

# ASER GCF project approval verbatim

<p><u>11/08/2020</u> <u>GCF informal briefing</u> <u>on projects for B.26</u></p>	<div data-bbox="479 300 828 651" data-label="Image">  <p>FP138 MITIGATION</p> <p>SENEGAL</p> <p>ASER Solar Rural Electrification Project</p> </div> <p>ASER-BOAD satisfactorily answered GCF board members' questions and remarks from Japan, Norway, UK, France (&amp; USA) about:</p> <ul style="list-style-type: none"> <li>- <i>COVID-19 shock and consequences on the project in Senegal's context</i></li> <li>- <i>Mini-grids consumers' ability &amp; willingness to pay the tariff and incentive schemes</i></li> <li>- <i>Concessionnality and contingency of the project's financing sources</i></li> <li>- <i>Governance structure among co-financiers incl. KfW role</i></li> <li>- <i>Overall rural electrification program scale-up strategy</i></li> <li>- <i>Licensing and procurement safeguards</i></li> </ul>
<p><u>21/08/2020 GCF</u> <u>Board meeting #26</u> <u>Consideration of</u> <u>funding proposals</u></p>	<p>Smooth approval of the project by the GCF Board chair, despite Germany's abstention due to declared conflict of interest, after concise presentation by the Secretariat and two live comments below:</p> <p><b>Richard Muyungi</b> (Tanzania Board Member), praising the project's replication potential:  <i>"Thank you for introducing this very important project. This is one of the important project in the continent; we are going to help Senegal to electrify over 1,000 villages [...] this is a project which can help a lot Senegal and the neighbouring countries in terms of generating new activities, innovative activities, green activities in the area so I strongly support this project and hope it's going to help the country and surrounding communities in terms of getting <b>new and innovative ways of using GCF resources.</b>"</i></p> <p><b>Erika Lennon</b> (Active Observer), commending the project and highlighting the gender aspects' higher needs:  <i>"Overall civil society active in the GCF is very supportive of this rural electrification project in Senegal proposed by BOAD. However, given its focus on electrification and clean energy access for the most vulnerable villages and the importance of providing mini-grid connections in support of social service connections, we feel that the 400 k€ in grants budgeted for this project under the subsidized vouchers system, which is only 2.2% of the entire project budget, is too low. We are particularly concerned that the way the proposal is written can disadvantage some service conditions, particularly for women micro-entrepreneurs &amp; service providers, without the track record and ability to pay for continued connection. Thus, while overall support of the project and its focus, <b>civil society would like to see more grant financing provided for gender and social service connections</b>, with a positive prioritization of women micro-entrepreneurs service providers, and assurance that the concessionality of the finance provided through the microfinance institutions guarantee scheme is fully passed on to the microcredit takers, with more than half of these microcredits benefitting women micro-entrepreneurs &amp; women service providers, and a stronger focus in the project specific gender action plan on building gender capacity and providing support for <b>in-house gender expertise at ASER, the Executing Entity, instead of outsourcing its implementation to a consulting firm.</b> This would also be the best way to support overall improvement of ASER's gender responsive implementation of Senegal's rural electrification program, which is originally written without taking any gender considerations into account. This project could then provide a real paradigm shift in the way rural electrification in Senegal is approached."</i></p>



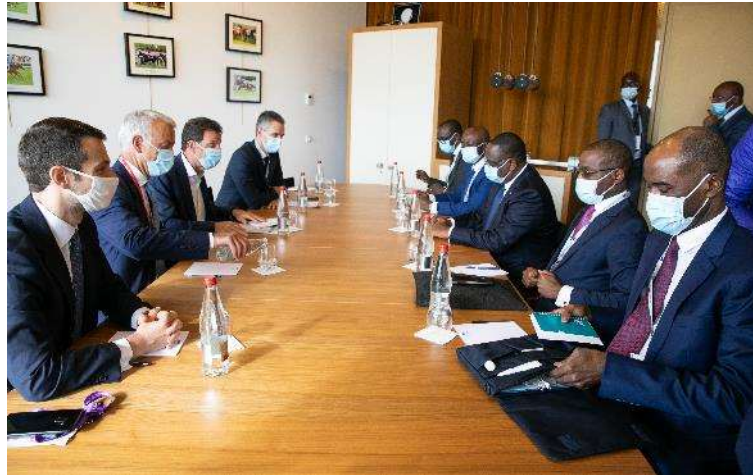
See <https://www.greenclimate.fund/boardroom/meeting/b26#videos> (3:08:30)

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Only one week later, AERA Group's chairman Fabrice Le Saché met with the President of Senegal H.E. **Macky Sall in Paris at the French Business Summit** and informed the President and his delegation (Minister of Economy, Economic Advisor to the President,...) about carbon finance situation and development in Senegal . He disclosed ASER GCF successful approval which the President was still unaware of. He also explained the overall expertise that Senegal is building on carbon finance (including key CDM projects, the country's representation at the UNFCCC Board, its role in the West African Alliance etc.).

*The President mentioned that all these mechanisms were complex and Africa did not benefit enough. He was glad to receive such information and see that funding can be secured through climate finance. Aera Group chairman mentioned the work from CFI consortium that gathered few nations private companies and was sponsored by Germany. The Senegalese President praised European firms to team up and said that Europe needs to bring added value if we were willing to make a difference with China or other competitors. He mentioned the very high interest rates from EU financiers was due to an overrated perceived risks. He mentioned that financing from Europe were also too short in duration to match infrastructures lifetime. In a nutshell he said that most of European investors hold a misrepresentation of Africa risks and ask more stringent conditions despite the fact that no African counterparts in recent years have default their debt service. The President added that his debt ratio on GDP is twice lower than France but we still make it hard for African countries to increase their debts and at the same time Europe allow itself to go beyond Maastricht criteria. In a post COVID crisis moment the world shall let Africa increasing debt to support the economic recovery. The interest rates from Europe shall be much lower. He recalled that Africa never benefited from a Marshall plan and we cannot ask the continent to equip with infrastructures without adequate financing. Aera chairman explained that the GCF submission was a partial answer to this. That lots of funding were at concessional rate and part of funding were under the form of subsidies. He underlined that the GCF were funded mainly by European nations including Germany and France. That Europe were providing financing through multilateral instruments rather than bilateral and*

that most of the money coming from international institutions were actually coming from Europe. He pointed out that these roads were probably not the clearer path but added that, to a certain extent, European firms such as the CFI consortium supported by a State – i.e. Germany - can walk along with the public/private sector from Senegal to submit more proposal to the GCF and other agencies which promote a climate transition agenda. He praised the President for a strong leadership in renewable energy, Senegal having the largest solar PV installed capacity in West Africa for instance. He invited the President to support Senegal as a leading climate finance hub as lots of expertise is now located in Dakar and lies with Senegalese nationals.



Together with Macky Sall were his Minister of Economy, the special advisor and the president of Senegal largest labour union.

