

# CLIMATE INVESTMENT FUNDS

July 4, 2017

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**[APPROVE BY MAIL]: HONDURAS: ERUS UNIVERSAL ENERGY ACCESS PROGRAM  
(SREP)(IDB)- XSREHN010A**

**COMMENTS FROM UNITED KINGDOM**

The UK has a number of questions (Q) and comments (C) related to this proposal. These are:

(C1)

Our 1st Concern relates to the rationale for SREP funding. There is little to no rationale as to why the private sector could not invest nor why it needs to be a grant and not have concessional funding.

(Q1)

Can the private sector not provide this funding if the IRR is high at 19.29% and 18.44% in the Isle Guanaja and in Brus Laguna (which represent 92% of the investment programme). If not, why? Why does SREP funding need to be grant and not a concessional loan?

(Q2)

2nd concern is the emissions factor used to calculate GHG savings. An emissions factor of 0.75KgCO<sub>2</sub>/year has been used; are these the right units for this (they usually come as tonnes or kg of CO<sub>2</sub>/MWh not /year)? The GHG emissions savings are given in tonnes but the emission factor is given in Kg which is the correct unit? If the units are tCO<sub>2</sub>/MWh 0.75 seems a high factor to us, why have you used this number?

(Q3)

The Net Present Value. How has the NPV been calculated this number, what benefits does it take into account? Could we see a further breakdown of your cost – benefit analysis?

(C2)

Co-financing.

A co-financing figure of \$4.6m has been calculated; please could you confirm this is correct, as it seems to be made up of \$0.6m from the IDB and \$1m from other sources.

(Q4) Stakeholder Engagement

Mention is made of the public consultations that have taken place. What measures were taken to ensure that stakeholders were able to make informed inputs into the process.

(Q5) Household solar systems

There is very little detail on this element of Component 1. Could the project team please elaborate further on this element of the project? Is the proposed investment sufficient to create a sustainable market for these products? What analysis and evidence is there to support this?

SREP Investment Criteria

There is not much detail relating to the consistency with SREP's Investment Criteria.

(Q6) Could the project team please indicate the % increase in the renewable energy portion of Honduras' energy mix.

(Q7) By what % will the project increase access to energy in Honduras.

(Q8) Please would the team provide more detail on the contribution to the NDC of the energy sector?

(Q9) Please could the team provide more specific detail on the productive use of energy as well and the economic, social and environmental development impact of the project? How many jobs will the project create and how are they disaggregated?