



Second meeting of the Board of Directors Minutes of the meeting held on 4 March 2017, Conakry, Guinea

Present:

The second meeting of the Board of Directors was held in Conakry, Guinea on 4th March 2017, chaired by H.E. Prof. Alpha Condé, President of Guinea representing the West Africa Region, and with participation of H.E. Idriss Déby Itno, President of Chad, representing the Central Africa Region; H.E. Ibrahim Mahlab, Former Prime Minister of Egypt, representing the President of Egypt and North Africa Region; H.E. Dr Elham Mahmoud Ahmed Ibrahim, Commissioner for Energy and Infrastructure, African Union Commission, representing the Chair Person of African Union Commission; and Mr. Amadou Hott, Vice President, Power, Energy, Climate and Green Growth, representing the President of the African Development Bank. Non-African partners were represented by Mme Ségolène Royal, Minister of Environment, Energy and Oceans, France, and by Mr Neven Mimica, Commissioner for International Development, European Union.

1. Opening of the meeting and election of the chair of the Board of Directors

President Alpha Condé opened the second meeting of the Board of Directors of the Africa Renewable Energy Initiative (AREI) by welcoming all participants to Conakry and suggested President Idriss Déby Itno chair the meeting.

President Deby Itno thanked President Condé and all participants. In his opening remarks, he highlighted the central role of energy in the framework of Africa's transformation – a key factor for African Development – and emphasized the need to change the trend in energy access, with Africa having the lowest access to energy in the world. He thanked President Condé and President Abdel Fattah Al-Sissi for their leadership roles in moving the initiative forward and called on Partners including those who had made announcements to activate investments to financing available projects. He said the delay in implementation was not explainable as the initiative had been active since 2016. The Board was now holding its second meeting and the IDU was established. He called to give hope to the populations without access by activating investments before December 2017 and said the success of the initiative would depend on the collective ownership of the primary beneficiaries – the populations of Africa.

In the end of his remarks, he requested President Condé to hold the Chairmanship of the AREI Board of Directors for the coming 3 years and called members of the board to confirm the nomination. Noting no objection, he declared President Condé Chair of the AREI Board of Directors.

2. Approval of the minutes of the inaugural Board meeting of January 29th, 2017

After presenting the agenda of the meeting, the Chair of the Board, President Condé, invited the Head of the AREI Independent Delivery Unit to present the minutes of the Inaugural meeting of the Board, held in Addis Ababa on 29 January 2017. The IDU Head thanked the Chair and asked if all Board members had received their folder containing all documents for the meeting. He then informed the board that minutes of the previous meeting had been distributed along with all other documents to all Board members ahead of the meeting, and asked whether to go through the minutes' paragraph by paragraph. President Deby Itno asked the meeting whether there were any amendments to the minutes, and noting no objections the Chair declared the minutes unanimously approved.

3. Progress report of the AREI Independent Delivery Unit

The Chair of the Board invited the Head of the AREI Independent Delivery Unit to present the Progress report of the IDU. The Head of the IDU recalled that the printed 16-page *Progress Report 2016* had been provided already for the inaugural Board meeting a month ago, providing accounts of the work done on outreach to African countries, establishment-phase work plan and funding, conducting of high-level events, strengthening of international support, mapping of renewable energy initiatives and actors, multi-stakeholder engagement, development of AREI criteria, analysis of renewable energy projects landscape, initial work on comprehensive, programmatic policy approaches, and preparation of AREI documentation, web and video material.

He recalled that since the inaugural Board meeting, the IDU had been focused on completing the elaboration of all relevant technical and operational documents, as tasked, for consideration in the current board meeting. In this regard, the IDU had contracted a legal expert to handle and integrate the comments and suggestions on the governance instrument version that had earlier been prepared by the African Development Bank in consultation with experts supporting the Co-leaders (which had been circulated for input to all Board members directly following the inaugural meeting). A new, integrated version of the Governing Instrument reflecting the different input had been produced and circulated to the Board, as a basis for further deliberation and decision-making in the current meeting. In addition, draft Rules of Procedure for the Board and draft selection criteria for the members of the Technical Committee had been produced.

