

Approved at SREP SC meeting March 17, 2010

Review of means for enhancing operational guidelines on Financing Modalities for SREP

The Sub-Committee reviewed the document entitled, *Elements of Financing Modalities* (document SREP/SC.2/4); and provided comments and guidance to the CIF Administrative Unit and the MDB Committee for the finalization of a paper based on the elements to be submitted to the next SREP Sub-Committee meeting. The SREP Sub-Committee requested the CIF Administrative Unit and the MDB Committee to enhance the proposed operational guidelines by, among other things:

- a) elaborating upon the use of grants and innovative uses of grant resources, including to support market mechanisms such as advanced market commitments and performance-based grants;
- b) reexamining the appropriateness of using concessional loans to provide assistance to low income countries;
- c) exploring other innovative tools that may make use of SREP resources;
- d) elaborating on how to create markets to bring in private sector resources.

The Sub-Committee invites its Members to submit additional written comments to the CIF Administrative Unit on the financing modalities elements by April 13, 2010.

The CIF Administrative Unit, in collaboration with the MDB Committee, is requested to prepare additional background information, for consideration at the next meeting of the Sub-Committee, on the use of subsidies as a financial tool under the SREP. The Sub-Committee also requests that a background note be prepared examining the appropriateness of using concessional loans under the SREP and the requirement that SREP resources be blended MDB lending. The Sub-Committee requests that the background note be circulated to the Members in May for their comments by mid-May.