

CLIMATE INVESTMENT FUNDS

SREP/SC.14/3/Rev.1

November 5, 2015

Meeting of the SREP Sub-Committee

Washington, DC

Wednesday, November 11, 2015

Agenda Item 3

SREP SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.14/3/Rev.1 *SREP Semi-Annual Operational Report* and SREP/SC.14/5 *SREP Results Report* and welcomes the progress that has been made in advancing the work of the SREP in the pilot countries, in particular progress made in the development of investment plans in the new pilot countries.

SREP Semi-Annual Operational Report:

The Sub-Committee further welcomes the gender review of the SREP portfolio and notes that the SREP has performed well on all three scorecard indicators of gender analysis, women-specific activities, and gender-disaggregated data. The Sub-Committee recognizes efforts in gender-disaggregated data collection and reporting in SREP, and encourages strengthening of such data systems and reporting going forward.

The Sub-Committee further notes with appreciation gender support on investment plan preparation from CIF Administrative Unit to MDBs, upon demand, and supports continuation of such efforts for both investment plans and projects. It also welcomes future development of sector-specific gender tools and the Gender and Renewable Energy study.

The Sub-Committee requests the CIF Administrative Unit working with the countries and MDBs to explore synergies between SREP and other SCF programs under development and implementation.

The Sub-Committee notes that SREP does not have sufficient resources to finance all the investment plans in the new pilot countries and encourages contributor countries in a position to do so to make additional contributions to the SREP.

SREP Results Report:

The Sub-Committee appreciates the work undertaken for the 2015 *SREP Results Report* and notes the expected and achieved results measured through the core and the co-benefits indicators from MDB-approved projects in the SREP pilot countries.

The Sub-Committee welcomes the work of the CIF Administrative Unit to migrate the results data and reporting to an online platform to ensure quality control and convenient access to Sub-Committee members and other users to serve their individual analytical needs.

1 Introduction

1. This document provides an update on the status of the Program for Scaling-up Renewable Energy in Low Income Countries (SREP), the portfolio of the SREP-funded programs and projects under the endorsed investment plans and Private Sector Set-Aside (PSSA), and related activities. The report covers the period from **January 1 to June 30, 2015**.

2 Strategic Issues

2.1 Progress and Challenges in Project Delivery

2. As of June 30, 2015, total funding approved by the Sub-Committee reached USD 165 million¹ for 17 projects and programs, including one project under the PSSA, accounting for 27 percent of the total allocations under the endorsed investment plans and the PSSA. These projects are expected to leverage a total of USD 1.2 billion in co-financing (with a 1 to 7.3 co-financing ratio) from the governments, MDBs, private sector, and bilateral agencies.
3. Development and submission of SREP projects to the Sub-Committee for funding approval continues to experience delays among many SREP countries. For FY15, a total of 17 projects with USD 165 million in SREP funding were scheduled for submission to the Sub-Committee. As of June 30, 2015, only USD 46.1 million in SREP funding was approved by the Sub-Committee.
4. The May 2015 SREP Semi-Annual Operational Report² outlined some key political, security, and public health challenges in SREP countries. In addition, changing market conditions, contractual issues, regulatory environments, institutional capacity of the executing agencies all have contributed to delays in various countries and projects. Delivery for SREP is expected to accelerate in FY16, including endorsement of six new investment plans and significantly more project approvals.

2.2 Private Sector Engagement

5. SREP currently has seven endorsed and active concepts supported under the Private Sector Set Aside (PSSA). A total of USD 92.4 million in SREP resources has been allocated for these projects. As of June 30, 2015, one project, *Self-Supply RE Guarantee Program* in Honduras (USD 5.5 million, IDB) received Sub-Committee funding approval, as well as MDB board approval.

¹ Excluding Project Preparation Grants (PPGs).

² SREP/SC.13/3, *SREP Semi-Annual Operational Report*.

