

May 12, 2010

**Comments from the United Kingdom
IFC's Thailand Renewable Energy Accelerator Program**

Dear Patricia,

Please would you forward to the IFC the following questions related to the Thailand Renewable Energy Accelerator Programme. It would be helpful to have a response to these questions so that we are better able to evaluate it.

Questions related to the Thailand Renewable Energy Accelerator Programme

Overall the proposal is fairly general and is asking for money to support an "approach" rather than specific projects at this stage. The approach is based on considerable IFC experience in other countries towards developing a market for renewable energy technologies. While it is clear that the IFC has considerable experience in developing markets, some of the assertions in the proposal are not well supported. For example, on page 8 under the heading Demonstration Potential at Scale it states " . . . so the initial projects supported by the Program will provide a demonstration effect and could provide the impetus for a tenfold increase in projects." Is there some analysis that supports this assertion?

It is clear that concessional finance is required to address the differential between conventional thermal power and renewables, however, is there any analysis that identifies that point at which economies of scale will have been reached and concessional finance is no longer necessary? Obviously it is not possible to know exactly where this point lies, but what is the range of investment required to get to that point? With all things remaining equal when in time could we expect to get to this point? The proposal does not make clear how adequate the current request for funding is in terms of reaching this inflection point. Will the current proposal bring us close to the inflection or are we still a long way off requiring considerably more concessional finance?

Regarding the current political tensions referred to in the risk assessment, it is stated that the situation will be carefully reviewed? What are the indications that would satisfy a decision to proceed with the investment?

The Development Impact section makes no mention of the likely impact on poverty, not are there any poverty reduction indicators. How many jobs are likely to be created by the investment? In which sectors? Will there be an impact on women? How many additional poor homes are likely to have access to electricity, at what cost? How many new businesses will this investment spawn? In which sectors? How many new businesses will receive power as a result of the investment?

It is appreciated that some of these are difficult to quantify in the absence of specific projects, however, indicative projections must surely be quantifiable.

Kind regards
Simon