



**Côte d'Ivoire-Liberia-Sierra Leone-Guinea (CLSG) Interconnection Project
Donors Coordination Meeting
Freetown, July 2 and 3, 2019**

Aide Memoire

A. Introduction

1. A Donors Coordination Meeting was hosted by TRANSCO CLSG on July 2 and 3, 2019 at Radisson Blu Hotel in Freetown with the Co-Financiers of the Côte d'Ivoire – Liberia - Sierra Leone - Guinea (CLSG) Interconnection Project, including the African Development Bank (AfDB), KfW, the World Bank (WB). The EIB came in a few minutes through a Video Conference call.
2. Mr Amidou Traoré, Chairman of the TRANSCO CLSG Board of Directors chaired the meeting.
3. The Chairman expressed his appreciation to all donors for their commitment to the CLSG Project that has enabled TRANSCO CLSG to reach almost 50% implementation rate. He also recognized the presence of the Ministry of Energy of Sierra Leone. This demonstrates the importance the government of Sierra Leone gives to the CLSG Project which is vital for the CLSG countries. He reiterated the objectives of the meeting as; (i) to address the project commissioning challenges, (ii) to spell out the additional funding requirements and be reassured by the donors about the availability of additional financing and (iii) to encourage all countries to prepare their networks for and be in readiness to receive the energy from the CLSG line.
4. The Minister of Energy, the Deputy Minister of Finance of the Republic of Sierra Leone, a representative of the West African Power Pool (WAPP), Representatives of OMVG were part of the opening ceremony.
5. The Deputy Minister of Finance of the Republic of Sierra Leone, Dr Patricia Nyanga Laverly on behalf of the Finance Minister lauded the progress of the CLSG Project. She informed the meeting that the CLSG Project is a key project for the Government and People of Sierra Leone. She reassured TRANSCO CLSG of the Minister's continuous commitment to the project and informed the meeting that the doors of the ministry are opened to all for the realization of the project.
6. The Minister of Energy of the Republic of Sierra Leone, Honorable Alhaji Kanja SESAY, on behalf of the President, His Excellency Julius Maada Bio, extended a warm welcome to the participants of the meeting. He reiterated that electricity is the cornerstone for industrialization and socio-economic development. He encouraged the participants to make maximum use of the two days to address issues confronting the project as delay is not an option for this project. He emphasized that the project will only make financial and economic sense if it reaches the doorsteps of the final consumer. He thanked all the participants for their presence in this important meeting. He indicated that the CLSG project is among the priority projects of the Government of Sierra Leone. He appreciated efforts of the CLSG Countries and Donors to successfully implement the CLSG interconnection line. He then declared the meeting open and wished everyone a fruitful discussion.

7. The Task Team Leader, of the CLSG project from the World Bank, Clemencia Torres de Mästle, speaking on behalf of the donors, appreciated the full commitment of all CLSG Project stakeholders and reaffirmed the commitment of the donors towards the CLSG Project. She expressed the hope of the donors that the CLSG project will become a reality by the end of the year 2019 if the current performance is maintained, which will be a great achievement for the development of the regional electricity market. She underscored the importance of the readiness of the distribution network of the CLSG Countries' Utilities to receive the power from the CLSG Transmission line.
8. The meeting discussed the following main topics:
 - Project implementation progress (Engineering, commissioning strategy, ESMP and RAP);
 - Update on the Procurement and Contract Management;
 - Update on the Owner's Engineer assignments and discussion on the extension of Owner's Engineer Contract;
 - Discussion on studies and financing of the 2nd Circuit;
 - Status of the preparation of the Grid Code;
 - Update on Financial Management;
 - Strategy for the financing of the different contracts
 - Status of the disbursement (Disbursement Plan)
 - Status of the effectiveness of the additional financing;
 - Status of the Coordination of the CLSG Project with the National Network Projects (Task Force activities);
 - Status of OMVG Progress (LINSAN);
 - Rural Electrification Component.
9. The following institutions participated in the meeting:
 - African Development Bank (AfDB)
 - World Bank (WB)
 - KfW
 - TRANSCO CLSG
 - OMVG
 - WAPP
 - TRACTEBEL Engineering
 - European Investment Bank (through Video Conference)

The signed list of participants is attached as **Annex 1**.

