

# CLIMATE INVESTMENT FUNDS

SREP/SC.17/3  
May 19, 2017

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Meeting of the SREP Sub-Committee  
Washington DC  
June 6, 2017

Agenda 3

## **SREP SEMI-ANNUAL Operational REPORT (SUMMARY)**

## **PROPOSED DECISION**

The SREP Sub-Committee reviewed document SREP/SC.17/3, *SREP Semi-Annual Operational Report*, and welcomes the progress that has been made in advancing the work of the SREP in the pilot countries.

The Sub-Committee appreciates the analysis conducted by the CIF Administrative Unit, in collaboration with the MDBs, on resource availability, pipeline review, and portfolio updates.

The Sub-Committee urges the MDBs to work closely with the governments and other stakeholders in the pilot countries to accelerate the development and implementation of the projects.

## 1 Introduction

1. This report provides an update on the status of the Scaling Up Renewable Energy in Low Income Countries Program (SREP), the portfolio of SREP-funded programs and projects under the endorsed investment plans and Private Sector Set-Aside (PSSA), and related activities. This report covers the period from July 1 to December 31, 2016. Some strategic content, as resource availability, covers up to March 31, 2017, as a measure to facilitate discussion and decision-making during upcoming meetings.

## 2 Strategic issues

### 2.1 Pipeline management policy

2. At its meeting in June 2016, the SREP Sub-Committee requested the CIF Administrative Unit, working with the MDBs and the Trustee, to prepare a pipeline management policy for the SREP to be considered by the Sub-Committee at its next meeting. The objective of the policy is to take all possible measures to expedite the implementation of projects and the disbursement of funds, taking into account the circumstances of SREP pilot countries.
3. In December 2016, the Sub-Committee reviewed the *Pipeline Management Policy for SCF Programs (SREP)*<sup>1</sup> and provided initial comments and feedback. The Sub-Committee requested that the proposed policy be revised and elaborate more on the “sealed pipeline” and a list of projects that could be potentially cancelled.
4. In February 2017, a virtual intersessional meeting of the SREP Sub-Committee was held to review the *SREP Pipeline Management Policy*<sup>2</sup> and the Sub-Committee requested the CIF Administrative Unit to provide in the revised proposal an updated combined (grant and non-grant) sealed pipeline that matches the currently available SREP resources. The Sub-Committee also requested the MDBs to take into account both readiness and fragility of SREP pilot countries in prioritizing projects to be included in the sealed pipeline.

### 2.2 Resource availability

5. As of March 31, 2017, total anticipated commitments were USD 481 million, including the pipeline of projects and programs (and MPIS<sup>3</sup>) to be submitted for approval by the Sub-Committee (see Table 1). Considering a total unrestricted fund balance of USD 340 million and assuming the release of currency risk reserves amounting to USD 45 million, the MDB Committee agreed to a sealed pipeline that includes 1) all projects scheduled for submission in May 2017; 2) two projects scheduled for submission after May 2017 requesting primarily non-grant resources; and 3) all remaining projects requesting only non-grant resources.

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<sup>1</sup> Available at [http://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep\\_16\\_4\\_pipeline\\_management\\_policy\\_for\\_scf\\_programs\\_srep\\_final1.pdf](http://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_16_4_pipeline_management_policy_for_scf_programs_srep_final1.pdf)

<sup>2</sup> [http://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep\\_sc\\_is\\_4\\_2\\_srep\\_pipeline\\_management\\_policy\\_framework.pdf](http://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_sc_is_4_2_srep_pipeline_management_policy_framework.pdf)

