



September 23, 2002

Mr. Russell Sturm  
International Finance Corporation  
Environmental Finance Group  
Environment and Social Development Department  
2121 Pennsylvania Ave., N.W.  
Washington, DC 20433

Dear Russell:

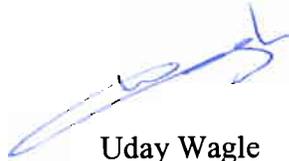
This letter is to confirm the present status of co-funding commitments for the IFC/GEF Commercializing Energy Efficiency Finance (CEEF) program from a variety of government trust funds administered by the Trust Funds department on behalf of IFC.

The process of fund-raising for CEEF has been quite rewarding. The themes represented by CEEF are compelling to quite a few of our government sponsors. In addition to those governments already approached to support CEEF, one additional potential donor with a specific interest in supporting EU-accession processes is distinctly interested in CEEF, but we have chosen not to provide a proposal to them at this stage; we could do so if there were need. The environmental benefits of the project represents another appealing aspect of the project for another set of donors which we can further pursue if additional need exists.

In the short term, however, we have met IFC's target of US\$1.35 million in co-financing for the technical assistance and monitoring and evaluation needs of the CEEF program. We have *received in-principle support commitments from the Spanish, American, and Finnish Government Trust Funds* totaling \$1.137 million dollars. In order to meet additional needs, including an event in which some of this funding were to be smaller than expected and if we were unable to find substitute donor funding, we are prepared to support CEEF with up to \$200,000 per year over the life of the four year project from the discretionary IFC Trust Fund – a fund which we control and which is supported directly by a set-aside from the Corporation's profits. This means an additional IFC contribution of up to \$800,000, if it is needed in order to meet IFC's commitments to GEF.

It has been a pleasure working with you on this groundbreaking joint IFC/Global Environment Facility project. The GEF support has been critical in mainstreaming this innovative investment within IFC's operations. CEEF serves as a flagship for IFC's efforts to mainstream sustainability in the business operations of the Corporation. I look forward to collaborating with the Environment Department in the future as we continue to build replicable models for sustainable development investment.

Sincerely,



Uday Wagle  
Director  
Trust Funds Department