10. The agenda of the meeting is attached as **Annex 2**.

B. Outcomes of the meeting

Project implementation progress (engineering, ESMP and RAP)

11. TRANSCO CLSG and TRACTEBEL made presentations on the status of the project covering construction activities, implementation of the Acceleration Plan, ESMP and RAP. The said presentations are attached as **Annex 3**.
12. **Construction activities.** The Meeting was informed that since the last donors conference in October 2018, significant progress has been achieved with, foundations, tower erection, erection of primary equipment and installation of power Transformers at the substations and erection activities ongoing across the CLSG Countries. The progress of the overall project is estimated at 50%. However, the project is facing challenges, including delays in project

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implementation, frequent stoppage of works by locals, significant increase of the number of PAPs thus creating financial gap for the implementation of the RAP, theft of construction materials including conductors on substations sites and towers and line parts, Contract costs increased due to variation in quantities and additional scope, heavy rainfall in the CLSG Countries which adversely affect civil works progress, limited availability of local material such as crushed rocks in the Buchanan-Yekepa Section.

13. The Meeting noted the commitment of the donors and TRANSCO CLSG to deliver the section Man-Yekapa-Buchanan-Mt Coffee in December 2019 and Mt-Coffee to Linsan / Yekepa to Nzerekore in March 2020. In this vein, an Acceleration Plan (AP) was launched in order to recover the delays and reduce the implementation timeline. The detailed presentation of the AP is included as **Annex 4**.
14. The Meeting recognized the need to coordinate the commissioning activities and adopt a clear strategy of the partial commissioning. TRANSCO CLSG informed the meeting that a related Strategic Technical Note for commissioning was under finalization and will be shared with donors at the end of August 2019.
15. The Donors advised that a Technical Coordination Framework is set up between LEC and TRANSCO CLSG regarding the connection of the LEC Mt Coffee Substation and CLSG Monrovia Substation.
16. The donors expressed their concern on the presentation made by TRANSCO which did not highlight the key milestones achieved for the CLSG acceleration plan for the project implementation and recommended that such information be properly captured in a revised power point to be shared with donors. This is critical for the proper monitoring of the acceleration plan by donors.
17. The Donors expressed their concerns regarding the timeline for the relocation of the LEC 132 kV Transmission Line which may delay the completion of the CLSG Monrovia Substation. TRANSCO CLSG was requested to agree with LEC on a final strategy for the adoption of the Towers and the No Objection was given to the NCC contract at mid-July 2019.
18. In view of TRANSCO's commitment to deliver the section Man-Yekapa-Buchanan-Mt Coffee in December 2019 and Mt-Coffee to Linsan / Yekepa to Nzerekore in March 2020, the donors expressed the need for a more frequent reporting of progress by TRANSCO and their OE to the donors, to know in real time the progress achieved and been able to address any pending issue in real time. They noted that based on the presentation made by TRANSCO, it was possible but not certain that electricity will be delivered on time.
19. **Implementation of the ESMP & RAP.** The meeting noted that TRANSCO CLSG remains fully compliant with national and donor guidelines in Cote d'Ivoire, Liberia and Guinea with respect to Environmental License while the renewal of the Environmental License of Sierra Leone is in progress. The progress of the preparation and approval of the Construction-ESMP (C-ESMP), the implementation of the environmental monitoring and the reforestation programs, as well as key performance indicators for the environment, health and safety were presented as captured in **Annex 5**.
20. The Donors congratulated TRANSCO CLSG for its meticulous monitoring on site and encouraged the Owners' Engineer to improve its monitoring of the Construction-ESMP.

