

November 6, 2014

**Approval by mail: MENA Regional: SEMed Private Renewable Energy Framework (SPREF) (EBRD)**

Dear CIF Admin Unit and Colleagues,

Thank you for the opportunity to comment on the proposed project entitled, *MENA Regional: SEMed Private Renewable Energy Framework (SPREF)*, submitted by the European Bank for Reconstruction and Development. We are pleased to review this project under the Dedicated Private Sector Program, noting that it has important development impacts, including through the provision of electricity to satisfy the increasing energy demands in the region, and through the reduction of other environmentally damaging emissions from fossil fuel generation. In addition, we have the following questions:

- The project proposal indicates the effective utilization of concessional finance is high, although it states there is a low need for concessional support. We request further clarification from the EBRD on this point, including how the use of CTF resources is consistent with the principle of additionality under the CTF investment criteria.
- We note that the capital investments will be priced on a case-by-case basis, with a minimum floor of 75 bps. We would appreciate further details on the expected range for the pricing, including details on how the EBRD will ensure that CTF financing will be provided on terms that adhere to the principle of minimum concessionality.

Finally, we request that the same procedure be applied as for the most recent CTF Investment, *the Residential Energy Efficiency Finance Facility in the Ukraine*; whereby, the project was funded using grants, until such time that the risk sharing amendment is finalized, given this project proposal requests CTF financing in the form of one of the financial products CTF contributors have defined to be a "higher risk" financial product. We also note that another forthcoming project circulated for CTF approval entitled, *Colombia, Innovative Instruments to Foster Energy Efficiency in SMEs*, similarly proposes the use of "higher risk" financial instruments. In order to be consistent and to avoid any potential delays in receiving CTF Trust Fund Committee approval, we suggest that the Colombia project and any other projects that propose the use of "higher risk financial instruments" be sourced from grant financing as well, as an interim measure.

Best regards,  
Jennifer

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Projets et programmes mondiaux environnement | Environment, Global Programs and Initiatives

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