2.3 Special Initiative on Multi-Tier Access Framework

6. In partnership with the Energy Sector Management Assistance Program (ESMAP), the CIF is launching a special initiative to support at least ten SREP pilot countries in developing and implementing investment plans that integrate Multi Tier Framework (MTF) as one of the tools to measure progress toward reaching the goal of universal access to modern energy services. The CIF-ESMAP special initiative will be part of a larger program led by ESMAP. A total of USD 1.5 million has been approved by the Climate Investment Funds (CIF) to finance the CIF-ESMAP special initiative during FY16-17.

3 Status of the SREP

7. As of June 30, 2015, total pledges and contributions to the SREP reached USD 798.2 million³. The SREP portfolio (pipeline plus approved projects) currently includes 53 projects and programs: 46 under 14 endorsed investment plans and 7 under the PSSA, with total indicative allocation of USD 511.5 million. As of June 30, 17 projects have been approved by the Sub-Committee (4 under the current reporting period) and 16 have been approved by the MDBs (5 under the current reporting period)
8. Despite some new approvals, the overall approval rate of the SREP portfolio dropped during this reporting period compared with the previous one due to the revision of Nepal's investment plan. Overall approval rate, including PSSA, was 27.4 percent at the end of June 2015. Excluding PSSA, the approval rate was 31.3 percent, with Maldives, Kenya, Ethiopia, Mali, and Nepal leading. These five countries are among the group of six countries that joined the SREP when it was first established (the other one being Honduras).
9. The Sub-Committee endorsed three new investment plans at its meeting in May 2015. They were the SREP investment plans for Ghana, Haiti, and Nicaragua with a total indicative allocation of USD 100 million. The Sub-Committee also endorsed the *Revised Investment Plan for Nepal* through decision by mail in May 2015, which entails cancelling USD 20 million in SREP funding approved by the Sub-Committee for the *Nepal SREP Small Hydropower Finance Program* and reallocating this amount to the *Public and Private Partnership for Solar Development* project.
10. In November 2015, four investment plans are expected to be submitted for endorsement: Mongolia, Bangladesh, Rwanda, and Uganda. Benin and Cambodia are expected to submit their plans for endorsement in February 2016, Lesotho is working towards a May 2016 submission, while Madagascar and Zambia will target November 2016.

³ Includes 2014 UK pledge.

11. During the current reporting period, the following projects were approved by the Sub-Committee for a total of USD 22.92 million. Subsequent to the cut-off date for the current reporting period (June 30, 2015), the Sub-Committee approved one project: *Honduras: RE Finance Facility* (IDB, USD 5.95 million under the investment plan and USD 15 million under PSSA).

Project Delivery Tracking

12. Of the 31 projects and programs to be submitted for SREP funding approval, 13 have been and will have been in the pipeline for more than 24 months (red) based on the indicative submission date; 11 will be between 18 and 24 months (yellow), and seven for less than 18 months (green).

Disbursements

13. Disbursements for the SREP have grown by 37 percent between January 1 and June 30, 2015, from USD 15.5 million to USD 21.2 million. This growth was driven by disbursements to projects in Kenya, Ethiopia, Mali, and Maldives. In total, 13 countries are already disbursing.

3.1 Cross-cutting Themes

Update on Knowledge Management

14. **Role of Public Finance in Geothermal Development:** the CIF concluded a second project with the Climate Policy Initiative (CPI) drawing lessons from a series of three case studies and three dialogues on how public finance can be utilized more effectively to scale up global deployment of geothermal power⁴. The Third Geothermal Dialogue took place in Vienna in June 2015. It was followed by a country knowledge exchange to facilitate knowledge and sharing of ideas amongst countries supported by the CIF.
15. **Knowledge Sharing on Mini-grids:** In FY16 the CIF will launch a joint program of activities with the Energy Sector Management Assistance Program (ESMAP) to further knowledge and learning among CIF countries on business models and enabling conditions to support the deployment and scaling-up of clean energy mini-grids. This work is expected to commence in January 2016.

Update on Gender

16. A full portfolio review was undertaken by the CIF Administrative Unit in the first half of 2015 across all four CIF programs at investment plan and project levels to identify baseline and program progress figures on gender “quality at entry” at design stage.

⁴ <http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Lessons-on-the-Role-of-Public-Finance-in-Deploying-Geothermal-Energy-in-Developing-Countries-Full-Report.pdf>