

May 5, 2010

Comments from Germany
on
Approval of CTF Funding for project entitled - Egypt: Wind Power Development Project
(IBRD)

Dear Rohit,

We have a number of questions we would like to be clarified before we reach a final decision of the project proposal.

We drafted these questions before you had sent your comments regarding the Japanese interventions. We found these answers relevant, therefore I'm only sending our questions pertaining to these issues raised by Japan in order for you to appreciate our overall approach, and the extent of our concerns.

- Will the project contribute to an especially efficient transmission system?

As it was pointed out by our colleagues from Japan: What is actually financed is a potentially conventional 500kV transmission line. The proposal dresses this as a "Wind Power Development Project". Although the extension of the grid seems to make perfect sense from a technical point of view and given the national context, it needs to be clarified in what respect the CTF funding is used to contribute to an especially efficient transmission system.

- Are the CTF Funds really needed?

On page 76 the proposal states that there are potential scenarios under which the project would be economically viable without CTF financing. We consider this highly relevant but the corresponding information is lacking in the document. (At least in our version pages 77/78 are left blank.) We would like to receive the full set of information including the results of the financial analysis showing scenarios with and without CTF financing. (In this we also support the point made by the colleagues from Japan.)

- Will the private sector really build the windparks that need the transmission line?

It is key to the success of the Project that the private build-own-operate (BOO) pilot projects materialize as expected. We would welcome an analysis regarding the probability that the private sector takes part in the Wind-power-expansion scenario and to what extent the government of Egypt is committed to cover the costs for a feed-in-tariff. (E.g. what is the risk that Egypt will not be able to continue its sector reforms.)

- Minor / technical points: What will happen with CTF funds if the tender turns out to be cheaper? We highly welcome the inclusion of Annex 13 reflecting the expertise of the IEA. We would welcome a more elaborate and convincing clarification of the concerns raised w.r.t. the economic analysis on page 136.

Timeline for Social and Environmental Study on Wind Parks in relation to transmission lines

As the Study is currently being carried out for the Wind Parks, how do you envisage the timeline if the results should be problematic or require further measures?

Thank you very much for your considerations of these questions,

Best regards
Yours sincerely
Annette

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