

April 7, 2014

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

Patricia et al.,

Thanks for the opportunity to review the project proposal *Nigeria: Line of Credit for Renewable Energy and Energy Efficiency Projects*. We think this project is moving in the right direction, but we have a few questions we'd like answered:

1. Is there sufficient capacity and expertise within Stanbic to do proper due diligence on renewable energy and energy efficiency projects and to identify and evaluate the risks associated with these projects? Has AfDB evaluated the projects currently in Stanbic's pipeline?
2. Will AfDB do its own due diligence on the projects before the LOC can be accessed by Stanbic, or will AfDB depend entirely on the loan vetting processes of Stanbic?
3. How will losses resulting from defaults by the borrowers be managed? Will Stanbic still owe the entire amount taken under the LOC facility, or will there be loss sharing between Stanbic, AfDB, and CTF?
4. How does this LOC help the borrowers access additional debt financing, as stated on page 8? Does the LOC take disproportionate/first losses in the case of default?
5. How long will the LOC remain open?
6. On page 11, the document states that, in addition to the LOC, there will be "implementation support from the AfDB". What does this implementation support entail?

danny