

May 14, 2013

**Comments from United Kingdom on Approval by Mail: Colombia: Energy Efficiency Financing Program for the Services Sector (IDB)**

Zhihong,

I am happy for you to post these questions:

“We are not convinced that the focus on the private hospital sector is clear and justifiable ODA spend. Please can you make this case. In addition, the **developmental benefits** are not well articulated. For example:

“By reducing energy costs within total operational costs, resources can be re-invested in the business or invested elsewhere in the economy, contributing significantly to the achievement of the MDGs.”

This does not make clear **how** re-investment contributes to the MDGs, nor does it indicate which of the MDGs is improved.

With regard to **cost effectiveness**, we would expect much lower costs for an energy efficiency intervention (although acknowledging that this is within the CTF investment criteria threshold of \$200 per ton). Are the underlying assumptions deliberately conservative, or after 10 years, will a new load of investments be necessary to maintain the savings (e.g. because the equipment needs to be replaced)?

The **demonstration potential** section does not articulate how scale up will be achieved. How will the programme go from the targeted 90 hotels and 34 clinics/hospitals with access to investment, to widespread energy efficiency investment in the sector with 6,000 hotels and over 9,500 private health institutions.

Kind regards

Simon

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