

April 22 2016

Abubakar Mohamed Ali
Chairman, **Save Lamu**
P.O.Box 314,
Lamu 80500,
Kenya

Dear Abubakar,

Thank you for writing to express your concerns about the proposed Coal Power Generation Plant in Lamu County, Kenya and its potential funding sources.

I want to assure you that the World Bank Group is committed to helping our member countries find the right energy mix to ensure consistent, adequate and sustainable access to power.

Since the World Bank Board endorsed the Energy Sector Directions Paper in 2013, there has been no direct lending for utility coal-fired power plants. The World Bank Group will only provide financial support for coal-fired power in rare circumstances and when no other viable source of energy exists. IFC is in fact considering a wind power project in the Lamu area.

Regarding your specific concerns about the proposed coal plant in Lamu, I would like to confirm that IFC does not have exposure to the plant through any of the partners you mentioned in your letter.

IFC is not an equity holder in Equity Bank Kenya, and therefore does not have exposure to its portfolio. IFC did lend \$100 million to Equity Bank in 2012. This was categorized as an FI loan project. This loan was to support the bank's MSME lending, including agribusiness and gender. IFC also has a trade finance line of credit with Equity Bank for about \$30 million. **These IFC facilities have clearly defined purposes - which would not allow Equity Bank to use IFC funds to finance such a coal project.**

Equity Bank itself has confirmed that it will not be providing any financing to the proposed Coal project. However, the separate investment banking arm of Equity Group has an equity fundraising mandate with Nabo Capital.

As for Standard Bank South Africa, they were a former IFC client, but we no longer have any outstanding loans or facilities with them. IFC does have debt exposure to Standard Bank Namibia of about US\$12m to support local staff ownership as part of a government mandated program enacted into law this month, but again, these proceeds cannot be used to finance coal projects.



We appreciate and thank you for raising the concerns of the local community and the impact the project could have upon them. We will share them with the Managing Director of Equity Group Holdings, James Mwangi, so the group can take appropriate measures.

Yours sincerely,



Marcos Brujis

Director, Financial Institutions Group

CC: Caitlin Daniel
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