

November 18, 2013

**COMMENTS ON LIBERIA'S INVESTMENT PLAN SUBMITTED BY THE SUB-COMMITTEE MEMBER
FROM NORWAY**

Dear Admin Unit,

Attached please find the U.S. technical comments on the Liberia plan.

U.S. comments on the Liberia SREP investment plan submitted November 15, 2013

We want to express our appreciation for the work of the Government of Liberia (GoL) and the MDBs in crafting a strong investment plan through the SREP program. We commend GoL for developing this detailed and thoughtful proposal that addresses the dire need for electrification outside of Monrovia. Developing decentralized off-grid and stand-alone renewable energy generation capacity is a sensible strategy for Liberia, given the lack of existing energy infrastructure and highly dispersed population.

As the GoL and MDBs develop proposals for projects under the investment plan, we would like to highlight a number of issues we believe will be of critical importance to the program's success:

- 1) **Institutional and Implementation Capacity:** The success of the investment will depend on capacity to develop and manage the projects, assure ongoing operation of the installed capacity and distribution systems, create a regulatory infrastructure to assure safe and reliable operation, handle tariffs, and manage the other economic and regulatory issues to assure a viable operating environment. Therefore, it will be essential to assure that the Rural and Renewable Energy Agency (RREA) has (1) a solid legal foundation; (2) adequate organizational structure and staffing to undertake the proposed program; and (3) ongoing and stable support to build its capacity and ensure continuing financial support. Each of these elements will be important to bolster investor confidence in Liberia.
- 2) **Legal Protection:** Liberia Electricity Corporation (LEC) is the only institution legally authorized to operate commercial electricity services in the country. SREP projects need protection against unknown and arbitrary risks or unexpected actions that may impact project operations and ownership. It will be important to create a comprehensive legal and regulatory framework for commercial electricity service operations that covers issues such as electricity rates and quality of service. We hope SREP can work with GoL on this issue.
- 3) **Leveraging Private Sector Finance:** We understand the rationale of the program to focus on Public-Private Partnerships in Phase 1. We would also like to see a greater focus on leveraging private sector finance, especially in the later stages of the plan after the groundwork to enable such investment has been laid.
- 4) **Mini-grid Pilots:** As the Government of Liberia and the MDBs develop proposals for projects we encourage them to take note of other current and planned mini-grid pilots, such as those under the Liberia Energy Sector Support Program, which is supporting three pilots, and plan to incorporate lessons that can be drawn from those experiences into the overall SREP program. (Pilot projects should be designed to maximize experience and learning by avoiding duplication of elements that are included in existing pilots, where lessons can clearly be drawn from those).

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