

CLIMATE INVESTMENT FUNDS

June 5, 2017

Meeting of the SREP Sub-Committee
Washington D.C.
Tuesday, June 6, 2017

Responses to Comments from Switzerland

Scaling-up Renewable Energy in Low Income Countries Program (SREP)

Questions from Switzerland on the Semi-Annual Operational Report and Country Portfolio

Comments and Responses Matrix

	Question	Response												
	<i>SREP SAR</i>													
	<i>SAR – Expected results</i>	Response from CIF AU												
	<p>In paragraph 7 (p.5) of the Operational Report you summarize the overarching expected results under the 19 endorsed investment plans and PSSA. There are clear indications that SREP funding will not be sufficient to finance all these projects. Moreover, we have noticed that certain projects are likely to attain only a fraction of the results foreseen in the IPs (e.g. Menengai geothermal project). On the other hand, certain promise more (e.g. Liberia Renewable Energy Project AfDB). Do you have a summary of projects showing also the updated expectations as to results, based on project approvals and sealed project pipeline vs IP? Such a summary would be useful to situate the SREP portfolio in terms of results that may be realistically expected</p>	<p>CIF AU has compiled the expected results of the projects approved by the SC as well those in the sealed pipeline. Please see summary table below. Since many projects in the sealed pipeline have not been submitted, the expected results data were derived from the investment plans, and they are subject to change when the project proposals are submitted.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 15%;">Annual Electricity (GWh)</th> <th style="width: 15%;">People benefitted (million)</th> <th style="width: 20%;">Annual GHG emissions avoided (million tons of CO2 eq)</th> </tr> </thead> <tbody> <tr> <td>Overarching expected results of all SREP projects (approved and to be submitted)</td> <td style="text-align: center;">6.7</td> <td style="text-align: center;">17.3</td> <td style="text-align: center;">5.4</td> </tr> <tr> <td>Expected results from SC approved projects and in the sealed pipeline (i.e., excluding projects in the reserve pipeline and non-active pipeline)</td> <td style="text-align: center;">6.1</td> <td style="text-align: center;">13.6</td> <td style="text-align: center;">5</td> </tr> </tbody> </table>		Annual Electricity (GWh)	People benefitted (million)	Annual GHG emissions avoided (million tons of CO2 eq)	Overarching expected results of all SREP projects (approved and to be submitted)	6.7	17.3	5.4	Expected results from SC approved projects and in the sealed pipeline (i.e., excluding projects in the reserve pipeline and non-active pipeline)	6.1	13.6	5
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	Resource availability	Response from CIF AU
1.	How realistic is it to assume that funds may be released (at all) from the Currency Risk reserves, given last year's currency effects (on GBP)?	The UK is working with CIF AU and Trustee to encash the promissory notes, thereby releasing the currency risk reserves. The current resource availability information provided by the Trustee as of March 31, 2017 reflects the latest currency effects.
2.	What happens if the actual currency losses exceed the reserves? What is expected in this respect?	This is highly unlikely. Please see above.
3.	What about any additional contributions (e.g. from Norway)?	The Sub-Committee member from Norway is expected to make an announcement at the upcoming Sub-Committee meeting on June 6. The new contribution from Norway was not included in the March resource availability table.
SREP Country Portfolio		
	Armenia GDP	Response from WB
1.	What are the results of the cost analysis and market sounding?	The cost analysis and market sounding are still in progress. They are expected to be completed by the mid-June.
2.	Should the project go further ahead or not?	The decision is subject to the results of the cost analysis and market sounding exercise which are not yet available, which will be an input to the Government decision on the next steps. WB anticipate that the Government of Armenia complete its decision making process, in consultations with the World Bank, in July 2017.
3.	If, not, what are the remaining SREP funds and what is proposed to be done with them?	It is too early to know as no decision has been made regarding whether or not to undertake the project due to results of the cost analysis and market estimates not being available. Should the Government decide to not take project ahead, the possible options for the use of the remaining funds will be analyzed and presented to SREP.
	Ethiopia GSDP	Response from WB
1.	What is the result of the WB mid-term review in February?	The Mid-Term Review carried out in March 2017, recommended an alternate strategy for the procurement of a rig and a full-service drilling contractor with two rigs to accelerate implementation. Subsequently, the Bank received a letter on May

