

June 17, 2014

CTF - Revised Nigeria Investment Plan

Dear Patricia,

In preparation for the CIF meetings later this month, the UK, has gone through the revised Nigeria IP and has the following questions for the project teams:

1. In consideration of the reallocation of funds made available by the positive progress of the BRT projects, is there any reason why a portion of these funds was not allocated to the Line of Credit to Stanbic Bank for Energy Efficiency and Renewable energy project?
2. Will these projects address the regulatory bias towards fossil fuels in any way?
3. The total financing of the WB project is \$753M while the AfDB's is \$243M. Meanwhile both intend to install 100MW capacity. Can you clarify the discrepancy in finance required for projects of the same capacity?
4. On CTF cost per tonne: **WB project is \$57 per tonne, while the AfDB is \$14 per tonne. This huge difference is counter-intuitive** because with the more innovative financing instruments we would expect to see higher financial leverage in the WB project, more realised capacity and more CO2 savings bringing the cost-effectiveness of the project below that of traditional concessional financing. Can you please explain the discrepancy?
5. We note that GHG savings attributable to the overall IP are estimated to be 6.6Mt. However, the previously approved Line of Credit project claimed a 4.9Mt lifetime saving alone. Both the IBRD and the AfDB PV projects are expected to save 1.7Mt. Can you please explain how the difference is accounted for?
6. CTF cost per tonne for the IP overall is \$35 per tonne. The total investment cost per tonne is \$265 per tonne, which is over the \$200 per tonne CTF threshold. Please could you comment?
7. Mention is made in the revised IP document, of the manufacturing capacity in Nigeria. Is there any reason why components of the solar plants could not be manufactured in Nigeria? This would create jobs and improve the developmental impact.

Kind regards

Simon

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