<sup>3</sup> MDB Project Implementation Services

**Table 1. SREP resource availability schedule summary** (in USD million as of March 31, 2017)

		Total	Grant	Non-Grant
<b>Unrestricted Fund Balance (A)</b>		<b>340.26</b>	<b>171.65</b>	<b>168.61</b>
<b>Total Anticipated Commitments (FY17(remainder)-FY21)- Program/Project Funding and MPIS Costs (B)</b>		<b>(480.58)</b>	<b>(283.93)</b>	<b>(196.65)</b>
<b>Available Resources (A - B)</b>		<b>(140.32)</b>	<b>(112.28)</b>	<b>(28.04)</b>
<b>Potential Future Resources (FY17-FY21)</b>				
<i>Release of Currency Risk Reserves</i>	<i>a/</i>	45.08	11.96	33.12
<b>Total Potential Future Resources (C)</b>		<b>45.08</b>	<b>11.96</b>	<b>33.12</b>
<b>Potential Available Resources (A - B + C)</b>		<b>(95.24)</b>	<b>(100.32)</b>	<b>5.08</b>

a/ Amounts withheld to mitigate over-commitment risk resulting from the effects of currency exchange rate fluctuations on the value of outstanding non-USD denominated promissory notes.

### 2.3 Private sector engagement

- At its meeting in December 2016, the SREP Sub-Committee received a *Proposal for Enhanced Private Sector Engagement under SREP*<sup>4</sup> as a new programming approach for the SREP going forward. The Sub-Committee noted with appreciation the work of the CIF Administrative Unit and the MDB Committee to develop the proposal, but decided to defer the decision on the SREP Enhanced Private Sector Engagement Program until sufficient scale of financial resources becomes available to the SREP.

### 2.4 Highlights on knowledge management and evaluation and learning

- As the SREP portfolio continues to mature, more projects are becoming effective and starting to report on their implementation achievements as well as challenges. This creates an opportunity for knowledge sharing within and between countries, as well as transfer of lessons learned to new pilot countries.
- The CIF's newly launched Learning and Evaluation Initiative is funding one SREP/CTF proposal submitted by the World Bank to review the financing instruments deployed by development partners and climate finance funds. It will assess their effectiveness in facilitating the mobilization of private capital to scale up grid-connected solar projects.
- In February 2017, a meeting of the SREP pilot countries was held in Phnom Penh, Cambodia, hosted by the CIF and the Asian Development Bank (ADB). Twenty SREP pilot countries participated. The following week, the CIF and ESMAP jointly organized an action learning event in Myanmar, where 13 SREP countries reported on the status of mini-grid projects they are implementing and the challenges they are facing.

<sup>4</sup> Available at: [http://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep\\_sc\\_16\\_5\\_proposal\\_for\\_enhanced\\_private\\_sector\\_engagement\\_under\\_srep\\_final\\_0.pdf](http://www.climateinvestmentfunds.org/sites/default/files/meeting-documents/srep_sc_16_5_proposal_for_enhanced_private_sector_engagement_under_srep_final_0.pdf)

### 3 Status of the SREP portfolio

10. As of December 31, 2016, total funding approved by the Sub-Committee reached USD 300.0 million<sup>5</sup> for 27 projects and programs, including three projects under the PSSA (see Table 2). This amount accounts for 36 percent of the total indicative allocations under endorsed investment plans and the PSSA. These projects are expected to leverage a total of USD 2.7 billion in co-financing from the governments, MDBs, private sector, and bilateral agencies for a 1:9.1 co-financing ratio.

**Table 2. Overview of SREP portfolio** (as of December 31, 2016)

	Indicative Pipeline Allocation			Approved funding		Disbursement
	TOTAL	IP	PSSA	Sub-Committee	MDB	
SREP Funding (in USD M)	818.4	732.8	85.6	300.0	263.8	44.8
Number of projects	68	62	6	27	23	17

11. During the current reporting period, no new SREP investment plans were submitted for endorsement, and no new programming missions were carried out by the MDBs. A joint mission has been planned for Lesotho on May 15-17, 2017.
12. During the current reporting period, four projects were approved by the SREP Sub-Committee for a total of USD 37.0 million. During the reporting period, the respective MDBs approved the three projects for a total of USD 34 million in SREP funding.

<sup>5</sup> Total Approved Project Funding=Project Funding+ IPPGs + PPGs