

February 24, 2017

# CLIMATE INVESTMENT FUNDS

**[APPROVAL BY MAIL] RWANDA: RENEWABLE ENERGY FUND PROJECT (WORLD BANK) (SREP)--  
XSRERW058A-  
COMMENTS FROM THE UNITED STATES**

Thanks for the opportunity to comment. We have a few questions on the proposal:

Who benefits from the concessionality of SREP funds? Given the multiple links in the lending chain, how much will make it to the final consumer? We note that MINECOFIN is going to take a spread specifically to account for exchange rate risk; will some of the concessionality go toward that spread?

There is discussion under the Lessons Learned section about the importance of using quality-certified, guaranteed equipment. Can staff please clarify how it will ensure use of quality equipment in this project? Further, will all equipment be guaranteed? How will this all be enforced at the local lending level?

It is not clear to us how ongoing maintenance will be financed after the initial investment is made. Will there be any ex-ante eligibility criteria to ensure that borrowers will have sufficient means to maintain systems in the future? Or in what other ways will maintenance, including battery replacement, be supported the future (by the project proponents, the government, the borrower, or some other entity)?

Window 3 for mini-grid developers notes that hybrid systems with diesel back up will be eligible under the REF, but that the diesel component will not receive SREP finance. How will the World Bank segregate those components and assure that SREP financing is not directly used for diesel backup?

Can staff please clarify the relationship between this project and the BTC-funded Private Sector Participation in the Generation of Electricity from Renewable Sources (PSPE) program? Will the PSPE contribute funds for TA and capacity-building under this project or just in parallel?

Can staff please explain how the emissions reductions and other project benefits will be allocated to SREP and EnDev after EnDev provides results-based payments?

Does staff envision that any of the subprojects are likely to be rated category A?

We look forward to the answers. Thanks again.