

January 28, 2014

**Approval by mail: Ukraine: District Heating Energy Efficiency - IBRD (CTF) -
Updated documents attached**

Dear Patricia,

Apologies that we weren't able to get this approval to you yesterday. Please note the following:

- The UK is happy to approve this project and requests that the project team keep the Trust Fund Committee apprised of any developments that might pose a risk to the project.
- The expected results that are reported by the CIF AU should be on the basis of information that the WB will have for all 10 projects, once the remaining 4 appraisals are complete.
- We think that the assessment of the marginal abatement cost should be seen in the context of the project as a whole, including choice of technology. Therefore, we consider that presenting the project investment cost per tonne is more helpful to estimate whether the marginal abatement cost would be over \$100/tCO₂e, rather than a cost per tonne that only relates to CTF financing (as provided in the answers to the questions that we raised on this project).

Please also convey to the project team our appreciation of their responsiveness to the questions we raised with them.

Kind regards

Simon

Simon Ratcliffe | Energy Advisor | Department for International Development |
22 Whitehall, London, SW1A 2EG | Tel: 020 7023 1626 | Email: S-Ratcliffe@dfid.gov.uk
