

November 28, 2014

**Approval by Mail: Private Sector Set-Aside: Honduran Self Supply Renewable Energy Guarantee Program (IDB) SREP**

Dear Mafalda,

Thank you for the approval by mail for the Honduran self-supply renewable energy guarantee programme. The UK is content to approve the project and supports the integrated approach to address the identified market barriers to private sector development of RE in Honduras. We do have some comments and a couple of questions which we would like clarification on in due course.

- We think the expert groups' previous reservation on the project remains valid. The SREP funds will be deployed to protect IDB not the private sector players who are required to raise 50% of the total project cost on their own. While the PAD sometimes refers to guaranteeing FI loans, the potential split and risk sharing between the use of the SREP resource is not discussed. We would like to be reassured that this issue has been fully considered, along with other issues raised by the expert group?

- On the results framework, the expected annual MWh savings (45,000 MWh) are about half of what was indicated in the original concept (80,000MWh). Based on the expectation of 20MW RE capacity installed this implies a capacity factor of 25%. This suggests that the majority of new installations will be solar as opposed to biogas (CF 20% vs. 75%). Is this the intention or expectation (further to the annex 1)?

- Gender considerations are not very fully developed in the proposal, and an implementation strategy on gender (potentially in the wider context of a social development/impact strategy) should be developed for the programme, as well as ensuring adequate gender/social development expertise within the project implementation team and evaluators.

- We support the questions posed by the United States, and look forward to responses on these.

Kind regards  
Simon

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