Early Warning System

MIGA-14374

Salima Solar

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Quick Facts

Countries	Malawi
Financial Institutions	Multilateral Investment Guarantee Agency (MIGA)
Status	Approved
Bank Risk Rating	B
Voting Date	2019-04-17
Borrower	JCM Salima UK Limited
Sectors	Construction, Energy
Investment Type(s)	Guarantee
Investment Amount (USD)	$ 58.82 million

Project Description

According to bank provided information, a consortium jointly led by JCM Power Corp. of Canada (JCM) and InfraCo Africa Limited, UK (InfraCo) has been selected by Electrical Supply Corporation of Malawi Limited (ESCOM), the state-owned electricity utility of Malawi by way of competitive tender to develop, construct and operate a 60 MW solar PV project in Salima district, Malawi.

The Project Site is situated in the central region of Malawi, approximately 30 km from Salima District Boma, in Traditional Authorities (TA) Kalonga. The project falls under Senior Group Village Headman (SGVH) Kanzimbe, Group Village Headman (GVH) Waya, GVH Mayambo and GVH Sadzu.

The plant infrastructure will sit on 168-hectare (ha) land plot, and will include transformers, associated cabling, access roads, a maintenance area, storage, temporary hostels and offices. The Project will be fed directly into the national grid via a 4 km 132 kilovolt (kV) transmission line constructed for the project by the project Enterprise, which will require a 57-ha wayleave land from the site to the Nanjoka substation. In total, 225ha of land (including the right of way) will be used by the Project.

The plant will be located on existing farmlands and there are few residential areas near the Project and transmission line wayleave. The Project will build temporary accommodations for approximately 30-40 staff during the construction phase. The labor force will be engaged from the local communities which means they will reside in their residences. Site clearing began in December 2018. Due to the heavy rainy season in Malawi, civil works were noticeably slower during January-March. However, civil works, fencing and updated site clearance will commence in March 2019. Construction is anticipated to be completed by October 2019. Once construction is complete, there will be no accommodations on site, however there will be a building dedicated to O&M, which will include storage space, offices, conference rooms and a kitchen.

Early Warning System Project Analysis

Risk Assessment: Category B.

The World Bank classifies proposed projects based on the type, location, sensitivity, and scale of the project and the nature and severity of its potential environmental impacts. The project is a Category B project according to MIGA's Policy on Environmental and Social Sustainability (2013) because it is expected to have potentially limited adverse Environmental and Social (E&S) risks, which will be few in numbers, site-specific, largely reversible and readily addressed through mitigation measures.

APPLICABLE SOCIAL & ENVIRONMENTAL STANDARDS

While all Performance Standards are applicable to this Project, current information indicates that the Project will have impacts which must be managed in a manner consistent with the following Performance Standards:

PS1: Assessment and Management of Environmental and Social Risks and Impacts - This performamance standard is triggered due to the size and nature of the Project and its potential to cause potentially limited adverse impacts, including the need for involuntary resettlement. The project involves building a solar power plant and related infrastructure which may involve environmental and social issues that accompany such a project.

PS2: Labor and Working Conditions - This performance standard is triggered because it is anticipated that during construction, there will be approximately 200 workers (both casual and skilled) on the Project site across the nine-month construction phase. During operations, the solar PV power plant will be operated on a 24 hour, 7 days a week basis with 20 on site workers.

PS3: Resource Efficiency and Pollution Prevention - This performance standard is triggered because during construction and operations, the main resource and pollution issues relate to air emissions, water consumption, pollution prevention, solid waste management, and hazardous material management.

PS4: Community Health, Safety and Security -

PS5: Land Acquisition and Involuntary Resettlement - This performance standards is triggered because the project has resulted in land acquisition and involuntary resettlement, which led to economic displacement of land users, primarily comprising of subsistence farmers.

In addition to the Performance Standards, the World Bank Group (WBG) Environmental, Health and Safety (EHS) General Guidelines; and sector specific guidelines for Electricity Transmission and Distribution apply to this Project.

People Affected By This Project

Right to Property & Adequate Housing

According to the bank documents, the project is likely to cause permanent loss of private structures including residential homesteads. The land to be used for the construction of the power plant and its associated structures was previous owned by the communities.

