

April 2, 2014

**Comments from Germany—Approval by Mail: CTF Nigeria: Line of Credit for Renewable Energy and Energy Efficiency Project (AfDB)**

Dear AFDB Nigeria-Team,

while GER is in general supportive to the development of increased power production based on RE/EE, we still have a number of questions with respect to the creditline to STANBIC IBTC, Nigeria

1. Power Sector Nigeria:\_ More information on the power sector in Nigeria would be helpful especially with respect to the legal and institutional framework for renewable energies and independent power producers, feed in tariffs, level of competitiveness of renewable resources in comparison to thermal power generation, etc.
2. STANBIC IBTC:
  - a. We would like to see more information about STANBIC role and position in the Nigerian market as well as get details on STANBICs credit rating.
  - b) In addition, we would like to understand why Standbic as part of Standard Bank Group is not in a position to offer better terms than "tenors of 3 years with interest rates of 20-40%".
  - c) Furthermore pls provide further details on STANBICs strategy on RE/EE. Is there a dedicated team at Stanbic working on those projects.
  - d) What is STANBICs previous experience/track record in the field of EE/RE projects? Is AFDB providing TA support to STANBIC to expand the project pipeline, number of project approved?
- 3.The proposed projects:

Pls provide project briefs of the individual projects including information on project sponsors, financing structure, time schedule, etc.

On the biomass projects specifically, pls explain where the palm kernel waste is coming (plantations) and how it will be harvested? Why is the proposed tenor only 7 years with CTF funding with a tenor of 20 years? In our experience similar projects usually have tenors of 12-15 years.
- 4.Environmental issues:

Pls provide details especially with respect to the two biomass projects, if, how and which environmental standards are observed especially concerning the use of "Palm kernel waste".
- 5.Demonstration effect: Pls explain how the proposed individual projects will be used for demonstration purposes?

6. Financial sustainability:

Is AFDB rendering support to STANBIC to assess and evaluate RE/EE projects beyond the 4 projects currently proposed?

We would appreciate, if you could provide further information on the list of issues above in order to better assess the creditline and the quality of the underlying proposals before considering AFDBs financing request.

Kind regards,

Frank Fass-Metz