The Head of the IDU also informed that the IDU had pursued additional work on the mapping of existing initiatives and the identification of renewable energy projects across the continent. There was now a list of 442 projects in the initial compilation from partners and various sources, but there was a need to encourage African countries to provide their own lists of projects. Dr Sokona emphasized that in order to be able to make a proper screening against the AREI Criteria of the projects compiled in the list, more elaborated documentation for each project was indispensable. Without such documentation, it would not be possible to make use of the already developed AREI criteria or attribute any projects. Lastly, he indicated that the IDU had updated its detailed work plan and budget for 2017 for consideration and approval by the Board under a later agenda item.

The report was welcomed and approved by the Board.

Relating to lists of projects, President Deby Itno indicated that the selection of the projects must show equality among African countries. He emphasized that all 55 countries of the continent must be taken into account regarding the pipeline of projects. He indicated that AREI should focus on projects that would not otherwise be funded by the countries with their own resources. He suggested that AREI should not look at directly funding projects of 10 MW or less as those projects could be funded by countries themselves.

President Condé said that efforts should be made to expand the existing list of 442 projects to include more projects so that all the countries on the continent could be covered. He asked the IDU to draft a letter to be sent to each of the African countries asking for their lists and prioritization of projects. This proposal of President Condé was seconded by the Vice-President of the African Development Bank.

A decision was taken to write to all African Heads of State with the compiled list of projects in their countries attached and a request for them to identify priority projects and add new ones that were yet to be captured by the IDU.

4. Progress report of the AfDB on the establishment of the AREI Trust Fund and hosting of the Independent Delivery Unit, and discussions on AREI Governance

An oral reporting was made by Amadou Hott Vice-President, Power, Energy, Climate and Green Growth, African Development Bank. He explained that the Bank had fulfilled the mandates given to it by AU Decisions 603 and 609. He reported that within the overall context of the Decisions, several consultative meetings and discussions had been held. This included a Technical Working Group and Partners consultation meeting 30 March and 1 April 2016 in Abidjan, Côte d'Ivoire, meetings at the Sixth Special Session of AMCEN held on 16-19 April 2016 in Cairo, Egypt, the AREI Technical Working Group Meeting held 11-12 July 2016 in Cairo, Egypt, and a meeting in Conakry 12-13 August among representatives of the AREI Co-Leaders, AUC, AfDB and President Condé, to develop the Governance Framework for AREI, which was presented to the AREI Board in January 2017.

The interim IDU was established in August 2016 with Dr Sokona as Head and he had subsequently appointed three consultants who were working with him, with other Bank staff supporting. The Bank had pre-financed activities of the interim IDU, which Mr Hott said should be refunded when the AREI resources became operational.

The Trust Fund was now established based on decisions by the AfDB Board of Directors and Board of Governors and fundraising had started. At present, the Government of France had contributed two million Euros to the core activities of the IDU and a further four million Euros to support the IDU's mapping and projects development activities. The Government of Germany had also announced that it would provide two million Euros to support the activities of the IDU, one million Euros of which had already been received by the AfDB. Following the establishment of the Trust Fund, these contributions would now be transferred from a holding account to the AREI Trust Fund account.

Mr Hott concluded by saying that a version of the governance document had been produced that the Co-Leaders endorsed, but since the Board meeting of January 2017 further comments had been provided by some members of the Board. Not all the comments received were agreeable to the AfDB and he suggested that the Board should provisionally adopt the draft from the co-Leaders following AU Assembly Decision 609, to allow the Board to function. The other option was to choose not to adopt any governance document at the present meeting, with the associated risk of having no formal governance in place to legitimize the proceedings of the Board.

AUC Commissioner Elham proposed that the Board provisionally adopt the governance framework that had been produced by the Co-Leaders, and then commission a committee of experts to work on it to integrate the comments that had subsequently been provided by participants in the first meeting, so that consensus could be reached. She emphasized the need to have a governance document in place to legitimize the proceedings of the Board.

Egypt through former Prime Minister Mahlab said that there was a need for a technical discussion based on the provided comments before one could proceed to any approval of a Governing Instrument.