Right to Livelihood

The Project will impact on land use with approximately 225 hectares of land permanently sterilized from further use. The project will require to acquire 168 hectares of land from the communities for plant infrastructure, 57 hectares for transmissions lines construction wayleave. Land acquisition and involuntary resettlement will trigger economic displacement of land users, primarily comprising subsistence farmers. Due to food shortages in communities resulting from inefficient farming techniques, the impact of land acquisition and economic displacement is likely to exacerbate food insecurity and heighten poverty levels. The high levels of subsistence farming within the communities in the Project area produces low income levels and high levels of poverty.

Right to a Healthy Environment

During the first 9 months of construction when major earthworks are being undertaken, there is potential for significant dust generation that may likely pose health risks to surrounding communities. In addition the influx of workers significantly increases potential for the spread of communicable diseases in the area with in-migration of people seeking construction work and commercial sex work.

Right to Water

During the construction phase, water supply for the project during is anticipated to be derived from the groundwater. This may have an effect on the community's access to water.

Investment Description

- Multilateral Investment Guarantee Agency (MIGA)

Private Actors Description

The Project Enterprise, JCM Matswani Solar Corp Limited, a Malawi Special Purpose Vehicle (SPV) established for the development of the project is owned by three shareholders: 1) JCM Salima UK Limited, a UK-based SPV - ultimately owned by JCM Power Corporation Limited and Financierings-Maatschappij voor Ontwikkelingslanden; 2) InfraCo Africa Limited; 3) Matswani Capital (PTY) Limited.

JCM Salima UK Limited owns 75% of JCM Matswani Solar Corporation Limited.

JCM Power Corporation Limited is a Canadian private equity firm established in 2010 by a conglomerate of individuals, funds, and investment firms, with the aim of investing in clean power. JCM Power Corporation Limited develops and operates renewable energy projects in emerging markets. Its recent experience includes projects in Cameroon, Nigeria, Chad and other countries in the African Continent.

InfraCo is a private investment company, established in 2004 and funded by the governments of Austria, the Netherlands, Switzerland and the UK. Past projects have mobilized over US$2bn of investment in infrastructure sectors in Sub-Saharan Africa (SSA). The past projects financed by InfraCo include solar plants in Guinea, Zambia, Nigeria and Tanzania.

SUMEC has been selected as Engineering, Procurement and Construction (EPC) and Operations and Maintenance (O&M) contractor to build, operate and maintain the Project. SUMEC will also be responsible for construction of the 132-kV transmission line. Once constructed, the line will be handed over to ESCOM, the state-owned electricity utility of Malawi.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	JCM Matswani Solar Corp Limited	Client	-
Infraco Africa Ltd	Investor	-	invests in	JCM Matswani Solar Corp Limited	Client	-
JCM Matswani Solar Corp Limited	Client	-	contracts with	ERM: Environmental Resources Management	Contractor	-
JCM Matswani Solar Corp Limited	Client	-	contracts with	ESCOM: Electricity Supply Corporation of Malawi	Buyer	-
JCM Power Corporation Limited	Parent Company	-	owns	JCM Salima UK Limited	Investor	-
JCM Salima UK Limited	Investor	-	invests in	JCM Matswani Solar Corp Limited	Client	-
Matswani Capital (PTY) Limited.	Investor	-	invests in	JCM Matswani Solar Corp Limited	Client	-
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden NV	Investor	-	invests in	JCM Salima UK Limited	Investor	-
SUMEC Group Corporation	Contractor	-	contracts with	JCM Matswani Solar Corp Limited	Client	-

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ACCOUNTABILITY MECHANISM OF MIGA

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Bank Documents

- Environmental and Social Action Plan [Original Source]
- ERM - Environmental and Social Impact Assessment for the proposed 60 MW Solar Power Plant in Kanzimb [Original Source]

Community Documents

- Community-Led Research Report: Salima Solar Project [Original Source]
- Infographic [Original Source]

Corporate Documents

- JCM: Promoting Gender Equality
- Livelihood Restoration Plan [Original Source]

Campaign Documents

- Blog Post: Concerns Unaddressed, Communities in Malawi Continue Campaign on the Salima Solar Project
- Concerns Unaddressed, Communities in Malawi Continue Campaign on the Solima Solar Project
- Salima Solar Project Corporate Mapping [Original Source]

Other Related Projects

- FMO-55284 JCM Salima UK Ltd.
- MIGA-14672 Golomoti Solar