	Question	Response
		12, 2017 from the Minister of Water, Irrigation and Electricity that reiterates the original strategy of purchasing two rigs for Ethiopia's long term geothermal sector development. The team will have a mission to agree on key elements of restructuring the project including revised project implementation plan and results framework.
2.	Who is the supervision consultant with whom the PIU contracted in November 2016?	The PIU contracted Elelctorconsult (ELC) of Italy as the owner's engineer.
3.	When shall the drilling contractor be appointed?	The timeline to appoint the drilling contractor will be discussed at this upcoming mission from June 12-13, 2017.
	Kenya Electricity Modernization Program	Response from WB
1.	What is the status of Kenya Electricity Modernization Project?	<p><u>Reason/s for Disbursement Deviation</u></p> <p>The disbursement of the SCF-SREP grant has not happened as the project is at an early stage of preparing renewable energy investments that would tap into the grant.</p> <p>The procurement process for the consultants was delayed.</p> <p><u>Planned Actions to Expedite Disbursements</u></p> <ul style="list-style-type: none"> - Procurement of consultants completed and design work and environmental and social work ongoing - All consultants are working concurrently to expedite completion of design works <p>The Bank has agreed with the Rural Electrification Authority (REA) to prioritize actions to meet one of the disbursement condition (adoption of a strategy for PPP implementation of electrification) that has not been fulfilled to date.</p> <p><u>Implementation Highlights</u></p> <ul style="list-style-type: none"> - 10 mini-grid sites have been confirmed, out of which 6 will be selected; - County government has provided land for the mini-grid sites, and REA is working on the administrative paperwork for land allocation - Preliminary design reports and Environmental & Social assessment report would be ready by end of June 2017. - Transaction advisor has been recruited and has commenced work;

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		<ul style="list-style-type: none"> - Public sensitization awareness campaign launched to sensitize the public on the projects in each of the site 												
	<i>Liberia Renewable Energy for Electrification in North and Center Liberia Project (Mini-Grids)</i>	Response from WB												
1.	What is the status of procurements (consultants, equipment and services)?	<p>Below is a summary of the status of the main contracts in the critical path:</p> <table border="1" data-bbox="716 448 1717 1263"> <thead> <tr> <th data-bbox="716 448 905 524">Contract</th> <th data-bbox="905 448 1094 524">Procurement Stage</th> <th data-bbox="1094 448 1717 524">Status</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 524 905 833">Owner's Engineer</td> <td data-bbox="905 524 1094 833">Evaluation of proposals</td> <td data-bbox="1094 524 1717 833">9 months delay. Financial Proposals were opened in April 2017, but the process had to be relaunched due to procurement oversight during the opening of the proposals. One financial proposal was not properly recorded and this caused the cancelling and the relaunch of the process. The deadline to submit proposals is June 5, 2017.</td> </tr> <tr> <td data-bbox="716 833 905 1011">ESIA and RAP</td> <td data-bbox="905 833 1094 1011">Contract negotiation</td> <td data-bbox="1094 833 1717 1011">9 months delay. Revised Financial and Technical proposals received on March 28. Financial proposal was too high and Rural and Renewable Energy Agency (RREA) is negotiating the contract.</td> </tr> <tr> <td data-bbox="716 1011 905 1263">Construction of SHP Kaila 2</td> <td data-bbox="905 1011 1094 1263">PQ evaluation report Finalization of bidding documents</td> <td data-bbox="1094 1011 1717 1263">7 months delay. Request No Objection to the revised Pre-Qualification report for cancellation of the process on April 3. Bidding documents to be finalized in August 2017 for inviting tender in September 2017.</td> </tr> </tbody> </table>	Contract	Procurement Stage	Status	Owner's Engineer	Evaluation of proposals	9 months delay. Financial Proposals were opened in April 2017, but the process had to be relaunched due to procurement oversight during the opening of the proposals. One financial proposal was not properly recorded and this caused the cancelling and the relaunch of the process. The deadline to submit proposals is June 5, 2017.	ESIA and RAP	Contract negotiation	9 months delay. Revised Financial and Technical proposals received on March 28. Financial proposal was too high and Rural and Renewable Energy Agency (RREA) is negotiating the contract.	Construction of SHP Kaila 2	PQ evaluation report Finalization of bidding documents	7 months delay. Request No Objection to the revised Pre-Qualification report for cancellation of the process on April 3. Bidding documents to be finalized in August 2017 for inviting tender in September 2017.
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2.	Has an operator been selected? By what kind of process? What kind of PPP arrangement?	Not yet, the WB is using a trust fund (ESMAP) to support RREA in the definition of the PPP arrangement and contract documents as well elaborating the business plan of the operator. Results of this study will be discussed in June 2017 with RREA. The PPP arrangement will be a private operator that will operate and maintain the												