Madam Ségolène Royal expressed concerns about bureaucracy when discussing governance issues. She said that the issue was about the \$10 billion pledge ready for speeding up the deployment of projects and that this must not be delayed by discussions on the AREI governance instrument and criteria. There was no need to appoint another committee to do this. With regards to the projects, she said there was a need to move fast.

President Deby Itno reminded the meeting that the Continent has a governance regime with five regions. He proposed that each Board member should nominate two experts, (and there must be experts from the 5 regional representatives) to review the governance instrument before it would be submitted for approval.

President Condé closed the discussion on Governance by concluding that decisions on the Governance Instrument would not be possible during the current meeting since several Board members had provided remarks and comments that needed to be thoroughly discussed and considered. He further indicated that all the items on point 8 (*Adoption of decisions of the AREI Board of Directors*) of the agenda would not be discussed during the current meeting. He ruled that a committee be set up with two technical experts from each Board Member who would work with the AREI IDU to review the AREI governance framework and prepare a final draft Governance Instrument for consideration by the third AREI Board meeting scheduled at the margins of the 29th AU Summit in June/July 2017.

5. Presentation and discussions of the report of the technical meeting of 2 and 3 March, and pipeline of priority projects

President Condé invited the Head of the AREI Independent Delivery Unit to present the summary of the Technical meeting on AREI Contributions, held in Conakry 2-3 March, 2017. Dr Sokona explained that the summary had been negotiated and agreed by the meeting participants the previous day, reflecting the stated adherence to AREI core principles, precepts and visions of AREI as an overriding programmatic framework beyond single projects; the role of the IDU; the establishment of the AREI Trust Fund; recognition some partners had already internalized AREI in their overall priorities; requirements of due screening process against AREI criteria before projects can be attributed or approved, need for coordination and tracking to ensure additionality and no double counting; and the need to continue this dialogue process and also include South-South cooperation partners. The meeting welcomed the report of the technical meeting and its conclusion.

Mr Mimica from EU thanked President Condé for bringing the participants behind this important initiative together. He said that EU was ready and committed to work with AREI on every step forward and that working together under this new framework would not only deliver the AREI objectives, but also on the 2030 agenda and the Paris Agreement. He paid tribute to Ségolène Royal and the government of France whom he said had supported these efforts very, very much. He said EU was keeping its promises, and hence advancing for approval by the AREI Board 14 projects worth a total of € 3.9 billion that would give 1.3 GW generation capacity by renewable sources of energy. This was in addition to another 5 projects of almost € 840 million and 500 MW renewable energy generation capacity the EU had already selected and announced in November 2016 in Marrakech during COP22. He said this meant a total of 19 projects, worth together potentially € 4.9 billion for 1.8 GW of new renewable energy in Africa. Mr Mimica made clear that EU's financial commitment to AREI would be delivered through EU's own, existing financing and blending mechanisms and said this EU support would contribute to EU's 2020 targets to give 30 million more people in Africa access to sustainable energy, save 11 million tons of CO₂ annually and add 5 GW renewable energy in Africa, already half of AREI's 2020 target.

He said there was a need to accelerate adoption of the governance procedures to have a clear way forward and supported the idea of forming a task force to go deeper into the governance framework,

rules of procedures and other documents. He concluded by again stating that based on EU's financial regulations and legal provisions their commitment would be delivered through their existing mechanisms. EU was therefore not planning to contribute to the proposed AREI Trust Fund, but would coordinate their processes with the AREI processes.

Madam Royal proposed that the Board should immediately approve the 19 selected projects submitted by EU to enable showing to the world that work had started. President Deby Itno seconded that the 14 proposed projects added to the 5 announced by EU in Marrakech be approved in the meeting. He said that additional projects should be prepared and presented at the next meeting.

Mr Hott, representing AfDB, expressed reservation about adoption of projects at the current meeting. He stressed that since no governance framework had been adopted to govern the Board of Directors, and the AREI Criteria had also not been formally adopted by the Board, the meeting was not in a position to vote for AREI projects, as such a decision would lack legal basis. He suggested the Board take note of these projects and request the IDU to consider them using the AREI screening criteria and then submit them to the Board through the Technical Committee to be established. This would be consistent with the framework and governance structure of the AREI as approved in the AU summit decisions.

