

February 15, 2017

CLIMATE INVESTMENT FUNDS

**[APPROVAL BY MAIL]: VANUATU: RURAL ELECTRIFICATION PROJECT (SREP) (WORLD BANK)-
XSREVVU040A-
RESPONSES FROM THE WORLD BANK**

Focus on results for VREP II

- a. (Q) Why are the results from VREP I included in the Results Framework, given that the SREP contribution is only allocated to VREP II and VREP I is al-ready under way?

The rural electrification project under the SREP IP, supported by the World Bank, had four components as set out in the extract below (refer to page 113 of the SREP IP). The Bank was able to mobilize funds for component 1 (plug and play systems) as set out under the SREP IP early and launched that component as Vanuatu Rural Electrification Project Stage I (VREP). VREP I includes the enabling aspects of components 3 and 4. After undertaking the necessary consultations, analysis and design work, the Bank is now taking component 2 (SHS and micro/mini grids) together with the enabling elements of components 3 and 4 through approvals with the remainder of the funds available for the project. VREP I and VREP II combined form the rural electrification project as set out in the SREP IP and this is the reason the results framework (and investments) include contribution from both.

- b. (C) In our opinion this is misleading and the results attributable to SREP intervention should be limited to VREP II. Please prepare an alternative Results Framework in that sense for information of the SREP Subcommittee.

The reasons for why the results and investments are set out in the manner it is, is set out above. The rural electrification project and the results framework of the approved SREP IP (page 115) includes all four components of the rural electrification project as set out above, but are being implemented as two projects. Please see attached PAD with SREP I Annex results matrix separated between VREP II, VREP I, and cumulative.

- c. (Q) How much is the expected reduction/avoidance of CO2 emissions for VREP II only?
5,300 tonnes per annum reported in the results framework is from VREP II. This does not include contribution from the plug and play systems under VREP I which is relatively small.

- d. (C) Please single out the SREP contribution in the VREP financing plan and indicate from what other trust funds the co-financing is?

Noting that this will be different to the financing structure set out in SREP IP, the contributions (US\$) to VREP II only are as follows:

SREP	6.77 million
IDA	4 million
NZMFAT	3.4 million
GoV	1.5 million in kind
Consumers	11.2 million
Total	26.87 million

Co-financing for VREP I only is as follows:

NZMFAT	4.7 million
Consumers	3.1 million
Total	7.8 million
Overall total	34.67 million.

This is set out separately in Table 2 (page 57) of the Project Appraisal Document