

CLIMATE INVESTMENT FUNDS

June 14, 2017

**[APPROVAL BY MAIL]: LIBERIA: RENEWABLE ENERGY PROJECT (AFDB)(SREP)-
XSREL032A**

AFRICAN DEVELOPMENT BANK RESPONSE TO COMMENTS FROM SWITZERLAND

Switzerland supports the approval of the project but recommends that the AfDB and the GoL proceed with the extension of the distribution grid and the installation of mini-grids to connect remote cities in Nimba County as soon as possible and that they therefore seek financing from other sources. The project will only unfold its potential for transformational change in Liberia, if and once the people living in the remote cities of Nimba county have gained access to electricity generated from this plant or other successive investments in renewable energy.

[AfDB]: This is well noted. AfDB will transmit this comment to the Government of Liberia and engage with Development Partners to discuss the possibility of adding the mini-grids component to the Nimba County as part of the project's scope.

Re. answer Nr.16: Our question was referring to the progress already realized in the WB project not its objectives of which we are well aware. This (the progress) is not documented in the PAD to which the indicated links leads.

[AfDB]: We are currently working on a more meaningful answer to this question and will get back to you as quick as possible.

Re. answer Nr.22: Unfortunately the answer is still truncated and it is still unclear whether the GoL considers a future private investment into the plant desirable or not.

[AfDB]: There must be a glitch with the platform as the answer was copied in full more than once.

The initial final answer is as follows: "As stated in paragraph 4.6 of the PAD, "RREA is currently concluding the development of a Business Plan that will incorporate a methodology aimed at guiding engagements with private sector companies to operate power plants in the country." This project could be the object of a Public-Private Partnership with a private operator being brought on board to operate and maintain the power plant during its life. Given the envisaged installed capacity of the power plant (<10MW) that is insufficient to provide gains in terms of economies of scale and the high transaction costs to structure this project as an IPP, the Government of Liberia objective is to minimize development risk and implement the project under a public scheme and engage a private company to operate and manage the asset.

Re. answer Nr.16: Our question was referring to the progress already realized in the WB project not its objectives of which we are well aware. This (the progress) is not documented in the PAD to which the indicated links leads.

[AfDB]: Following internal consultations, AfDB is in no conditions of providing an answer on the progress realized in the WB project for reasons linked to ability to access diclosable information. That been said, the outputs of certain activities in the WB project, if implemented as per design, can mitigate certain risks associated with the project, especially those capable of strengthening the technical capacity of RREA which will necessarily benefit the proposed project since RREA will be both the beneficiary and the implementing entity of SREP resources.

AfDB is happy to connect Switzerland to the Project Task Manager at the WB via the World Bank SREP Focal Point to facilitate a more meaningful answer on this question.