

4/17/2014

Comments from the United Kingdom--Approval by mail: Ukraine: Second Urban Infrastructure Project (UIP-2) CTF (IBRD)

Dear Patricia,

The UK would like to raise the following queries with the IBRD project team related to the above project.

- To note, energy savings in the Results Framework and Monitoring are indicated incorrectly, expected energy savings are 434 GWh per year not MWh.
- It is unclear what conversion factors IBRD used and based on what assumptions energy savings were converted to GHG savings for the sludge treatment and the solid waste treatment projects. Could IBRD clarify the calculations including project boundaries, baselines, lifetime of technology or investment, type of GHGs included, and emissions conversion factors?
- The proposal has given an estimate of the cost effectiveness based on a CTF Investment cost/per tonne of \$8.48/tCO₂eq. However, there is no estimate of total project costs (CTF investment plus co-financing) per ton of CO₂-equivalent reduced provided as per the requirements of the Oct 2013 TFC decision.
- With a view to maximizing the impact of the CTF's limited resources the CTF co-financing is ordinarily not available for investments in which the marginal cost of reducing a ton of CO₂-equivalent exceeds US\$200. Could IBRD provide evidence on the marginal abatement cost of the energy efficient pumping equipment sub-projects? Based on the evidence provided in the proposal the total investment cost per tonne of these sub-projects (excluding Donetsk) at 507\$/tonne suggests that they may not be in line with CTF's investment criteria.
- The review of the project states that the overall implementation risk is substantial. In addition the short-term transformational impact of the project is weak. How can these risks be mitigated adequately.
- What is the project team's assessment of the political risks in the current climate, given that many of the projects are in eastern Ukraine?

Kind regards

Simon

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