



PROGRAM FOR SCALING UP RENEWABLE ENERGY IN MALI

(SREP-MALI)



AIDE MEMOIRE OF THE SECOND JOINT MISSION

Bamako - 5-7 September 2011



Aide Mémoire of the Second Joint Mission SREP Mali

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I. INTRODUCTION

1. The objective of the Scaling-up Renewable Energy in Low Income Countries Program (SREP) - one of the three programs under the Strategic Climate Fund (SCF) - is to test and implement low carbon strategies in the energy sector to address climate change. SREP is aimed at demonstrating the social, economic, and environmental viability of low carbon development pathways in the energy sector. It seeks to create new economic opportunities and increase energy access through the production and use of renewable energy. The SREP program will enable Mali to initiate the process to achieve a transformational change, that will lead the country towards a low GHG emission development. This will be made possible by harnessing the renewable energy potential of the country instead of developing the economy based on expensive and polluting fossil fuels, and on inefficient use of biomass.
2. In July 2010, Mali was selected as one of the pilot countries under the SREP. The Government of Mali (GoM) has confirmed its interest in participating in the program and sent a letter to that effect to the SREP Sub-Committee in August 2010. It is within this context that the African Development Bank (AfDB) has been designated to take leadership of the Multilateral Development Banks (MDBs) to support the GoM in consultation with all stakeholders - UN agencies, bilateral partners, private sector and civil society organizations - to define and implement the SREP Investment Plan.
3. In February 2011, the MDBs made a first mission (scoping mission) led by the GoM to discuss the aim of the SREP program, its benefits, the modalities of its implementation in the country and the early results of the stocktaking report¹. Following the first mission, the GoM invited the MDBs to participate in a second mission (joint mission) from 18 to 29 April 2011. The main objectives of the mission were: (i) discuss the strategic axes for the investments proposed by the SREP National Commission; (ii) assist the said Commission in finalizing and validating the investment priorities; (iii) support the design of the concept notes of the projects that will be implemented during Phase 2; and (iv) initiate an environmental and social assessment of the investment plan and start developing the M&E framework.
4. From 5 to 7 September 2011, a second Joint Mission was held. The main objective of the Mission was to support the Government of Mali in finalizing the SREP Investment Plan (IP). The joint mission worked more specifically on (i) finalizing the project briefs, (ii) finalizing the aspects related to M&E and institutional set up and (iii) preparing for the quality internal and external reviews.
5. The joint mission was led by the SREP national focal point, Mr. Sinalou Diawara, Director of the *Direction Nationale de l'Energie* (DNE). From the MDBs' side, under the leadership of the AfDB, the team was led by Mrs. Florence Richard, Climate Change specialist in charge of coordinating the SREP Mali; the World Bank (WB) team led by Mrs. Peggy Mischke, Renewable energy Specialist; and the International Finance Corporation (IFC) team led by Mr. Paterne Koffi, Infrastructure Specialist,

¹ See *Aide Memoire* of the scoping mission for more information. The executive summary of the stocktaking report was finalized in April 2011 and was presented in the context of the technical workshop of the joint mission.

jointly supported the Government. UNDP also participated in the joint mission. The full list of participants to the mission (GoM, MDBs and UN) is presented in Annex 1.

6. The mission expresses its deep appreciation to the GoM and all parties involved (national institutions, and development partners mainly) for their interest in the program and the quality and transparency of the discussions.

II. PROGRESS OF THE JOINT MISSION AND MAIN OUTCOMES

7. The mission went well and the objectives were achieved. The IP and the proposed projects were reviewed by the National Commission and the MDBs, some modifications were done and additional information was added; the content was validated. A final draft of the IP was prepared for submission to the quality review process.
8. According to the Terms of Reference of the joint mission (see Annex 2), the main activities undertaken during the mission were the following:

- ✓ **Discussing the final details of the projects briefs and the institutional set up of the program:**

