

CLIMATE INVESTMENT FUNDS

August 12, 2015

**APPROVAL BY MAIL: APPROVAL BY MAIL: DEDICATED PRIVATE SECTOR PROGRAMS (DPSP) -
UTILITY SCALE SOLAR PHOTOVOLTAIC SUB-PROGRAM (IFC) CTF**

Comments received from Brazil, UK and US

August 10, 2015

Comments received from Brazil

Dear colleagues,

Please see below comments from Brazil on the proposal **Utility-Scale Solar PV Sub-Program: Stage 2**.

There seems to be a discrepancy between the size of the program and the ambition of the IFC to reach Latin-American countries and African countries in general. The first stage of the program focused in just one country, Honduras, providing USD 20 million, but the current proposal is just slightly larger (USD 30 mi) and intends to reach a broad range of countries in two continents. The fact is that just a few countries will benefit from this program, but there are no clear guidelines for selecting which countries will receive support. The proposal is too broad, and more clarity should be provided on the context for implementing the proposed investments. For instance, what are the market conditions for applying this program in these countries?

As a consequence of the broad scope of eligible countries, the data presented to describe the "energy sector context" does not seem adequate. There are significant differences between the countries in each region, which are not made transparent in this document. For instance, the data is presented for LAC and Africa as a whole, but it is not clear if it excludes the ineligible countries, such as South Africa, Chile and Mexico. This should be clarified to provide a realistic picture of the energy context in the areas where the program may be implemented.

We are confident that the IFC acts based on up-to-date information on the market reality in client countries, and we expect adequate information to be provided to the Committee in order for an analysis of the proposal to be made. This is required for any CTF proposal presented as a part of a country Investment Plan, and we see no reason for the same standard not to be applied in the case of the DPSP.

We would like further information on the **country ownership** for the proposed program. As there is not a clear focus on a limited set of countries, how is IFC ensuring country ownership for the proposed investments? In this regard, the use of standard IFC procedures for country no-objection is clearly insufficient to ensure country ownership, as country authorities are only informed at the latest stages of decision.

Please explain how the investments will be targeted in CTF countries, considering the investments from the CTF on solar power already planned/committed to several of the eligible countries. What is the additionality of the new program in these countries?

Best regards,



Marco Aurélio dos Santos Araújo

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August 11, 2015

Comments received from the UK

Dear Mafalda,

The UK is happy to approve the Utility Scale Solar Photovoltaic Sub-Program.

We do have some questions for the IFC on this project (see below) which I'd be grateful if you could pass on. We don't want to hold the program up hence why we are happy to approve, but we would be grateful if the IFC could provide responses to these questions in due course:

- The proposal envisages potential projects in a number of countries in Latin America and in Africa. The proposal only contains rather general comments on these two regions. Conditions in each of the countries mentioned varies considerably. It would be useful to get some additional information on the specific challenges in the countries mentioned.
- Egypt is one of the countries included in the MENA regional programme. Presumably the regulatory and other challenges have been dealt with as part of that programme. Please could the team elaborate on any issues that are specific to this programme that are not currently being addressed through the MENA programme, other than that this is private sector focussed. What is the additionality of this programme?
- What is the additionality of this programme over other SREP programmes in the countries listed?
- Given this project is under the DPSP the projects under development should be explicitly demonstrational: either first demonstration of technology in country, or innovation in the financing structure that accelerates scale up. This is explored as an aim in the text, but at the same time the documentation provided also refers to Nigeria where the CTF has already financed utility scale PV through the IP. We would be grateful for clarity on this point?

Thanks,

Lawrence

August 11, 2015

Comments received from the US

Dear Mafalda,

Thanks for the opportunity to comment on Phase II of the DPSP Utility Scale Solar PV Sub-program. We have been pleased to see the progress of Phase I in Honduras and, and think Phase II has the potential to be as successful. Before we approve the proposal, however, we have a couple questions we would like answered.

The proposal talks about Phase II as expanding the sub-program model to a larger pool of countries throughout Africa, Latin America, and the Caribbean, but only identifies African countries as ones with indicative pipelines of projects. Is this because there are no LAC countries that have projects that are as ready to plug into the pipeline as the African countries, or because the African countries are a higher priority to receive funds? If the indicative pipeline projects are all funded, will there be resources left over for other projects?

If resources are already close to be fully notionally allocated, then we hope that the projects will move forward quickly, so there is less uncertainty about the reality of available funds. What efforts will IFC undertake to ensure that there are minimal delays in moving the identified projects forward to approval?

We look forward to reviewing the answers to these questions. Cheers.

danny