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21. **Implementation of RAP.** TRANSCO CLSG updated the Meeting on the Corridor and land transfer to the contractors. The progress of the transfer of the Line corridor and the substations sites is 100% and 100% in Côte d'Ivoire, 98% and 100% in Liberia, 89% and 100% in Sierra Leone, 19% and 50% in Guinea. In total **1 133 km of line corridor was transferred** out of **1 303 km** and **11 Substation** sites out of **12**. See **Annex 3** for more details.
22. TRANSCO CLSG informed the Meeting, that Sime Darby has signed the Compensation Agreement. TRANSCO CLSG is ensuring that the remaining signatures from the Government of Liberia are obtained.
23. The Meeting was also informed that compensation for the Botota Substation site has been done and the site was transferred to the contractor. TRANSCO CLSG will submit to KfW, the Botota Substation compensation Report.
24. The Meeting noted that the financial gap in Sierra Leone due to the significant increase in the number of PAPs has been addressed by the reallocation of ESMP and RAP budget line items that enabled to proceed with compensations, and the provision for additional funds by the World Bank to the Government of Sierra Leone.
25. The Meeting was informed that, in an effort to accelerate the project implementation, TRANSCO and AfDB have discussed and agreed that TRANSCO Social Safeguard Specialist travelled to Tunis to have working session with the AfDB expert on the available RAP so as to make up for the delay in transferring the RAP reports to AfDB as originally planned. AfDB has underscored the need for TRANSCO to abide by agreed timelines to avoid such delays affecting the project implementation.
26. **Update on the Procurement and Contract Management.** TRANSCO CLSG made a presentation on the status of procurement and contract management of the eleven (11) signed EPC contracts. The Meeting was informed that two (2) contracts are yet to be concluded and signed including the Frequency Regulation and the Direct Contracting relating to the Upgrade of the SCADA system in Abidjan. The Meeting was further informed about the project cost increase due to variation/change orders. The variations per contract and per donors are listed in **Annex 6**.
27. The Meeting agreed that the Frequency Regulation component be regarded as the development of a dynamic stability studies and a defense mechanism for a safer operation of the CLSG Network. The World Bank advised TRANSCO CLSG to launch the study under the World Bank financing and find out whether the supply for additional equipment under AfDB funds is still necessary. If not, the said funds will be reallocated on other components of the project.
28. KfW recommended to TRANSCO CLSG, in the submission of its request for No Objection on the variation order for the supply of an additional power transformer, to incorporate in the technical notes, the business rational for the need of the second transformer at Yekepa substation.
29. Donors recommended to TRANSCO CLSG to provide the schedule of the submission of all the Addendums to the EPC Contracts.
30. TRANSCO CLSG proposed that the financing of the study for the commercialization of the Optical Fiber be part of the budget allocated to the study of the Frequency Regulation. The Procurement Plan will be amended accordingly.

