

Stakeholder Update

December 2018



DEVELOPER-OWNER-OPERATOR OF SUSTAINABLE POWER PROJECTS ACROSS AFRICA

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Two more lenders give Clearance in Principle as lenders to Bumbuna II

Following on from the World Bank's Project Concept Note approval and Emerging Africa Infrastructure Fund's (EAIF) Clearance in Principle, earlier this year, European Investment Bank (EIB) and Development Bank of South Africa (DBSA) both provided Clearance in Principle in November. Together, this group represents approximately US\$500m of loan financing for the Bumbuna II project.

Lender Mandating to be completed shortly

Joule expects to mandate lead arrangers shortly. Meanwhile shortlists for technical, legal and environmental & social advisers have been drawn up to support the lender group. Requests for Proposals have been circulated and responses received. It is intended that lenders' advisers be appointed shortly and due diligence start in December.

Good progress on Bumbuna II land transfer programme

The Government of Sierra Leone's Ministry of Energy, following consultation with all interested parties, has agreed, in principle, acceptable terms with the local communities for the land transfer process relating to the Bumbuna II hydropower project. The terms cover the willingness of affected people to relocate to suitably comparable sites; the acceptance by host communities in the designated resettlement sites; the provision of appropriate lands for housing and agriculture; and the provisions for livelihood restoration.

These agreements were formally noted in public ceremonies held at Kondembaia, Diang Chiefdom, Koinadugu District and at Kamathor, Kalanhuba Chiefdom, Tonkolili District during August.

Seli Hydropower commented: "We have been and will continue to consult with affected communities and interested stakeholders on an ongoing basis as regards our resettlement, community development and environmental plans. Our team is now focused on working with the communities to ensure that we secure the best possible solution in terms of the first phase of the resettlement action plan."

Seli Hydropower building out local team ahead of Financial Close

In preparation for Financial Close, Seli Hydropower is continuing to increase its organisational capacity within Sierra Leone. Currently standing at 20 employees, Seli Hydropower is looking to make a series of new appointments, including a Finance Manager, a Stakeholder & Communications Officer, a Health & Safety Officer, an Environmental Specialist and a Social, Gender & Livelihoods Officer. These are key roles which will assist with the first wave of resettlement and preparations for the construction phase.



The community of Kamanthor gather to take part in the Land Transfer Ceremony

Seli Hydropower prepares for Bumbuna II's two phases of resettlement

In preparation for the first phase of resettlement next year, Seli Hydropower has put out to tender the design of the replacement housing. This will be followed by the selection of a contractor to build the houses and train the communities in the necessary skills associated with housebuilding.

Discussions are also underway with communities and potential partners to ensure the delivery of a range of services highlighted by the affected communities, including improved agricultural support and associated water and sanitation services.

In November, Seli Hydropower met in Freetown with advisers SRK and CEMMATS to finalise the approach and timetable to scoping the second phase of resettlement, which covers the Yiben inundation area.



Resettlement Meetings take place with the Regent Chief and Elders on the project-affected site near Kamantor

Feasibility Studies draw to a close at the Kpep Project Site

Joule Africa continues to secure support from key public stakeholders to the Kpep Project in Cameroon and we are now close to completing the first phase of necessary feasibility studies. These include a supply and demand forecast study; initial Environment & Social Impact Assessment (ESIA), and technical engineering and design studies. We continue to make good progress with the Government of Cameroon and are looking forward to PPA negotiations in 2019.

Four organisations have recently submitted proposals to conduct the full ESIA and a decision will be made during December. It is expected that work on the ESIA will start in early 2019.

Joule Africa continues to raise its industry profile

Joule Africa participated in two industry conferences during the second half of 2018; the Africa Energy Forum and AIX: Power and Renewables conference. Both events were valuable in continuing our conversations with those institutions looking to lend or invest in the Bumbuna II or Kpep power projects, whilst also serving to market Joule Africa to a wider audience.

A Perspective from the CEO

The second half of 2018 has been an important six months for Joule. With the World Bank clearing its support for Bumbuna earlier in the year – after a long pre-clearance assessment of our environmental and social safeguarding programme – other lenders have also cleared initial approvals. With EAIF, EIB and DBSA now on board we're very close now to having all our debt in place for the Project, and ready to move through the financing process to financial close next year. Meanwhile, we're in the final stages of completing the feasibility studies for Kpep in Cameroon and will be ready to negotiate the heads of terms of the Concession early in the new year.

Earlier in the year we were very pleased with the engagement of the new government in Freetown, and we've continued to have strong support from the Minister for Energy and other senior ministers. The Government's support was clearly visible at the end of the summer when agreements were made in principle with the affected communities and a ceremony was held for the transfer of land for the Project.

Discussions with our preferred construction contractor Power China continue to progress well. We recently visited them in Beijing, together with members of the Government of Sierra Leone team to finalise financial and technical aspects. We also ran a 3-day workshop to run through the health, safety, social and environmental management plans required for construction of Bumbuna to make sure they're successfully implemented when construction work starts next year.

We've made enormous progress on both Bumbuna and Kpep in the last year. 2019 though will be an even more important year for Joule Africa, with Bumbuna now in financing and Kpep aiming to sign Heads of Terms for a Concession with the Government of Cameroon. As we approach the end of this year, I'd like to thank the team at Joule, Seli Hydropower and Joule Africa Cameroon, and those partnering with us, for the good work done this year: a very sincere thank you to you all.