

October 2, 2013

**Comments from Switzerland on Approval by mail: Honduras: Sustainable Rural Energization (ERUS) Part I & III: Promoting Sustainable Business Models for Clean Cook stoves Dissemination (IDB) SREP**

Dear Patricia,

Thank you for sending this decision request and the corresponding project documents.

We have the following questions:

Regarding Part I : Promoting Sustainable Business Models for Clean Cookstoves Dissemination

1. In addition to a 2 million USD investment component, the proposed budget includes 435'000 USD for studies/technical design/consultancies and for capacity building from corresponding budget lines in the IP of 950'000 USD each. Please precise how much is from each budget line.
2. The 2'435'000 USD from SREP are directed towards component III of the project (Increasing access to cookstove finance). Please precise at least a tentative distribution of this amount (by budget line i.e investment, TA, capacity building) on the three proposed financing modalities that are to be promoted (i.e. (a) cost-share incentives; (b) carbon credits/payments for environmental services; (c) loan products for the clean cookstoves sector).
3. Please precise the grant share (for each cookstove) in each of the three proposed financing modalities.
4. What safeguards are foreseen to assure that the SREP grants do not result in excessive margins for the private operators involved in these financing modalities? Is there an idea or guideline about these margins?

Regarding Part III : Operation expenses for investment implementation

1. Please confirm that this corresponds to the part of the second budget line in the IP (Table 20) entitled "Operation expenses for investment implementation (5 years)" corresponding to the implementation of the overall ERUS program (component 3 of the IP) and not only to the cookstoves component.

Please relay these questions to the concerned MDB and the Government of Honduras and ask them to send us their answers in time for us to make a qualified decision about the grant approvals within the given deadlines.

Thank you and best regards

Daniel Menebhi

Program Manager

Federal Department of Economic Affairs, Education and Research EAER

State Secretariat for Economic Affairs SECO