

November 19, 2014

**RE: Approval by mail: Innovative Instruments to Foster Energy Efficiency in SMEs in Colombia
(IDB) CTF**

Dear Mafalda,

We are currently reviewing the above project and have the following questions. Please would you pass these on to the project team at the IDB.

- The SME sector: Firstly, it is not very clear from the proposal as to why the SME sector has been prioritised for energy efficiency measures. On page 10 mention is made of the potential savings in the Industrial sector as well as the tertiary and outdoor lighting sectors, but the potential savings in the SME sector are not given and the figures that are given (para 12) are not comparable. Could the team please explain why the SME sector has been chosen as opposed to other sectors? Secondly, within the SME sector, will there be a focus on any particular branch of the sector?
- GHG savings: Could IDB present explicitly and clearly the methodology and assumptions underlying the GHG savings estimates presented in the PAD, including project baselines, lifetime of technology/investments, adjustment for rebound and emissions conversion factors?
- Developmental impact: There is no mention of the number of jobs, potential health benefits, that could be created through this project. Could the project team please elaborate further on the developmental benefits of the project?
- Attribution of results: Could IDB clarify how overall project results were attributed to the two different tranches of CTF finance? Will the two CTF elements report against separate result frameworks? (*Ideally we would want to track project performance as a whole.*)
- Interplay with C-SEF: We found the new request for approval well substantiated e.g. clear arguments on why this is an effective use of CTF finance. However there was limited rationale provided on how and why this project represents a good and additional use of the previously approved C-SEF funding? How will the CTF USD5m be deployed, would it be pari passu with the IDB senior loan tranche? In addition, we see that IDB also received a USD1.1M grant funding under C-SEF, the use of which is not referenced in the document. Could the IDB clarify how this is integrated into the project?

Kind regards
Simon

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