Former Prime Minister Mahlab representing Egypt expressed reservation as well. He stressed that the governing instrument needed to be in place first and that project selection needed to follow the guiding principles specified in the AREI Framework document which was endorsed by the African Union. He called the attention of the meeting to the AREI principles and procedures which were already adopted by the AU Summit Decision 603, and stressed that these needed to be followed for selection of AREI projects.

The AUC Commissioner Elham also expressed reservations about approving AREI projects at the Board meeting, stressing that there was a need to have an approved governing instrument first, to legitimize the proceedings of the board, before the Board could decide on projects.

President Deby Itno proposed that the list of 19 projects presented by the EU be immediately approved by the Board meeting to demonstrate concrete progress towards implementation, and adding that following projects be subject to screening by the AREI IDU using the AREI criteria.

Madam Royal also reminded the board there should be no undue bureaucracies and stressed the need to move fast in the implementation of the initiative. The list of 19 selected projects should be approved by the Board so that the initiative could move faster. She said there was a need during the next board meeting in June/July to approve additional selected projects.

After hearing the various views and discussions, President Condé declared the list of 19 projects proposed by the EU approved. He further noted that the approval had been made on an exceptional basis and said that in the future all potential AREI projects shall be screened by the AREI IDU and the Technical Committee; and only after such a process presented to the Board for its consideration.

6. IDU operations and Appointment of Hea

President Deby Itno opened the discussion on the staffing of the IDU by insisting on keeping away from unnecessary bureaucratic processes at the IDU level. He informed the board about the EU offer to provide technical assistance in the form of seconding two experts to join the IDU. He indicated that the staffing of IDU should not exceed five including the two secondments by European Commission. He said that the budget of IDU was unacceptable and IDU budget should be restricted to salaries and administrative costs. He indicated that IDU should prepare a flowchart with no more than five staff and budget for the next board meeting. President Déby Itno indicated no further

discussion was needed at this point. The Head of IDU explained that the budget was based on the work program derived from the AREI Action Plan elaborated under the leadership of CAHOSCC and in line with the proposals on which funding had been provided and specified.

President Deby Itno insisted that the IDU should only have an operational budget with no more than 5 staff. France and EU reiterated that the EU technical assistance experts be used and were free of charge.

Mr Mimica said it seemed there were only two good decisions to be made in the meeting: firstly, the approval, validation or endorsement of the list of projects proposed by EU, and secondly the setting up of an expert group to prepare new proposals on all topics under item 8 (including governance, AREI Criteria, IDU work plan and budget). He reiterated President Condé's earlier proposition that such an expert group be asked to do this within one month time.

In conclusion, the Chair said that the Head of the IDU could be given a one-year additional contract and he should work with the two EU provided experts. He said he wanted a new budget for the Board's consideration at the next meeting, with reduced staff costs and the two experts from EU.

The IDU Head informed the board he would no longer be able to extend his tenure, and after the board meeting he would return to his former employment. After several requests by Board members that he remain, Dr. Sokona agreed to extend his tenure for an additional two months.

Mr. Hott inquired about plans for replacing the Head of the IDU should Dr. Sokona actually depart and offered AfDB assistance in the replacement process. President Conde replied that the replacement of the Head of the IDU is the sole responsibility of the AREI board and the Bank should not be involved in it. After further discussions it was decided that each member of board should by the following week designate two experts to work with the Head of the IDU on the governance document, the flowchart of IDU and related budget as indicated. The work should be completed within one month.

The Chair then ruled, supported by President Deby Itno that Dr. Sokona should oversee the process for his own succession. Both he and Former Prime Minister Mahlab expressed hope that perhaps he would reconsider his resignation..

7. Closing of the meeting

President Condé thanked all the Members of the Board of Directors for their participation and declared the meeting closed. Subsequently, the Press was called in for a Press Conference where President Debby and President Condé announced the Board had approved the list of 19 projects as proposed by EU.