



Private Sector Renewable Energy and Energy Efficiency Project

Country / Region: **Turkey** | Project Id: **XCTFTR077A** | Fund Name: **CTF** |

MDB : **International Bank for Reconstruction and Development**

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Hiroshi Takami	Japan	I would like to express Japan’s consent to the proposed Turkish RE/EE project and appreciate the hard work by you and your colleagues. I believe that this project could be worthy of CTF support. However, in order to illustrate distinction of CTF project more clearly, I would like to comment the following, expecting improvements on the PAD in these points by the WB Board approval. The first comment is on cost effectiveness of CTF. It is appreciated that the PAD mentions to the direct effect of CTF 5-8USD/ton CO2e reduced. We could use this as a benchmark for the successive projects. The second is related to transformational potential of this project. CTF support should not end up financing a single project, rather, it should bring sector wide impact. From this perspective, it is important to decrease CTF intervention gradually during the project period. In the case of this particular project, it is important to make it clear that the capacity of whole Turkish financial sector, not only of the two FIs, must be improved by implementation of this project. Generally, we should underline that, in projects of the same type, the proportion of CTF involvement should be decreased during the project period. Third point is about the use of “threshold IRRs”. I think it is acceptable to use threshold IRRs as a rational for CTF amount. However, I think it is important to monitor “threshold IRRs” during the project period, because threshold IRRs could decrease when the Turkish financial market matures and investors get familiar to EE and RE projects. The last comment is about the quantity of the indirect impact of this project and its explanation. The document says that this project will have the indirect impact of 199 mtCO2 in 2020. However, this should be seen as overstated to a certain extent, because, despite the 2nd phase for this project and others would be developed under the Turkish Investment Plan, it is attributing whole emission reduction potential to this project only. In this regard, it is expected that the explanation on this point should be refined and clearly acknowledge the interrelation with other projects.	Mar 13, 2009
Response 1	Oliver Knight	United Kingdom	On behalf of Greg Briffa I would like to express the UK's approval of Turkey's project proposal on renewable energy and energy efficiency. We are very grateful for the efforts made by yourself and the World Bank project team to provide the additional information requested at the last Trust Fund Committee meeting in January 2009. We feel that this provides the justification we need to support this project, conditional on the successful development of some evaluation criteria for this project in the absence of an agreed results measurement framework for the CTF (as this work is ongoing). We would like to add our support for the points made by the United States, and in particular highlight the following: • Our initial concerns over the high rate of return proposed for energy efficiency (EE) projects have been allayed on the understanding that this is necessary to provide 'proof of concept' and get the sector moving. As the U.S. states, technical assistance and awareness raising activities will be crucial in ensuring this happens, and that investment in EE is sustained once CTF funding comes to an end. • We welcome the suggestion by the World Bank that a stipulation be introduced into the Project's Operations Manual that tries to ensure that CTF funds are used for a diverse portfolio of RE technologies and EE projects. This will go some way to ensuring that CTF funding is additional and transformational. • However, we would like to put the emphasis on the development of some simple evaluation criteria for this project (in the absence of a CTF results measurement framework) that aim to measure the outcomes suggested by the U.S. in point 3 below - i.e. the extent to which lending portfolios are diversified as a result of this project. This is necessary to provide the right incentives to the project team and the financial intermediaries that are involved in this project. • For future project proposals, we would like to see more details on how scale-up of low carbon technology deployment will be achieved by the project, the development/povertyreduction benefits that will result, and what CTF funding	Mar 13, 2009



specifically will achieve (i.e. what would the project look like without CTF funding?). We realise that in many cases providing this narrative (and the supporting data) can be difficult, but for us these factors are key to the success of the CTF, and should therefore be a prominent part of the project proposal, even if this requires a number of assumptions to be made. We hope that these comments, along with the points made by other TFC members, will help guide the implementation and assessment of this project, and will be useful when preparing future project proposals for submission to the TFC. Finally, we would like to congratulate Turkey on putting forward the first CTF project, and on the level of ambition they have set themselves regarding the development of renewable energy and energy efficiency.

Comment 2 Daniel Riley United States

I am happy to register U.S. approval of Turkey's REEE proposal. Thank you for the hard work you put into it and continue to put into the CTF. Your dedication to the fund's success is apparent in your desire to continually make improvements as we move forward. I also appreciate your willingness to engage with the TFC collegially and constructively. My hope is that this interaction has helped everyone – staff and TFC alike – recognize what they want to see in future annexes, so that future reviews will be easier. In this same spirit, I want to offer some important observations that I hope will contribute to the successful implementation of the project, perhaps serve as guidance for future proposals, and help in developing the right measurement and evaluations metrics. 1. It is necessary to

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