

April 11, 2014

**Comments from the US—Approval By Mail: Ethiopia: Geothermal Sector Development Project(GSDP) SREP (IBRD)--Amended Decision**

Gevorg,

Abby and I will participate in the phone call Monday morning. Here are the questions we'd like staff to address:

- It appears there are some resettlement issues associated with the Aluto drilling site, but the ESIA documents do not clearly state if resettlement will occur as a result of the project. Will resettlement happen at the Aluto site? If so, how many people will be affected and is there a resettlement plan the Bank can share?
- On page 20 of the PAD, an 8% and 10% discount rate is used to estimate the EIRR. Typically, the World Bank recommends using a discount rate of 12% to calculate NPV of EIRR in developing countries. Why are 8 and 10 used instead of 12?
- Power exports to Kenya and others play a prominent role in the eventual success of these projects. Please elaborate on the impacts to the long-term viability of the project if the interconnector to Kenya is delayed beyond 2017. Can these projects success without substantial power exports and does the focus on exports negatively affect domestic access?

Additionally, we echo the questions posed by the UK about the exclusion of private investment and the GoE's position on tariff levels. We're looking forward to a good discussion.

danny