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31. **O&M Recruitment and Financing.** The Meeting was briefed on the status of the recruitment of the operation and maintenance (O&M) operator, ensuring that the comments received from World Bank on the Request for Bids are being addressed by the OE and TRANSCO CLSG. The Meeting was also informed that submission will be made to the World Bank by July 30, 2019 and the O&M Contract will be financed by the World Bank for the first year (which cannot go beyond the closing date of the IDA financing of December 15, 2020) and TRANSCO CLSG in the remaining three years.
32. The estimated duration for the recruitment process for the O&M Operator is nine (9) months with the expectation that the O&M contract will be signed by March 19, 2020 with an additional two months for contract effectiveness. The World Bank noted, however that contracts financed by IDA under the project cannot exceed the closing date of the IDA financing.)
33. TRANSCO CLSG explained that the timing of contract signature is beyond the first commissioning time, and considering the need to have the O&M operator some months ahead of starting operations, TRANSCO CLSG shall proceed with Plan B, means direct contracting of an experienced utility, to be precise CIE, for a period of Six months. By mid-August 2019, the Scope of Services and Cost Estimate will be submitted to the donors. The WB noted that a Technical Advisor financed under the WAPP-CLSG grant to support the pays trading in the region could visit CIE in Abidjan at the end of the Project Review Mission and have further discussion about the implementation of an O&M Contract by CIE. Implementation of Plan B will give sufficient time to perform a contractor procurement procedure in parallel with operation of the CLSG systems.
34. The donors expressed their agreement to this plan and requested TRANSCO CLSG to submit the Scope of Services and Cost taking. TRANSCO CLSG was also advised to include in the Scope of Service, training/knowledge transfer to both TRANSCO Staff and the O&M Staff. As part of its services, this operator shall be responsible for the review of the operational acceptance, pre-commissioning and commissioning tests.
35. **The Owner's Engineer Assignment.** TRACTEBEL Engineering (TE) made a presentation of its Contract's Extension, explaining that its initial contract for the supervision of the construction period expired since December 2018. The overall project construction calendar has been shifted from December 2018 to March 2020. The Meeting was informed that due to the acceleration plan, additional experts were mobilized to support TE supervision mission. TE then presented the revised contract budget, which was submitted to TRANSCO CLSG for review and negotiation before submission for the World Bank's No objection, tentatively by end of July 2019.
36. The donors committed to get back to TRANSCO CLSG on the OE contract extension after their review of the contract content and the supporting documents for the justification of additional costs.
37. TRANSCO CLSG however stressed on important performance challenges in the implementation of TRACTEBEL's assignment including invoices approvals, design review delays and response delays on requests from contractors, revealing a major risk in the project delivery.
38. Based on the received documentation for Addendum No 1 to the contract for Sieyuan, KfW noted on lack of consistency, details and quality of documents received from TRACTEBEL Engineering. TRACTEBEL was requested to improve the quality of the services delivered.
39. **Implementation of the second circuit.** TRANSCO CLSG informed the Meeting that the CLSG Project feasibility studies (2012) recommended a double circuit design with

implementation of the 2nd Circuit 9 years after the commissioning of the 1st circuit. However, significant changes have happened in the regional network, which were not anticipated in 2012, leading now to the need of the early implementation of the 2nd Circuit. These changes include but not limited to the following:

- i. Increase of Countries' demands;
- ii. New important demands from private companies including mining companies;
- iii. Significant changes in the regional network including the earlier commissioning of Hydro PP (Souapiti – 450 MW / Kaleta – 240 MW in Guinea);
- iv. Adoption of the Regional WAPP Master Plan 2019-2033, in December 2018, emphasizing that the CLSG 2nd circuit is required for the stability of the regional network in 2020 (contribution to the n-1 security of the overall regional network).

40. TRANSCO CLSG stressed that it will be facing an important loss of revenue for more than 30 to 40 million dollars (M\$) if the second circuit has to be implemented while the first circuit is under operation because of the following reasons:

- i. the current contractors will have to be demobilized meaning that we must go in a new procurement process and bear remobilization costs, along with recreating access roads to the site which represent important investments.
- ii. The repeated and long outages required on the 1st circuit to erect the 2nd circuit will represent a loss of not selling energy and a default in meeting TRANSCO CLSG transmission obligations.

41. TRANSCO CLSG has estimated the cost to erect the 2nd circuit in parallel with the 1st circuit around 130 M\$. The following breakdown per countries were calculated as follows: Côte d'Ivoire (14 M\$); Liberia (52 M\$); Sierra Leone (53 M\$) and Guinea (11 M\$). A detailed cost analysis and a cost and benefit study will be further developed. TRANSCO CLSG therefore requested the donors to consider the financing of the implementation of the 2nd circuit.

42. The Donors committed to engaging their respective managements and revert to TRANSCO CLSG. However, it was agreed that the financing of the 2nd Circuit will be further discussed with donors and TRANSCO CLSG. The use of part of non-allocated and contingencies would be an option to explore.

