

June 3, 2014

**Approval by mail: Egypt: Wind Power Development Project - Restructuring Paper - IBRD (CTF)**

Dear Patricia,

Thanks to the Government of Egypt and World Bank for submitting this reallocation on finance for approval. The UK would like to ask a number of questions.

**Renewable energy fund:** We are being asked to approve \$10m for a renewable energy fund, yet the PAD contains very little information about this fund. Before we can approve this component we would like more information about the fund, for example, what it is, who will administer it, what results are expected and how does the fund fit with the CTF investment criteria?

**Results:** There is an inconsistency in the results framework. While GHG savings are claimed on the basis of facilitating the deployment of 790 MW by the closing the date of the project, the total investment cost only includes the cost of the transmission investments and the financial leverage only one 250 MW wind farm.

- Will the 790 MW of wind capacity be only built as a result of the investment into energy infrastructure or would some of these installations have gone ahead anyway? This will help us to establish the business as usual scenario.
- The total investment cost per tonne should include both the cost of the transmission investment and the investment cost associated with the wind farms, otherwise the figure is deceptively low.
- If the construction of the wind farms will only involve private finance – as the implementation based on BOO or IPP basis seems to suggest - then their investment financing should be included in the CTF financial leverage. If it will involve additional public finance in the forms of subsidies there is a potential issue with double counting GHG and financial results in the future.

**Previous results:** In the original results framework the GHG savings from the entire 2500MW scale up potential were attributed to the intervention at 120 Mt CO<sub>2</sub>eq, whereas this proposal includes a target of 28.5 Mt CO<sub>2</sub>eq. Please could a rationale for this change be provided?

**Carbon credits:** Please could you confirm that any credits sold to the market will be reported to the CTF?

**Development:** The Development Impact section does not mention poverty at all, would it be possible to expand on this and to indicate how the project / savings from the original project will benefit the poorest, as well expand a bit more on the gender elements; the reference to 49% of recipients being women is not the strongest case for an approach of targeted measures that would specifically focus on gender benefits for women and girls.

Kind regards,



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