Discussions were held between the SREP National Commission, the MDBs and the UN regarding the three project briefs and the Strategic Coordination Mechanism. For Project 1, no major issues were raised and the participants agreed on the content of the project brief. It was proposed that a PPG be prepared that would focus on capacity building and be executed by the DNE. The PPG will be prepared by the MDBs and agreed with the DNE before it is included in the IP. For Project 2, implementation arrangements and financing plan were discussed, in view to better align the project with UNDP's program. It was agreed to strengthen these aspects in the IP in line with the other proposed projects. For Project 3, main discussions focused on the institutional set up of the project, with the understanding that these aspects would be further defined during the feasibility studies of the project. It was mentioned that projects 2 and 3 would also have a PPG that would be prepared by the proposed executing agency with support from the MDBs. Regarding the Strategic Coordination of the program, that entails the institutional set up of the program, discussions focused on the institutions/stakeholders that should be part of the Steering Committee and the role and mandate of this Steering Committee vis-à-vis the implementation of the project. Clarifications were provided by the SREP National Focal Point. In order to harmonize the three projects briefs, it was agreed that each project would be comprised of two main components, one being the feasibility studies and hard investments, the other one focusing more on strengthening of the enabling environment, capacity building, and project management.
- ✓ **Finalize the work on the Monitoring and Evaluation of the program:**

A full morning was dedicated to discussions related to the M&E system. It was agreed that there is very few reference data available for the SREP "mandatory" indicators and that some preparatory work will be needed during the first year of program implementation to further define the indicators and collect reference data. Some discussions were held regarding the targets, for which some figures were agreed upon but will need to be refined during the first year of implementation. Also, to value the work that is already being done at the country level in terms of monitoring in the energy sector, some indicators that are being monitored by the Ministry of Energy have been included in the matrix. The appendix that details the elaboration of the M&E system was cleared (see in volume 2 of the IP) by the national team. The necessity of using the SREP funding (as part of the Strategic Coordination Mechanism) to strengthen the existing monitoring system was highlighted.

✓ **Strengthen the cofinancing work for the three proposed projects:**

A meeting was held with some development partners to present the progress done on the IP and the content of the three proposed projects. Denmark, JICA and the European Commission were attending and a discussion was engaged with them on the technical and financial aspects of the proposed projects. They confirmed their interest in co-financing some activities upon the preparation of financial and technical assessments of the proposed projects. The National Commission and MDB confirmed that discussions were also led with other partners who have shown strong interest in cofinancing the SREP projects. According to the development partners, cofinancing is expected to be in the form of concessional loans as well as in grants. Discussions will continue as the projects are being prepared in the coming months.

A meeting was also held with MDB experts on carbon finance, to explore the potential of the three proposed projects in terms of carbon credits. From the perspective of carbon finance, it was confirmed that the best approach would be that Project 1 is considered as a "stand alone" project (to be prepared by the private sector sponsor), and that Projects 2 and 3 could be integrated into a joint Programme of Activities (to be prepared by a coordinating entity that is still to be defined on the basis of an assessment of its technical capacity). The MDBs have confirmed their willingness to support the National Commission through appropriate technical assistance to further define the approach, methodology, and prepare the necessary documents. Considering the fact that the proposed projects have good potential to generate carbon credits, other meetings will be held before submission of the PI to provide more details on these aspects in the final document.

✓ **Discussing the environmental and social assessment of the program:**

The second draft of the report was sent by the consultant the day before the meeting. In this context, the National Commission and MDBs were not able to fully review the document. The consultant did an oral presentation of his work by audio-conference, and a discussion started with the National Commission and MDBs. Issues were raised about the fact that the report was too generic, not focused enough on the SREP activities, therefore not being as useful as it should be. It was agreed that the National Commission and MDBs would carefully review the report and get back to the consultant with consolidated comments. It was also agreed that a national validation workshop would be organized when the report is ready to be validated.

✓ **Supporting the overall review of the full IP:**

The SREP National Commission and the MDBs reviewed the draft IP. Discussions focused on the sections related to the energy and RE sectors, specifically on the figures available. Lack of information was highlighted and the national team was tasked to provide additional information to ensure the finalization of the document. Though additional data was provided, it appeared that some of it did not make a lot of sense because it was sometimes based on a single and specific RE experience. Hence, some information was kept, while other was removed from the IP to avoid any confusion. It was clear that additional information would be requested as part of the various quality review processes.

