

**Meeting of SREP Pilot Countries
October 30, 2012 - Istanbul, Turkey**

Progress Updates from SREP Pilots

Country: Kenya

Investment Plan:

- X Endorsed
- Endorsement date – December 12, 2011

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of SREP pilots.

Three projects identified for support under SREP, namely:

- Development of 400 MW of Geothermal
- Hybrid Mini-Grid Systems
- Solar Water Heating

Advances:

1. The implementation of the 400MW Menengai Geothermal Project is underway: 8 wells have been drilled, 27 MW available; funding became effective on July 12, 2012 and procurement of materials and equipment is on track, feasibility study is ongoing.
2. The Hybrid Mini-Grid Systems is at design stage. Procurement is underway for a consultant to undertake a feasibility study and design of the project. The consultant is expected to be on board in January 2013. The project design document is expected to be ready by May 2013. The Feed-in-Tariffs Policy is under review to promote enhanced private sector participation in renewable energy generation projects.
3. The project on Solar Water Heating is to be considered under the SREP reserve funding and any other funding source. The Government gazetted the Solar Water Heating Regulations on May 25, 2012, which is the regulatory framework to support the implementation of this project. Kenya will be presenting a request to CIF for funding consideration under the reserve funding for this project.

Challenges:

1. Foreseen lack of harmonisation in the administration process of the SREP disbursements. In the case of the 400MW Menengai Project, the USD 40 million SREP allocation is administered by AfDB – USD 25 million and WB – USD 15 million.
2. Conclusions have not been arrived at regarding the funding and support from MDBs and other funding institutions to leverage SREPs USD 10 million for the Hybrid Mini-Grid Systems project
3. Uncertainty over consideration of the Solar Water Heating project under the SREP program.

Lessons learned:

1. SREP funding has leveraged considerable support from the private sector and other development partners.

What is the most important value added and/or benefit from the SREP process in your country?

1. SREPs design for country-led programme promotes ownership and actualisation of national policies
2. Encouragement of PPP arrangements for project implementation
3. Improved dialogue with the Civil Society with regard to project implementation

*Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?***Implementation Arrangements**

- Ministry of Finance – Mobilization and allocation of Financial Resources
- Ministry of Energy – Overall coordination and policy formulation
- MDBs – Leveraging, financing and supporting project design
- Project Implementation Agencies – Project implementation
- Private Sector – Project implementation
- Civil Society – Checks and balances

What works?

- Country level engagement is working

What needs improvement?

- Harmonisation of the disbursement mechanism where there is more than one MDB involved in SREP funds administration

*If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?***Project: 400 MW Menengai Geothermal Project**

1. Endorsement of the Investment Plan on time by the SREP Sub-Committee
2. The level of preparedness of the country and the project implementing agencies on geothermal development
3. Timely design and appraisal of the project by the MDBs

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Finalize the Project Document for the Hybrid Mini-Grid Systems for presentation during the next SREP Sub-Committee meeting
2. Preparation of a project proposal for possible funding under the SREP Reserve for the Solar Water Heating
3. Initiate funding appraisal by the MDBs on the USD 15 million to be disbursed under the WB