43. TRANSCO CLSG has transparently informed the donors that some new financiers have informally expressed their interest in the financing of the 2nd circuit. The donors, while appreciating such opportunity for the financing of the 2nd circuit, stressed the importance of carefully timing this additional activity, especially if it involves new actors, to avoid that the additional complexity of the project may result in difficulties and delay in completing the construction and entry in services of the first circuit.

44. **Preparation of the Grid Code for CLSG.** TRACTEBEL Engineering made a presentation on the preparation of the Grid Code indicating the purpose of the Grid Code including the need to guarantee the safety of the equipment and people, a reliable operation of the interconnected network, and to promote an open and fair access to the network, ensuring effectiveness of the market. The Meeting was informed that a period of six months is required for the preparation of the Grid Code.

The donors underscored the need to complete and Interconnection Agreement before the revision of the PPA and TSA scheduled for the last quarter of 2019 since it is referenced in

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these documents, but indicated that ERERA and WAPP had already ongoing the preparation of the Regional Grid Code with donors support, and that WAPP was in the process of hiring a sr. technical expert who would have the task, among others, of preparing interconnection agreements suitable to bilateral transactions such as the CLSG's ones, in harmony with the future regional grid code. In contrast, they observed that the proposal presented by TRACTEBEL did not take into account the work already done by ERERA and WAPP, nor was it specifically grounded on the needs of CLSG; but was too general in nature. The donors requested TRANSCO to reassess the need for this assignment considering all the work ongoing already with ERERA and WAPP

45. **Status of the Coordination of the CLSG Project with the National Network Projects (Task Force activities).** TRANSCO CLSG made a presentation on National Projects planned and under implementation to be connected to the CLSG Substations. TRANSCO CLSG highlighted the importance of the need for countries to develop and implement more projects to fully absorb the power as per the PPA between CLSG Countries.
46. The Meeting was informed that the Task Force set up by the Board of Directors of TRANSCO CLSG which comprises experts from CI-Energies and TRANSCO CLSG, met with Liberia, Sierra Leone and Guinea with the objective of identifying priority projects and conducting specific feasibility studies. These studies have been completed and validated by the three countries but not yet launched. **Annex 7** captures the outcomes of the concerned feasibility studies by country.
47. The World Bank also noted the urgency to implement the connection between CLSG Monrovia Substation and Mt Coffee Substation for the supply of power to Monrovia, the connection between Bumbuna Substation and Bumbuna HPP for the supply of Power to Freetown and the connection of Nzerekore Substation. TRANSCO CLSG confirmed that the connections with Mt Coffee and Bumbuna hydro have been included in the scope of the CLSG project with donors support.
48. The Meeting agreed that there is a need for the governments of Liberia, Sierra Leone and Guinea, to speed up the Rural Electrification Component of the CLSG Project and also the other national distribution projects, which as per their current status of implementation will be commissioned at the end of 2020.
49. TRANSCO CLSG informed the Meeting that a meeting with the CLSG Countries will be organized in September 2019 to firm up their demands and update the PPA and TSA accordingly.
50. Regarding the SWS Connections, TRANSCO CLSG informed the Meeting that a certain number of connections (tapping points) is allocated to each country and the limit of scope is the first medium voltage pole from the tapping point. In principle, a tapping point is available every 20 km to electrify all the villages along the transmission line.
51. **Status of the disbursement.** The Meeting was informed that as at June 30, 2019 the total available funds for the project is US\$527.81 million, of which US\$248.05 million has been disbursed, revealing an overall disbursement rate of 47%. The Meeting was further informed that for the fourth Quarter of 2019, the planned disbursement is US\$93.62 million. This will increase the overall disbursement rate to 65% at the end of December 2019. The detailed Financial Management presentation is attached as **Annex 8**.
52. TRANSCO CLSG explained that to reach the 65% will require the following actions to be taken by the project stakeholders:

