

November 19, 2010

**Comments from Australia on the
AfDB/IBRD South Africa: Eskom Renewables Support Project**

On ESKOM, we are happy to provide input to the Admin Unit on conditions of approval. The World Bank made it clear they didn't want conditional approvals of this type to become standard practice. For this reason we plan to keep our response lean and focus only on demonstration potential at scale. Implementation issues are important, but we are content to leave these to the MDB appraisal process in the circumstances.

Demonstration potential is likely to keep coming up in CTF approvals so it would be useful to give the MDBs clear guidance that might also assist in future projects. Indicators are difficult, but we think the following could be addressed:

*Factors underpinning the assumption that the wind and CSP projects would result in a four and five fold replication in capacity by 2013 respectively.

*Status of potential future wind investments that could utilise the transmission line included as part of the wind project. Is there interest from IPPs? What is the financial viability (including REFIT) of private investments that may benefit from the transmission line?

*Aside from transmission, what other supporting infrastructure is in place, or planned under these projects, that could contribute to follow on investments (eg. access roads).

*Projected learning curve (particularly for CSP) that uses international experience to estimate the reduction in cost of technology and commissioning relative to the increase in installed capacity.

*How does the CSP project combine with efforts at large scale deployment of CSP under the MENA investment plan. Is the demonstration potential from both likely to be greater than the sum of the two parts?

In the interest of reducing duplication on conditions provided to the Admin Unit, we would welcome comments from colleagues on our suggestions. We also intend to ask the Admin Unit and MDBs about the process for addressing the conditions provided by Committee members. I would have thought a report back to the Committee following the project appraisal process planned for early 2011 would be more useful than a written response now.