

CLIMATE INVESTMENT FUNDS

January 26, 2017

**[APPROVAL BY MAIL]: MONGOLIA: UPSCALING RURAL RENEWABLE ENERGY- SOLAR PV
(WORLD BANK) (SREP)- XSREM056A**

COMMENTS RECEIVED FROM SWITZERLAND

At this stage, we do not have any comments or objections.

However, we have the following questions for which we would appreciate to have answers prior to giving our support for project approval:

1. The grant vs non-grant allocation (to the IP) and the project is unclear.
 - a. Please confirm the grant vs non-grant allocation in the endorsed IP.
 - b. According to the project cover page, the requested SREP contribution is 100% grant but in the CIF AU summary (in the e-mail) of available resources, the requested SREP contribution appears as non-grant. Please clarify.
2. Relation of the project to the updated results framework of the IP.
 - a. During the IP endorsement process, we requested the results framework to be updated according to our comments but we have never seen this updated results framework. Please provide it.
 - b. To what extent does the project respond to this updated results framework? (or our comments if it was not updated).
3. Cost vs Tariffs
 - a. What is the present cost of electricity to the utility (the tariff being stated at 4.2 US cent/kWh)?
 - b. What is the levelized cost of solar PV generated electricity according to the project (both with or without the SREP contribution)?
4. Economic and financial viability: It is noticed that the financial viability is impressive (FIRR14.4%, FNPV \$117.9 million). What would be the financial IRR and financial NPV without the SREP contribution?
5. Cost of CO₂ emission abatement.
 - a. If the SREP contribution is 100% grant, the cost of avoided CO₂ emission (to SREP) is \$80 per ton eqCO₂. How would the CIF AU and WB qualify that cost?
 - b. If the SREP contribution is not grant, please calculate and state the cost of avoided CO₂ emission by ton eqCO₂