

June 10, 2014

**Approval by mail: Morocco: Noor II & III Concentrated Solar Power (CSP) Project CTF
(AfDB and IBRD)**

Dear Patricia,

We note that the two attached MENA projects are being submitted for approval before the relevant revisions to the MENA investment plan, which is coming for approval at the CTF Trust Fund Committee this month. We would prefer to consider the revisions to the IP and discuss these as a committee before approving projects directly related to those revisions. We would also like to ask the following questions about the MENA CSP project:

* There seems to be a disconnect between the amount of CTF financing and co-financing available as indicated on the cover-page at approx. US\$ 3 billion and the EPC cost breakdown on page 31. of the PAD which indicates total EPC costs are estimated at approx. US\$ 2 billion. It is unclear what the additional \$1 billion will finance besides the US\$300 M earmarked from IBRD for the cost-mitigation mechanism?

* Pg. 40 states "The CTF is leveraging an additional US\$ 1374 million from KfW, IBRD, EIB, AfDB, NIF and AFD. The financial leverage ratio is 1 to 5.77." Whereas based on information reported elsewhere the leverage ratio is 1:11.7. Could you clarify what is the actual CTF leverage?

* The cost effectiveness is 18.4 US\$/tCO₂ for CTF funding and 155 US\$/tCO₂ considering total funding under the EPC contract. However considering total project costs (including funding towards the cost mitigation mechanism) the total project cost per tonne of CO₂ avoided is 231US\$/t. This is higher than what we have recorded for Noor I at 216US\$/t, because the previous project calculated lifetime savings based on 30 years, whereas this in this project it is only 25. Why?

Kind regards,

Kate