

Stakeholder Update

October 2019



Developer-Owner-Operator of Sustainable Power Projects across Sub-Saharan Africa

Bumbuna II financing progressing well

Mandated lenders for the Bumbuna II hydropower project in Sierra Leone are nearing the end of their due diligence, with no major issues identified so far. It is expected that they will be in a position to go for credit approval early next year. This will be followed by the negotiation of legal documentation and Financial Close later in the year, once conditions precedent are satisfied.

It is encouraging that the Development Bank of Southern Africa (DBSA), which initially supported the Project as a development capital provider, is now co-mandated lead arranger, together with the Emerging Africa Infrastructure Fund for the debt financing.

On the equity side, we intend to bring in a strategic equity partner to the project in the lead up to Financial Close. This partner would share the remaining development costs up to Financial Close and provide up to half of the equity needed at that point. We hope to make an announcement on this in the coming weeks.

Planning underway for Bumbuna II Community Development Action Plan (CDAP)



Alongside the Biodiversity Action Plan (BAP) and the Resettlement Plans (RAP), we have been focusing on clarifying our strategy and programme of activities for the communities living in the wider catchment area around the project.

The CDAP is designed to support activities for the 25 years during which Seli Hydropower, Joule Africa's project company

in Sierra Leone, will be responsible for the operation of Bumbuna II. Our ambition is to improve livelihoods and establish and support sustainable economic activity over the lifetime of the project. Ultimately, plans and activities will be determined and driven by the communities themselves and aligned with local and national planning.

A week-long workshop was held in September 2019 where an action plan was drawn up. The team plan to conduct a comprehensive audit of the CDAP area in the near future. After that, the team will start to visit identified communities to discuss and agree options.

Climate Change Risk Assessment (CCRA)



Beyond what has already been described in the Environmental, Social and Health Impact Assessment, Joule Africa is taking further actions to provide assurance to lenders and other stakeholders around the possible implications of climate change.

Our staff are participating in the International Hydropower Association's greenhouse gas (GHG) emissions reservoir training which will help us to assess in greater detail the carbon footprint of the proposed reservoir.

As part of our wider consultation responsibilities, we will also be liaising with key organisations involved with the development and financing of the project, as well as groups that can be affected, positively or negatively, by the climate component of the project. This will involve the stakeholders in an informative and collaborative process. The parties involved are provided with opportunities to communicate, share knowledge and experience, and raise concerns to understand the project risks, impacts and opportunities related to climate change and resilience.

Seli Hydropower appoints stakeholder relations manager



In line with our plans to increase Seli Hydropower's capacity as an organisation, Charles Boye has joined as Communications & Stakeholder Relations Manager. Charles will be responsible for handling all communications within Sierra Leone, including supporting the resettlement, biodiversity and community development action plans.

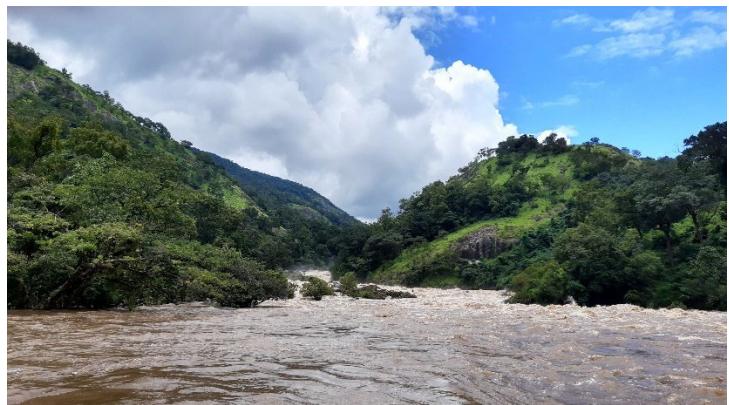
Charles has a wealth of experience having previously created advocacy campaigns for Sierra Leone's 'Wash-Net', a sanitation and hygiene agency; and he has also been responsible for promoting the welfare of Ebola survivors on behalf of the Government of Sierra Leone's Ministry for Social Affairs, Gender and Children

Kpep getting ready to discuss commercial terms in Cameroon

Kpep, our second power project which is based in Cameroon, has made good progress this year with all technical field studies now completed. As a result of this progress, the Government of Cameroon is in the process of formally identifying Kpep as the next priority power project for the country.

Commercial discussions between our Kpep team, the Government of Cameroon and ENEO (the state power utility) are scheduled to start in the next months to agree a binding commercial framework and heads of terms for the Power Purchase Agreement and Government Concession. Once agreed, we will start the remaining technical and environmental and social studies needed to launch the EPC tender.

In parallel to the commercial discussions, Joule is mobilising the Environmental and Social Impact Assessment (ESIA) activities. This will start with a scoping exercise, in the coming months, before launching the full social and biodiversity baseline studies, including engagement with stakeholders. International specialists WSP have been appointed to develop the Kpep ESIA.



A Perspective from the CEO

With climate change increasingly recognised as perhaps the biggest challenge facing us globally today, we at Joule Africa are proud to be developing and building power plants that will establish a long-term, low-carbon power generation backbone for Sierra Leone and Cameroon. But just displacing fossil fuels is not enough. At Bumbuna II, we are also working hard to minimise even the early years carbon footprint of our reservoir and are consulting widely to plan for possible seasonal variations created by climate change to make sure that we build and manage a power plant that is fit for purpose, both now and in the future.

Since our last newsletter in July, we have made considerable progress in helping our mandated lenders to conclude their detailed due diligence on the Bumbuna II project. I am pleased to say that no material concerns have emerged; In particular, in relation to environmental and social due diligence, this reflects our team's early focus on management of these areas.

At the same time, we have been holding further discussions with the Government of Sierra Leone in order to secure the necessary concessional finance for the project. A key element of our ambition, as the owner and operator of Bumbuna II, is to provide affordable power to the people of Sierra Leone and the provision of long-term, low-interest funding will help us to achieve this.

In addition to the work undertaken on the biodiversity and resettlement action plans, we now have a plan and budget for our 25-year community development action plan. We will be visiting communities in the wider project area to discuss options and to understand better their priorities. We appreciate that the ongoing support of our communities is critical to the success of the Bumbuna II project.

Our second hydropower project in Cameroon, Kpep, is making good progress with its feasibility studies and we are particularly pleased that it has recently been designated a priority energy project for the country. We will shortly be starting negotiation of the terms of the PPA and will be conducting the next phase Environmental, Social and Health Impact Assessment study.

In September, we brought together our people working in Cameroon, Sierra Leone and the UK. I am proud to be associated with a team with the drive, experience and skills to develop, build and operate Bumbuna II, Kpep and other power plants so desperately needed so as to enable the countries in which we work to prosper.

For more information please call +44 (0) 20 7499 7985 or email contact@jouleafrica.com