✓ **Gender considerations:**

Gender considerations are overall covered in the SREP Mali IP. However, on the basis of an ongoing study that is being undertaken by AMADER with support of the WB, some additional inputs will be provided in the IP to further improve these aspects.

9. The mission took place in a positive atmosphere, with a dynamic and significant commitment of the GoM, which is keen to successfully implement the SREP, and with a commitment from the development partners in supporting the GoM in developing and implementing the SREP-Mali.

10. The Minister of Energy and Water, SEM. Habib OUANE, granted on 7 September, a hearing to the delegation of the MDBs, led by the AfDB Resident Representative, with the SREP National Commission represented by DNE, AMADER and ANADEB. The delegation presented to the Minister the results of the work jointly carried out by the mission. The main points raised during the meeting are as follows:
 - ✓ **Presentation of the investment plan and need for the GoM to co-finance the program:** The Resident Representative of AfDB presented the key points of the IP to the Minister, in particular the key points of the three proposed projects and the overall budget of the program: more than USD 250 million of which USD 40 million from the SREP funds. The Resident Representative highlighted that such investment plan would require a significant co-financing the GoM to show the involvement of the GoM in the SREP and its willingness to scale-up renewable energy in Mali.

 - ✓ **Participation of the private sector:** the mission reiterated that the mobilization and participation of the private sector (national and international) would be key to the success of the program and pointed out that specific measures were included in the IP to encourage private operators to invest in renewable energy in Mali. It was mentioned that the commitment of the GoM in strengthening these aspects was necessary.

 - ✓ **The approval process for the IP:** the formal process for the finalization and approval of the IP was explained, and the need for the GoM to be prepared to present the IP at the Sub Committee meeting in Washington on November 1st was mentioned.

11. In response to the presentation, the Minister thanked the MDBs for the quality of the work and for their support to the SREP National Commission. He reiterated the commitment of the Ministry of Energy and Water in particular and the GoM in general in strengthening the development of renewable energies in Mali. The Minister confirmed he would do all possible efforts to obtain about 10% of the total program budget from the national budget to co-finance IP activities. The Minister also confirmed that the GoM expects the SREP allocation (USD 40 million) to be allocated as a grant. The Minister also mentioned the fact that he instructed the National Directorate of Energy and the various sector agencies to make suggestions to improve the institutional framework in the sector, in order to increase efficiency in the implementation of important programs such as the SREP. He also highlighted the following points:
 - ✓ **Capacity building of Malian private sector will be key to the success of the program:** there are private operators, but experience has shown that their capacities should be enhanced. The SREP activities should support the strengthening of these capacities.

 - ✓ **The energy sector is facing increased social problems:** the Malian households want improved access to electricity at an affordable price in both urban and rural areas, which is difficult to provide for the energy providers and will be even more challenging in the future, given the high population growth and the limited national grid capacity. In this context, the activities of the SREP should be designed taking into account two main criteria: efficiency and sustainability.

ADDITIONAL ACTIVITES THAT CONTRIBUTE TO THE FINALISATION OF THE INVESTMENT PLAN

12. **Investment Plan Preparation Grant:** In April 2011, the MDB Committee approved the proposed Investment Plan Preparation Grant. The preparatory activities included the support for the technical workshops and meetings, the support for regional consultations, the support for the development of the investment plan and the environmental and social assessment for the SREP Program. Since April 2011, the approval process to channel the funds has been ongoing at AfDB and the grant agreement has still not been signed. In this context, the SREP National Focal Point urged the AfDB Resident Representative to speed up the process in order for the funds to be disbursed and for the activities to be undertaken as planned. If some activities have been already carried out (pre-financing by GoM and WB) but others are awaiting the preparatory grant. AfDB confirmed to the National Focal Point that efforts would be done to process this grant in a short timeframe. The MDBs however confirmed that the preparatory grant could be disbursed even after the IP has been endorsed by the Sub-Committee.

