

CLIMATE INVESTMENT FUNDS

SREP/SC.13/3
April 19, 2015

Meeting of the SREP Sub-Committee
Washington, D.C.
Wednesday, May 13, 2015

Agenda Item 3

**SREP SEMI-ANNUAL OPERATIONAL REPORT
(SUMMARY)**

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.13/3, *SREP Semi-Annual Operational Report*, and takes note of the progress that has been made to advance the work of the SREP, especially in the new pilot countries. The Sub-Committee urges the MDBs to work closely with the governments and other stakeholders in the SREP countries to expedite the preparation and implementation of SREP investment plans and projects and programs.

I. INTRODUCTION

1. This report provides an update to the SREP Sub-Committee on the status of operations under the Program for Scaling up Renewable Energy in Low Income Countries (SREP). The report covers the period from October 1 to December 31, 2014.

II. STRATEGIC ISSUES OF THE SREP

Expansion

2. Following the decision by the Sub-Committee in June 2014 to select 14 new pilot countries to the SREP, the number of countries participating in the SREP has increased from 13 to 27. Considerable progress has been made in advancing the engagement of the new SREP countries, and the MDBs have worked closely with the governments and other stakeholders in most of the new countries to advance the development of SREP investment plans. As of February 2015, a lead MDB has been identified in 13 of the 14 new pilot countries. Scoping missions have been undertaken by the MDBs in seven countries (Bangladesh, Cambodia, Ghana, Haiti, Nicaragua, Rwanda, and Uganda), and joint missions have also been undertaken or planned in these countries. Scoping missions to Benin and Zambia are planned for April 2015, and preparatory work is under way for other countries. Ghana, Haiti, and Nicaragua are expected to submit their investment plans for endorsement at the SREP Sub-Committee in May 2015.

Private Sector Engagement

3. The CIF Administrative Unit and the multilateral development banks (MDBs) would like to propose establishing a SCF Private Sector Facility. The objectives of the proposed SCF Private Sector Facility will be to improve SCF offering through (1) flexible procedures that are better suited to the way project developers and investors undertake their investments, (2) improved market response as the new structure and scale will allow a faster response to demand and business opportunities in the SCF countries, and (3) improved scope for project development, given the larger pool of countries and the feasibility of cross-cutting access among the three SCF programs.

Progress and Challenges in Project Delivery

4. Development and submission of SREP projects to the Sub-Committee for funding approval continues to experience delays among many of the existing pilot countries. Across the SREP program, several countries have been facing political, security, and health challenges. A new government in Honduras following the election led to reengagement of the MDBs with the government to reach agreements on the development of projects within the framework of country priorities. The security situation in Yemen put the preparation of the investment plan on hold. As a result of the Ebola outbreak, operations in Liberia had to be suspended. 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.

Knowledge Management

5. Given the significant share of geothermal in the SREP portfolio and the opportunity of cross-learning with CTF countries, geothermal has been prioritized as a key sub-sector/technology for learning under the SREP (as well as the CTF). With the selection of 14 new pilot countries by the SREP Sub-Committee, another priority for knowledge and learning in recent months was to support the new countries in better understanding the CIF and SREP policies and procedures and the investment planning process.

New Pilot Countries Workshop

6. To support the new pilot countries with the process of developing investment plans, the CIF Administrative Unit in partnership with the Government of the Netherlands organized an SREP New Pilot Countries Workshop in The Hague on February 26-27, 2015. The workshop provided an opportunity and platform to exchange knowledge and lessons between some of the current pilot countries that have made considerable progress in advancing implementation of their investment plans and to share early experiences among the new countries.

Geothermal Dialogues

7. The CIF Administrative Unit, in partnership with the Climate Policy Initiative (CPI), has planned to organize three geothermal dialogues in 2014 and 2015 aimed at bringing together major actors in financing geothermal development to enable a global sharing of experiences and to explore emerging lessons to scale up effective geothermal finance. The dialogues assemble representatives from countries receiving support from the CIF (SREP and CTF) for geothermal projects, as well as selected non-CIF countries. Project developers and financiers, MDBs, and other stakeholders have also participated.

III. STATUS OF THE SREP

8. As of December 31, 2014, the SREP Sub-Committee has endorsed investment plans from 11 pilot countries for a total indicative allocation of USD 408 million in SREP funding for 39 projects and programs. Additionally, the Sub-Committee has endorsed seven project concepts under the private sector set-aside, totalling USD 92.4 million in SREP funding. The Sub-Committee has approved a total of USD 161.44 million for SREP activities, which accounts for more than 32 percent of the total SREP indicative allocation under the endorsed investment plans and set aside. As of December 31, 2014, the Sub-Committee has approved funding for 15 projects/programs for a total of USD 141.5 million. For the 15 projects/programs for which funding has been approved by the Sub-Committee, the total amount of expected co-financing amounts to USD 1.13 billion, giving an overall SREP to co-financing ratio of 1:82. Since the last semi-annual operational report, the Sub-Committee has approved one new project in Honduras (USD 5.5 million) and one new project preparation grant (.8 million) for Vanuatu.

Disbursements

9. Disbursements for the SREP have grown by 50 percent between June 30 and December 31, 2014, from USD 10.5 million to USD 15.5 million. This growth was driven by disbursements to projects in Kenya, Ethiopia, and Maldives.