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<Melissa.Tipping@ausaid.gov.au>  
Subje RE: Turkey: Private Sector Renewable Energy and  
ct Energy Efficiency Project [SEC=UNCLASSIFIED]

Dear Patricia,

This is to communicate the Australian Government's support for Turkey's Private Sector Renewable Energy and Energy Efficiency project proposal. We would like to thank Bank staff for the additional work they have undertaken, in consultation with the Turkish authorities, in response to the Trust Fund Committee's questions and comments during our meeting in January. The revised proposal has given us a sufficient degree of confidence that this initial CTF project meets key criteria and will be a suitable flagship for the Fund.

Given the high level of scrutiny that CTF investments, and especially this initial investment, are likely to receive, we would like to stress the importance of specific monitoring and reporting on the progress and impacts of those aspects of the overall project that can reasonably be attributed to the CTF funding element. In particular, we look forward to assessment of the project's role in catalysing long-term and sustainable growth in investment in renewable energy and energy efficient technologies in Turkey.

In this context, it is clear that the availability of concessional financing through the IBRD and CTF will not be the only factor in achieving a successful outcome. The Turkish Government, the financial intermediaries (TSKB and TKB) and other actors will need to work together to ensure that conducive regulatory and institutional arrangements are in place and operating effectively, and we are encouraged by the information we have received on their proposed efforts in this regard.

The process of refining the project proposal following discussions in January has in our view been a useful one. We trust that future project proposals will build on the approach taken here, explicitly and systematically addressing CTF objectives and funding criteria and making a clear case for the transformational impact of the CTF financing contribution, particularly where it forms a minority share of overall financing packages.

Regards,

Robin Davies

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