INVESTMENT PLAN

13. After intensive work between the SREP National Commission and MDBs on the Investment Plan, it was acknowledged that the Investment Plan was ready to be submitted for external and internal quality review process, as well as public consultations. The parallel processes (within MDBs, by the independent reviewer and by the GoM) started the week after the mission to ensure improvement before final submission to the SREP Sub-Committee.
14. The final draft of the IP is currently available on the DNE website: <http://www.dne.energie.gouv.ml/> and on the AfDB website : <http://www.afdb.org/en/consultations/mali-investment-plan/>

III. FINDINGS AND RECOMMENDATIONS

15. Under the leadership of the GoM and more specifically the SREP National Focal Point, the mission worked in good cohesion. The SREP National Commission benefited from the expertise of the MDB to strengthen the draft IP. A roadmap for the finalization/validation process of the IP has been established to ensure that the IP would be of quality and that the deadline for submission to the SREP Sub-Committee would be met (see below).
16. Based on the evidence presented in the previous pages, the joint mission recommends:
- Finalizing the Investment Plan for presentation at the SREP Sub-Committee meeting in October/November 2011 in Washington DC;
 - Processing the preparatory grant and organizing the regional consultative meetings to ensure information sharing and better ownership of the program by local stakeholders;
 - Continuing bilateral consultations with development partners to strengthen co-financing opportunities for the three projects.

IV. NEXT STEPS

17. Given that the formal submission of the Investment Plan to the SREP Sub-Committee is planned for October 7, the following roadmap has been agreed upon:

	5-11 Sept	12-18 Sept	19-25 Sept	26 Sept -2 Oct	3 – 7 Oct
Finalization of the English	By 11 Sept				

IP					
Finalization of the French IP		By 16 Sept			
Quality review by GoM			From 19 to 30 Sept		
External Independent Review		From 12 to 28 Sept			
MDB Internal Quality Review		From 12 to 30 Sept			
Consultations on DNE website			From 19 to 30 Sept		
Consolidated comments					
Finalization on the basis of the comments received					From 3 to 7 Oct
Final validation by SREP National Focal Point					7 october
Submission					7 october

Annex 1 : List of Joint Mission participants

1.1 Liste des membres de la Commission Nationale de Préparation

N°	Nom & prénoms	Fonction	Structure	Tél.	mail
1	Sinalou DIAWARA	Directeur National de l'Energie – point focal SREP	DNE	20237396 66748422	directionenergie@energie.gouv.ml diasinalou@yahoo.fr
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11	Fatou.M.D.Bagayogo		AEDD	78 59 72 07	Fatydam2002@yahoo.fr
12	Béchir SIMPARA	Chef Section Contrôle des Pollutions et des Nuisances	DNACPN	20292410 76374668	dnacpn@sotelma.net.ml symparabechir@yahoo.fr

Un représentant de EDM SA était présent : N'DAW Mahamoud (mndaw@edmsa.net)

Un consultant faisait partie de l'équipe nationale : Arona Coulibaly – Consultant Local - Expert Energie – Appui au plan d'investissement

1.2 Liste des participants des BMDs

N°	Nom & prénoms	Fonction	Structure	Tél.	mail
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3	Peggy MISCHKE	Spécialiste Energies Renouvelables	BM	+(1) 202 458 5935	pmischke@worldbank.org
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5	Vanessa LOPEZ	Spécialiste Genre	BM	N/A	vlopes@worldbank.org
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1.3 Liste des participants des Nations Unies

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Annex 2 Terms of Reference of the Joint Mission

Les termes de Référence de la mission conjointe ont été communiqués à l'Unité Administrative du CIF et sont disponibles sur le site Internet ici : http://www.climateinvestmentfunds.org/cif/srep_joint_mission

Certaines modifications ont eu lieu pendant la mission par rapport aux TDRs initiaux, notamment :

- La réunion avec les banques commerciales et API n'a pas eu lieu mais sera organisée d'ici la réunion de Washington ;
- Le travail de rédaction/finalisation du PI s'est poursuivi avec l'équipe nationale et les BMD jusqu'à la fin de la semaine.