	Question	Response
		facilities and recover its costs through end user tariff. Tariffs will be agreed with Rural and Renewable Energy Agency (RREA) based on a business plan elaborated by the operator and approved by RREA. The operator will be selected based on a competitive bidding of the business plan. No subsidies to the tariff are expected.
3.	What are the WB's expectation regarding project savings with regards of concluded procurements?	It is too early to assess. Once the tender process for the construction of the SHP Kaiha 2 is concluded, WB will have a better view of the total project costs and expected savings (if any).
4.	When will the mid-term evaluation be made with a proposal regarding the use of project savings?	Tentatively in July 2018, the date is not yet determined.
5.	Have additional funding sources been identified for a scaling-up of the project?	Not yet, the project has almost a year of delay due to the procurement. Once the main contracts are signed, RREA will be able focus on mobilizing additional sources.
6.	To what extent have our recommendations about the introduction (at a later stage) for solar PV panels (to reduce the use of diesel) been considered so far?	Not yet, once the main contracts are awarded the feasibility of this option will be explored.
	Maldives ASPIRE Program	Response from WB
1.	What is the June deadline referred to?	Signing of indemnity agreement
2.	Will the remaining contracts be signed before this deadline?	Yes, they were signed on June 1, 2017.
	Mali Rural Electrification Hybrid Systems	Response from WB
1.	What are the procurement issues referred to?	The launch of the procurement activities was delayed to allow for the completion of the technical studies, subsequent to project approval.
2.	Does the WB expect the project to go ahead within reasonable time and to reach the expected results?	Yes, the first contracts are about to be signed.
	Rwanda REF	Response from WB

	Question	Response
1.	When will the Rwanda Renewable Energy Fund be submitted to WB Board for approval or has it been approved in the meantime? (End of May was mentioned during the SC approval process).	The Board date was postponed due delay in securing funding approval. The project is now expected to be approved by the Board on June 20, 2017
	VERP II	Response from WB
1.	Has the Vanuatu Rural Electrification Project now been approved by the WB Board? If not, when will it be submitted and what is the cause for delay?	The project was approved by the WB Board on May 31, 2017.
	Menengai Geothermal Project	Response from AfDB
1.	We understand that the actual well potential of first phase development of the Menengai site is 150 MW. That compares to an initially expected 200-400 MW. What is the meaning of “first phase”? Is there a chance that the project will fulfill the expectations set out in the SREP Results Framework (of the IP) or should this be revised to reflect the 150 MW? (if it is not already revised)	<p>The targets provided for in the Project Appraisal Document submitted for review and approval by the SREP Sub-Committee in November 2011 have not been revised as of today.</p> <p>The indicator “Annual Electricity Output from Renewable Energy” equals 1,182,600MWh. This figure was calculated by applying the following formula and variables (= 24 hours x 365 days x 0.90 availability factor x 150MW envisaged installed capacity).</p> <p>Despite the total estimated potential of the Menengai Geothermal field being around 1600 MW, with the resources provided by SREP and other financiers in the context of the project, the Geothermal Development Corporation (GDC) of Kenya was able to prove steam resources capable of generating up to 150 MW of electricity. The figure is in line with this installed capacity and therefore the target provided in the Project Appraisal Report for the indicator “Annual Electricity Output from Renewable Energy” of 1,182,600MWh is correct and shouldn’t be revised</p>
2.	What is exactly meant with “planning for first stage development of 100 MW power	The total potential of the Menengai Geothermal field is currently estimated at 1600 MW. During the appraisal of the project by AfDB, GDC planned to initially develop 400MW. This figure was later revised upward to 465MW following the issuance of a

Question	Response												
generation by end 2017”? has a tender for an IPP been prepared?	<p data-bbox="716 233 1688 297">new Business/Strategic Plan by GDC . This capacity is expected to be developed in five phases as per the table below.</p> <table border="1" data-bbox="716 337 1171 748"> <thead> <tr> <th data-bbox="716 337 871 435">PHASES</th> <th data-bbox="871 337 1171 435">ENVISAGED CAPACITY (IN MW)</th> </tr> </thead> <tbody> <tr> <td data-bbox="716 435 871 500">I</td> <td data-bbox="871 435 1171 500">105</td> </tr> <tr> <td data-bbox="716 500 871 565">II</td> <td data-bbox="871 500 1171 565">65</td> </tr> <tr> <td data-bbox="716 565 871 630">III</td> <td data-bbox="871 565 1171 630">100</td> </tr> <tr> <td data-bbox="716 630 871 695">IV</td> <td data-bbox="871 630 1171 695">100</td> </tr> <tr> <td data-bbox="716 695 871 748">V</td> <td data-bbox="871 695 1171 748">95</td> </tr> </tbody> </table> <p data-bbox="716 792 1724 1104">The sentence “Planning for first stage development of 100MW power generation by end 2017” refers to phase 1 as captured in the table above with the different that phase I will be 105MW and not 100MW. A Request for Proposal was launched in 2014 following which a total of 3 bidders were selected to install each a power plant with a capacity of 35 MW. All agreements between GDC and the bidders have been signed and effectiveness is pending the conclusion of a Letter of Support from the Government of Kenya. It is expected that once this condition precedent is met, it will take around 18 to 24 months to commission of the power plants. As of today, AfDB through its private sector department is appraising two of these IPPs</p>	PHASES	ENVISAGED CAPACITY (IN MW)	I	105	II	65	III	100	IV	100	V	95
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