

September 29, 2014

**Comments from Germany on Approval by mail: Turkey - Commercializing Sustainable Energy Finance Phase II (IFC) CTF**

Dear Mafalda, dear IFC-Team,

since Fank Fass-Metz is not in the office today, I would to thank you on his behalf for the possibility to comment on the a.m. proposal. We appreciate the approach and the substantial co-financing from IFC and the private sector but we seek clarification on the cost-effectiveness. The program proposal states that the total investment cost is expected to be around USD 1,000 per t GHG emission reductions. To us such a high cost-effectiveness indicates that the marginal abatement cost is likely to exceed USD 100 per ton of CO<sub>2</sub>-equivalent. At the October 2013 Meeting it was decided, that in such case MDBs/countries will undertake a marginal abatement cost analysis to show that the threshold for CTF eligibility at the marginal abatement cost of USD 200 per t of CO<sub>2</sub>-equivalent reduced will be met.

Could you therefore please provide the TFC with this analysis?

Many thanks in advance!

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what do you think about this proposal and its cost-effectiveness? It states that the "total investment cost per direct life-time GHG emission reductions is expected to be around 1,000 \$/MtCO<sub>2</sub>e" (M means Metric, not Million). That seems to be quite high to me. Therefore I wonder whether it might be appropriate for IFC to provide a marginal abatement cost analysis to show that the marginal abatement cost is below the USD 200 per t of CO<sub>2</sub>-equivalent threshold.

The Summary of the Co-Chairs of the CTF October 2013 Meeting stated the following: Item 8 b) "A threshold for CTF eligibility may be established at the marginal abatement cost of USD 200 per ton of CO<sub>2</sub>-equivalent reduced. Since the technologies supported by the CTF are typically far below that threshold, it is suggested that instead of requiring every project/program to undertake marginal abatement cost analysis, the country is requested to provide information on the estimated marginal abatement cost only for projects/programs for which the marginal abatement cost is likely to exceed USD 100 per ton of CO<sub>2</sub>-equivalent."

For me the cost-effectiveness of 1,000 \$ total investment per tCO<sub>2</sub>e emission reductions is a strong indication that the marginal abatement cost is likely to exceed USD 100 per ton of CO<sub>2</sub>-equivalent.

Gottfried von Gemmingen

for

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