



Mini Hydropower Plants and Related Distribution Networks Development Project

Country / Region: **Mali** | Project Id: **XSREML017A** | Fund Name: **SREP** |

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Daniel Menebhi	Switzerland	<p>Thank you for circulating this project proposal. We have the following comments:</p> <ol style="list-style-type: none"> (C) We noticed that the expected results with regards to SREP indicators do not differ from the results of the project as submitted on 4th December 2017 to the AfDB board and approved by lapse of time procedure. We therefore do not see any added value resulting from the SREP grant on this project. (C) We noticed that the SREP grant essentially substitutes part of the funding from the EU Africa Investment Facility, which we understand does not have a particular focus on climate change. From the standpoint of CIF (climate change) objectives, it is in our eyes counter-productive to substitute already committed funding from non-climate-change constrained facilities by CIF funding. (C) Given that the funding for this project was already approved without SREP grants, we cannot agree to your statement that the SREP grant would mobilize other sources of financing (with a factor of 1:5.52). (Q) We do not understand the rationale of requesting these SREP grants which obviously do not add to the project scope and expected results and we would need a very good explanation why now scarce SREP grants should be used to substitute funding that was already committed, lest we would have to object the approval of this funding. 	Mar 22, 2018
Response 1	Leandro Azevedo	AfDB	<p>[Switzerland]: Thank you for your responses. We are however not satisfied with the statement or situation the EU AfIF can unilaterally reduce its funding after it is approved and after the AfDB has approved the project in its own board without any form and explanation. This decision must have been formally communicated to AfDB and Mali in a way, also giving some sort of explanation or justification. Please provide insight into this formal communication (letter or minutes). Please also note that our initial comment nr 4 (filed on 22 March 2018) was meant as an objection, unless we are provided with a very good explanation. In our eyes, the explanation is not good enough so far. [AfDB's Response following a conference call held on 16 April 2018 between AfDB, the CIF AU, and Switzerland]: The purpose of this note is to inform the SREP Sub-Committee on the status of the review/approval process and the implementation of the USD 8.7 million SREP funding request submitted by AfDB in the context of the Mali: Development of Micro/Mini Hydroelectricity for Rural Electrification project. At the request of a SREP Sub-Committee member and following circulation of the final approval by the CIF Admin Unit of the aforementioned funding on 10 April 2018, AfDB hereby confirms that a funding gap currently exists in the context of the project. The funding gap was identified following approval by AfDB's Board of Directors of AfDB's co-financing to the project (USD 28 million) as a financier decided soon after to reduce/cancel their allocation to the project. The Government of Mali and AfDB are of the view that the SREP approval plays an essential catalytic role by contributing to bring other financiers onboard to fill the said funding gap and allow implementation of this important project to the Government of Mali to start. Once approved by AfDB's Board of Directors, an eventual cancellation of this SREP Grant will be handled in accordance with AfDB's Revised Guidelines on Cancellation of Approved Loans, Grants and Guarantees which can be consulted in https://www.afdb.org/fileadmin/uploads/afdb/Documents/Policy-Documents/Cancellation%20Guidelines%20-%20REV%203.pdf.</p>	Apr 20, 2018
Comment 2	Simon Ratcliffe	United Kingdom	<p>The UK has a number of questions it would like to ask the project team in relation to this project. These are:</p> <ol style="list-style-type: none"> The proposal gives a description of project costs by each component (e.g. 	Apr 04, 2018



construction infrastructure, institution building). However it fails to cost the sub-components that build into these bigger amounts of spending (e.g. construction of distribution network, recruitment of engineer). Even if costs are expected to change/not confirmed, one would expect some idea of how funds will be distributed. Surely this must have been done when arriving at the project costs for each large component. Is there a reason why has this been omitted?

2. It is mentioned that there will be compensation measures for 1,845 square metres of annual crops affected by installation of the distribution network. Has the amount of carbon sequestration facilitated by this area been considered in estimates for GHG emissions avoided?

Response 1 Leandro Azevedo AFDB

Apr 05, 2018

[UK]: The proposal gives a description of project costs by each component (e.g. construction infrastructure, institution building). However it fails to cost the sub-components that build into these bigger amounts of spending (e.g. construction of distribution network, recruitment of engineer). Even if costs are expected to change/not confirmed, one would expect some idea of how funds will be distributed. Surely this must have been done when arriving at the project costs for each large component. Is there a reason why has this been omitted?

[AfDB]: The sub-components were omitted in the original fund request for the sake of simplicity. Please find below a detailed cost breakdown for your analysis.

Costs (in EUR million) Costs (in USD million)

CONSTRUCTION OF INFRASTRUCTURE

- Djenne Power Plant 19.25 22.35
- Distribution Network 6.28 7.29
- Management of Environmental and Social Impacts 0.20 0.23
- Talo Power Plant 4.54 5.27
- Distribution Network 8.80 10.22
- Management of Environmental and Social Impacts 0.38 0.44

Sub-Total 39.45 45.79

INSTITUTIONAL SUPPORT

- Energy access studies for 60 villages located on off-grid areas 1.20 1.39
- Multi-functional Platforms 0.10 0.12
- Training to the Project Implementation Unit 0.10 0.12

Sub-Total 1.40 1.63

PROJECT MANAGEMENT

- Project Supervision and Control 2.14 2.48
- IEC Campaigns 0.15 0.17
- Audits 0.08 0.09
- Staffing Costs for the Project Management Implementation Unit 1.06 1.23

Sub-Total 3.57 4.14

PROVISION FOR CONTINGENCIES

Sub-Total 2.22 2.58

PROVISION FOR PRICE ESCALATION

Sub-Total 2.22 2.58

Sub-Total 2.22 2.58

Sub-Total 2.22 2.58

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TOTAL 48.86 56.72

[UK]: It is mentioned that there will be compensation measures for 1,845 square metres of annual crops affected by installation of the distribution network. Has the amount of carbon sequestration facilitated by this area been considered in estimates for GHG emissions avoided?

[AfDB]: The Environmental and Social Risk Management Plan developed in the context of the project addresses the issues of tree felling along the envisaged distribution networks by recommending that those trees are re-planted along rights-of-way and road networks, around and within the project site. In addition, it contemplates financial compensations to all Project Affected People (PAP) currently involved in farming activities in the project site by recommending that the PAP are compensated for their economical loss. Once compensated, they are likely to move their activity to areas in the vicinity of the project.

Since the affected trees will be replanted and that 1,845 square meters represent less than 0.2 hectare, the team did not consider the amount of carbon sequestration in estimating the total for GHG emissions avoided with the project.