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Subje RE: Turkey: Private Sector Renewable Energy and  
ct Energy Efficiency Project

Dear Patricia and colleagues,

On behalf of Greg Briffa I would like to express the UK's approval of Turkey's project proposal on renewable energy and energy efficiency. We are very grateful for the efforts made by yourself and the World Bank project team to provide the additional information requested at the last Trust Fund Committee meeting in January 2009. We feel that this provides the justification we need to support this project, conditional on the successful development of some evaluation criteria for this project in the absence of an agreed results measurement framework for the CTF (as this work is ongoing).

We would like to add our support for the points made by the United States, and in particular highlight the following:

- Our initial concerns over the high rate of return proposed for energy efficiency (EE) projects have been allayed on the understanding that this is necessary to provide 'proof of concept' and get the sector moving. As the U.S. states, technical assistance and awareness raising activities will be crucial in ensuring this happens, and that investment in EE is sustained once CTF funding comes to an end.
- We welcome the suggestion by the World Bank that a stipulation be introduced into the Project's Operations Manual that tries to ensure that CTF funds are used for a diverse portfolio of RE technologies and EE projects. This will go some way to ensuring that CTF funding is additional and transformational.
- However, we would like to put the emphasis on the development of some simple evaluation criteria for this project (in the absence of a CTF results measurement framework) that aim to measure the outcomes suggested by the U.S. in point 3 below - i.e. the extent to which lending portfolios are diversified as a result of this project. This is necessary to provide the right incentives to the project team and the financial intermediaries that are involved in this project.
- For future project proposals, we would like to see more details on how scale-up of low carbon technology deployment will be achieved by the project, the development/poverty-reduction benefits that will result, and what CTF funding specifically will achieve (i.e. what would the project look like without CTF funding?). We realise that in many cases providing this narrative (and the supporting data) can be difficult, but for us these factors are key to the success of the CTF, and should therefore be a prominent part of the project proposal, even if this requires a number of assumptions to be made.

We hope that these comments, along with the points made by other TFC members, will help guide the implementation and assessment of this project, and will be useful when preparing future project proposals for submission to the TFC. Finally, we would like to congratulate Turkey on putting forward the first CTF project, and on the level of ambition they have set themselves regarding the development of renewable energy and energy efficiency.

Yours sincerely,

Oliver Knight