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- i. The Owner's Engineer to improve the process of approving contractors' invoices as well as the finalizing of the various change orders to be submitted to donors for speedy approval;
 - ii. TRANSCO CLSG to conclude and submit the extension of OE contract, and the additional funds for TRANSCO functioning for WB's No Objection;
 - iii. TRANSCO CLSG to ensure that all invoices that meet the threshold for WB component be processed by direct payment to the EPC Contractors;
 - iv. TRANSCO CLSG and AfDB to expedite the validation and the compensation of PAPs and turn sites over to contractors by end July 2019.
53. TRANSCO CLSG presented its revised strategy to finance all additional costs including re-allocations of funds to the various components of the project. The donors requested TRANSCO CLSG to correct some inconsistencies in the matrix and finalize its proposal for submission for their review.
54. **Status of OMVG Progress (Linsan Substation).** OMVG made a presentation on the progress of the OMVG Project informing the Meeting about the completion date of the LINSAN Substation anticipated for June 2020 and the challenges faced including the presence of cavities within the actual substation site that led to a relocation of the substation. Within the OMVG/CLSG coordination framework, OMVG will formally share with TRANSCO CLSG the final coordinates of this new substation location before the end of July 2019 to enable TRANSCO CLSG take necessary actions to adjust the CLSG component.
55. TRANSCO CLSG highlighted the risk of cost impact of this relocation on the CLSG Project including the need to address the resulting financial gap issue. OMVG informed the Meeting that stakeholders will be invited to discuss technical and financial implications of the project and agree on a workable solution. The meeting underscored the need to speedily conclude on the cost impact.
56. **The Donors noted that the timing of completion of the OMVG would have a direct implication on the capacity of Guinea to absorb electricity coming from Côte d'Ivoire through the CLSG Line in the short term, even if the CLSG line is completed on time. This in turn will have an impact on the overall revenues of TRANSCO.**

C. Donors closing remarks

57. **WB.** The WB reaffirmed its commitment towards the project and congratulated TRANSCO CLSG for the work done. It encouraged TRANSCO CLSG and TE to closely monitor the project implementation in order to meet the commissioning deadlines.
58. **KfW.** KfW thanked the participants of the meeting and re-emphasized its eagerness to see the lights on by December 2019. The KfW promised to report to their management on the discussion of financing the second circuit of the CLSG Transmission line. KfW expressed its pride to be part of the CLSG project and is looking forward to delivering it successfully and on time together with all stakeholders.
59. **AfDB:** The AfDB noted with satisfaction the progress achieved so far in the project implementation. AfDB reassures the meeting of its full commitment to the realization of the CLSG Project. The AfDB joined other donors in congratulating TRANSCO CLSG for the amount of work done and underscored the need for the CLSG project to be properly monitored as a whole by TRANSCO..

D. Any other matters

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60. **Joint donors' supervision mission.** KfW and WB will conduct technical site supervision mission from July 7 to 11, 2019 from Monrovia to Man;

E. Vote of Thanks

61. The Meeting also expressed their deep gratitude to the people and Government of Sierra Leone, and particularly to His Excellency, President Julius Maada BIO, President of the Republic of Sierra Leone, for the warm hospitality they have enjoyed during their stay in Freetown.

Done in Freetown on this day of 3rd July 2019

KfW



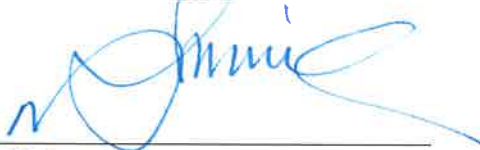
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Amidou Traoré
TRANSCO CLSG Board Chairman 

ANNEXES

1. Attendance List
2. Approved Agenda
3. Status of ESMP & RAP
4. Time Schedule of sites turnover
5. Status of Procurement activities
6. Variation/Change orders per contract and per donors
7. Outcomes of the concerned feasibility studies by country
8. Financial Management presentation
9. TRANSCO CLSG's revised presentation