

CLIMATE INVESTMENT FUNDS

July 4, 2017

**[APPROVE BY MAIL]: HONDURAS: GRID-CONNECTED RE DEVELOPMENT SUPPORT-
TRANSMISSION (ADERC) (PHASE 1) (SREP)(IDB) -- XSREHN007A**

COMMENTS FROM UNITED KINGDOM

The UK would like to raise a number of questions related to this project proposal. These are:

Question 1

The case for additional SREP funds is not clear. The funding requested for this project is additional to a project originally financed for \$22.93m in 2013. What is the rationale behind the need for extra funding for this project? Why does this need to be in grant financing? How will SREP funding be additional given that this project was already underway without our support?

Question 2

We would like to raise some concerns about the attributed results to the project; the proposal gives the Feasible capacity of renewable energy (MW) as 380, as well as GHG reductions from this installed capacity at 540,000 tCO₂e / year. This project focuses on the improvement of transmission of the renewable energy but it does not focus on the creation of renewable energy sources, therefore we are unclear how the GHG savings can be attributed to this project.

Question 3

We can understand the rationale for valuing the economic benefits that this project can bring to Honduras. Can these be spelled out?

Question 3

The proposal makes reference to another project in the pipeline, which is due to be approved for \$80m of funding later this quarter with \$5m coming from SREP, what is the rationale to have this project separate from the one later in the year since they both focus on supporting the increase in RE capacity in the grid?

Question 4

There is a small section on the financial and economic analysis which gives mention to net present values and Economic rate of return. Could we please have a more in-depth breakdown of the cost benefit analysis to look at how the economic benefits of this project are valued. How are the benefits of SREP funding attributed, given the project started without our funding?

Question 5

Can the section on Consistency with the SREP Investment Criteria be elaborated further? Some of the criteria are handled very lightly. And, how many jobs will be created through this project?