (iv) the close supervision and monitoring of EPC contracts.
43. The Board noted that TRANSCO CLSG management has taken measures to improve the internal controls and the risk management systems for TRANSCO CLSG and the



CLSG project as well as avoid fraudulent payments following hacking of one contractor's email account.

44. The Board noted that the Audit and Good Governance Committee adopted the 2020 internal audit plan and took note of the recommendations made by the said Committee.
45. The Board of Directors, after review, adopted the Report of the TRANSCO CLSG Board Audit and Good Governance Committee.

**Item D: Any Other business.**

46. The Board of Directors congratulated TRANSCO CLSG Management for the implementation of the CLSG project and encouraged the Management to continue the actions undertaken for the successful completion of the project.

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

47. After deliberation on the various topics on the agenda, the Board of Directors took the following resolutions and recommendation attached as Annex B to this report:

- ⇒ **Resolution TRANSCO CLSG/BOARD/98/RES.16/12/19** adopting the Report of the 20<sup>th</sup> meeting of the Board of Directors of TRANSCO CLSG.
- ⇒ **Resolution TRANSCO CLSG/BOARD/99/RES.16/12/19** relating to the adoption of the Reports of the Technical, Finance and Administration, Audit and Good Governance Committees.
- ⇒ **Resolution TRANSCO CLSG/BOARD/100/RES.16/12/2019** relating to the adoption of the Revised Financial Management Policies Manual and Administrative Procedures Manual Vol III of TRANSCO CLSG.
- ⇒ **Resolution TRANSCO CLSG/BOARD/101/RES.16/12/2019** relating to the adoption of the IT Policy Manual and the Procurement Tender Code for TRANSCO CLSG.
- ⇒ **Resolution TRANSCO CLSG/BOARD/102/RES.16/12/2019** relating to the adoption of the TRANSCO CLSG's 2020 Annual Work Program and Budget.
- ⇒ **Resolution TRANSCO CLSG/BOARD/103/RES.16/12/2019** relating to the recruitment of a Temporary O&M Operator for TRANSCO CLSG on the principle of Sole-Source Selection.
- ⇒ **Resolution TRANSCO CLSG/BOARD/104/RES.16/12/2019** relating to the approval of the principle of the Commissioning Strategy for the CLSG Project.
- ⇒ **Resolution TRANSCO CLSG/BOARD/105/RES.16/12/2019** relating to the adoption of the renewal of the tenure of the WAPP Secretary General to the Board of Directors of TRANSCO CLSG.
- ⇒ **Resolution TRANSCO CLSG/BOARD/106/RES.16/12/2019** relating to the adoption of the General Manager's Annual report on TRANSCO CLSG activities for the year 2019.





⇒ **Recommendation N°1 to the General Assembly** relating to the renewal of the tenure of the WAPP Secretary General as a member of TRANSCO CLSG Board of Directors.

### III. ACKNOWLEDGMENT

48. The Board members congratulated the General Manager of TRANSCO CLSG and his team for the successful organization of the meeting and thanked him for the warm welcome they received.
49. The Chairman of the Board of Directors thanked the participants and encouraged them to strengthen their efforts to expedite the implementation of the project.
50. The participants of the twenty-first 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.

Abidjan, this day of September 21, 2020

  
**Amidou TRAORE**  
Chairperson



## **VOTE OF THANKS**

THE TWENTY-FIRST MEETING OF THE BOARD OF DIRECTORS OF THE CLSG REGIONAL ELECTRICITY TRANSMISSION COMPANY HELD IN ABIDJAN ON DECEMBER 16, 2019 EXPRESSES ITS SINCERE GRATITUDE TO THE GOVERNMENT AND THE PEOPLE OF CÔTE D'IVOIRE, TO HIS EXCELLENCY, **ALASSANE OUATTARA**, PRESIDENT OF THE REPUBLIC OF COTE D'IVOIRE, FOR THE WARM HOSPITALITY EACH PARTICIPANT RECEIVED DURING THEIR STAY.



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

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**ANNEX B**  
**RESOLUTIONS**

