

October 22, 2013

IDB Responses to questions on the cook-stoves project

Dear Zhihong and Admin Unit colleagues

I am enclosing our responses to the questions by the UK, Switzerland and Spain on our ERUS Cook-stoves project for Honduras.

Regards

Claudio

Responses to Comments and Questions from the SREP Sub-Committee Members on the Honduras Sustainable Rural Energization (ERUS) – Part I & III: Promoting Sustainable Business Models for Clean Cookstoves Dissemination Proposal

Prepared by the Inter-American Development Bank (IDB)

October 17 2013

We would like to thank the governments of Switzerland, United Kingdom and Spain for their written comments and questions. Please find below our responses.

Spain's questions

Q: Could you clarify the selection process of the executing agency “Fundación Hondureña de Ambiente y Desarrollo Vida”? We see it has experience in this field and a good reputation, but were there other NGOs interested in getting involved in the project and how did you decide to select Fundación Vida for it? What is exactly going to be the role of this executing agency and what is going to be the amount of the management contract?

A: We selected Fundación Vida based on an in-depth consultation with a large number of actors. We then compiled a scoring matrix with the government to rank against 4 short listed organizations. Some of the key criteria for selecting Fundación Vida were the following: (1) they are a local, Honduran NGO; (2) their mission is very much aligned to the topic of cookstoves, environmental protection and climate change; (3) they have managed a number of large donor-funded programs in the past; (4) they were perceived as a neutral actor by all key stakeholders – stove implementing organizations, universities and government (given the lack of coordination across the sector, this was an important role and factor); and (5) they are a foundation with their own resources, enabling them to mobilize counterpart funding.

Fundación Vida will sign the cooperation agreement with the Bank for the full amount of the project and be responsible for ensuring the project achieve its results and all reporting to the Bank. Fundación Vida, however, will not be involved in the actual installation of stoves. It will work through local NGOs and social businesses with presence in the beneficiary areas through specific cooperation agreements or contracts. Also, of note, Fundación Vida will not

charge overhead. All administrative expenses must be directly linked to the implementation of the project.

Q: SREP funding is in a great part dedicated to finance subsidies, microcredits, etc for the acquisition of cookstoves. We want to point out the importance of a very close supervision of the process of selecting the beneficiaries. It also important to ensure transparency in this process. It is not unusual in Honduras to use public subsidies with electoral purposes and there is a lack of visibility in the concession of subsidies/assistance, etc. We emphasize the necessity of ensuring transparency at this point.

A: We agree completely and are very conscious of the sensitivity around this issue and the importance of transparency and close supervision. We will have a member of the core project execution unit dedicated to supervising this mechanism. In addition, the project will have several milestones requiring the open and transparent submission and publication of the selection of beneficiaries. As we are contemplating an impact evaluation for the project, we are working with the IDB experts on impact evaluation to further refine the means of selecting the beneficiaries to ensure compatibility with an impact evaluation.