JOINT AIDE MEMOIRE

JOINT SCOPING MISSION FROM 7-9 FEBRUARY, 2011

SCALING UP OF RENEWABLE ENERGY PROGRAM (SREP) IN ETHIOPIA

1. A Scoping mission of the Scaling-up Renewable Energy Program (SREP) was undertaken by the African Development Bank (AfDB) and the World Bank Group (WBG) (called the “Mission”) in Addis Ababa, Ethiopia from February 7-9, 2011, with the participation of the Department for International Development (DFID), Japan International Cooperation Agency (JICA), the Norwegian Agency for Development Cooperation (NORAD), the United Nations Development Program (UNDP), the United Nations Industrial Development Organization, (UNIDO) and the United Nations Environment Program (UNEP). The Mission list is included as Annex 1.

2. The key objectives of the Scoping Mission as outlined in the Mission terms of reference were the following:
   (i) Hold discussions with relevant Government of Ethiopia (GoE) officials as well as officials of other relevant agencies concerning SREP;
   (ii) Identify the relevant ministries and key stakeholders for SREP activities;
   (iii) Discuss the aims of the SREP activities, its benefits and the modalities of its implementation in Ethiopia to ensure a common understanding by all stakeholders;
   (iv) Hold preliminary consultations in terms of requirements for developing the investment plan;
   (v) Agree with the GoE the next steps required for SREP implementation.

3. The Mission held discussions in Addis Ababa with representatives of the Ministry of Finance and Economic Development (MoFED), Ministry of Water and Energy (MoWE), the Environmental Protection Agency (EPA) and Ethiopian Electric and Power Corporation (EEPCo). The Mission program is included as Annex 3.

4. The Mission would like to express its appreciation for the organization of the working sessions and the warm hospitality extended by Government and its agencies (list of persons met is attached as Annex 2).

5. This Aide-Memoire summarizes the key issues discussed, conclusions and agreements reached during the Mission on various matters. The Mission detailed the SREP objectives and approach towards developing the SREP Investment Plan to ensure that all parties have a common understanding of the priorities and the next steps. The presentation on SREP is attached as Annex 5.
6. The GoE and the Mission agreed on the need to bring together the vision, medium-term strategic objectives and goals, core constraints and priorities for the renewable energy sectors, some of which may be included in various documents such as the Growth and Transformation Plan and the Climate Resilient Green Economy mission statement.

7. To gain the endorsement of the SREP Sub-Committee, the Investment Plan must clearly demonstrate its transformative value within a broader strategic climate change framework. The strategic framework needs to clearly identify the barriers and constraints facing the energy sector and have a plan for tackling these and involving the private sector. If necessary the development partners involved in the Mission can help the GoE develop and clarify this framework. This strategic framework could also help inform the energy sector’s climate change action plan (as required under the Climate Resilient Green Economy Initiative).

8. As defined in the SREP Programming Modalities and Operational Guidelines, the Investment Plan should demonstrate how it will initiate transformative change in achieving national-scale outcomes and the delivery of SREP aims and objectives. Key criteria should be how the plan would remove barriers to renewable energy in the enabling environment, lead to replication of renewable energy investments, increase the installed renewable energy capacity in a country’s energy supply and demonstrate the generation economic, social and environmental co-benefits.

9. The Mission advised the GoE that while the SREP funding envelope is relatively small when compared with the investment needs of the Ethiopian energy sector, a well-developed Investment Plan presents an opportunity to leverage significant amounts of additional financing from development partners and especially from the private sector if relevant barriers are addressed.

10. The Mission advised the GoE on the possibility of obtaining technical assistance for elaboration of the SREP Investment Plan. One option would be for Ethiopia to apply for a SREP Preparation Grant (up to USD 1.5 million), which would come from the overall SREP funding envelope. However, this may increase the time required for the development of the investment plan. Alternatively, there might be scope for assistance from bilateral donors, MDBs and UN agencies.

11. The Mission discussed with government the road map leading to the submission of the Investment Plan to SREP Sub-Committee (attached as Annex 4). Key milestones are as follows:
12. In terms of next steps, the GoE decided to take on the responsibility of preparing the SREP Investment Plan using internal resources. If and when needed the GoE might request assistance from its bilateral and multilateral partners including from the advance SREP Preparation Grant.

13. The Mission came to a common understanding about the relevance of undertaking wide-ranging consultation with relevant ministries, civil society, private sector and regional government as appropriate to ensure that the final SREP Investment Plan has broad support and is based on a thorough understanding of the opportunities and constraints facing the energy sector.

14. The Government informed the Mission about its decision communicated to the CIF Administrative Unit on October 21st 2010 regarding the national focal points.
According to that letter, the Environmental Protection Authority as the focal institution for climate change issues of the Federal Democratic Republic of Ethiopia will be responsible for formally coordinating and communicating with the CIF Administrative Unit. The EPA’s Deputy Director, Mr. Dessalegne Mesfin, has been appointed as the focal point. It was also communicated that since the work that will be carried out is the scaling up of renewable energy the arm of the Government that will be responsible for coordinating the implementation of the Program will be the Ministry of Water and Energy, where the focal point is Mr. Gosaye Mengiste.

15. In light of this, the Mission understands that the responsibility for drafting the SREP Investment Plan rests with the Ministry of Water and Energy, working closely with the EPA and the other relevant Ministries as appropriate. The final Investment Plan will then be submitted by the EPA to the SREP Sub-Committee.

Signed on behalf of the Federal Democratic Republic of Ethiopia

For Ministry of Finance and Economic Development

Mr. Dejene Demissie
Head International Finance and Regional Economic Cooperation

For Environmental Protection Authority

Mr. Dessalegne Mesfin
Deputy Director General and SREP Focal Point for Ethiopia

Signed on behalf of the Mission

Ms. Mafalda Duarte
AFDB CIF Coordinator and Mission Leader