

April 3, 2014

Comments from France—Approval by Mail: Renewable Energy Mini-Grids and Distributed Power Generation Program (India, Indonesia, Philippines) ADB

Dear all,

France fully agrees with Germany on the fact that this innovative private sector program presents a very interesting set of development impact by promoting access to clean energy in off-grid communities, which are important to consider and support, through the CTF DPSP. However, we also agree with the concerns raised in Franck's email regarding the proposal submitted by ADB (lack of information on the financing plan, overestimation of replication potential, high level of perceived risk on equity exposure without much information to appreciate it, size of stand-alone operations, impact on the CTF cash flow model...).

We appreciate the Admin Unit proposal to schedule a conference call between ADB, the Trustee and the CTF Trust Fund Committee, to address those comments. In addition to comments already provided, we would appreciate to get more information regarding the following topics :

- What is the process and timing that is considered for the governance of the program by ADB and the appropriate reporting to the CTF TFC regarding sub-project selection, commitment of funds, disbursement and impact evaluation ?
- The project is designed to test innovative business model (p14), we would appreciate to have more information regarding those models.
- The lack of access to commercial capital (debt and equity) from domestic financial institutions is presented as one of the main barriers to the scale up those mini-grid projects. Could you develop how the program is willing to tackle this specific issue ? How will the program try to change domestic commercial banks risks perception, which is a necessary condition to any replication of such pilot program otherwise than by financing first movers with concessional finance ? Which does not seems enough to overcome the presented financial barrier.
- The program will implement the concept of « minimum concessionality » could you develop how this concept will be operationalized and how will it be documented to the CTF TFC?

Best regards,

Cécile