



# Recommendations for the Selection of New Pilot Countries under the Program for Scaling Up Renewable Energy (SREP)

Prepared by the SREP Expert Group  
Presented at SREP Sub-Committee Meeting  
June 27, 2014

# Background on SREP

- To pilot and demonstrate viability of low carbon development pathways in the energy sector in low income countries.
- Responding to climate change.
- Creating new economic opportunities and increasing energy access.
- Promoting the use of renewable energy.
- Engaging private sector participation.



# Background on the SREP Expert Group (EG)

- Established by the SREP Sub Committee.
- Membership from developed as well as developing countries.
- Knowledge representation across areas of technical, financial, social expertise relevant to Renewable Energy (RE) programs.
- Insight and experience on RE developments in different regions of the world.
- Tasked with making recommendations on selection of new pilot countries.

# SREP EG

- Mike Allen, Renewable Energy Financing (Rapporteur).
- Richenda Van Leeuwen, Social and Gender Development (EG Co Chair).
- Oscar Coto (Renewable Energy Technologies (EG Co Chair).
- Steve Thorne, Environment and Climate Change.
- Govind Pokharel, Rural and Urban Electrification (available via telephone connection).
- Anders Rasmussen, Development and Energy Economics (not available due to ill health).

# EG Guiding Principles

- SREP design document and an updated “CRITERIA AND PROCESS FOR SELECTING NEW PILOT COUNTRIES UNDER THE SREP ” (February 2014) which outlined the criteria to be used to recommend the country pilots. The criteria states:
- *“In selecting the initial SREP pilots in 2010, the Sub-Committee considered two perspectives: (i) a country’s willingness to meet the criteria and to achieve the objectives of the SREP, and (ii) a country’s potential and capacity to implement a SREP program. In addition, regional balance and natural conditions for developing renewable energy were included as part of the criteria.”*
- *“It is proposed that the previously agreed criteria be used as a basis for considering new SREP pilot countries, with some modifications reflected in the criteria below. Furthermore, it is proposed that information submitted by the eligible countries in their expressions of interest be taken into account in ranking the countries against the criteria and that weights be assigned to the proposed criteria to be applied by the expert group in its review and scoring of the expressions of interest.”*

# Criteria for Selection

- Five criteria (two quantitative and three qualitative) with weightings proposed for selecting new SREP pilot countries

| Criteria   | Weight (%) |
|--|------------|
| Lack of Energy Access  | <b>30</b>  |
| Relative Poverty   | <b>10</b>  |
| Enabling Environment   | <b>30</b>  |
| Good governance within the Sector  | <b>10</b>  |
| Potential Capacity for Implementation, including sufficient institutional and technical capacity | <b>20</b>  |

# Criteria for Selection (2)

- a) Lack of energy access (weight: 30%). This will be measured in terms of percentage of total population with access with electricity. Countries with the lowest access to electricity should be favoured. Data from public sources will be compiled.
- b) Relative poverty (weight: 10%). This will be measured using gross national income (GNI) per capita. Data from public sources will be compiled.

# Criteria for Selection (3)

- c) Enabling environment (weight: 30%). This will involve three aspects as elaborated below:
  - i. The existence of, or a willingness to, adopt, within an appropriate timeframe, supportive regulatory structures and institutions to support renewable energy development (including agencies to promote/utilize renewable energy, if relevant). This could include policies and regulations promoting renewable energy, such as feed-in tariffs, tax incentives, subsidies, concessional financing or renewable portfolio standards.
  - ii. An enabling regulatory environment that promotes private sector investments in renewable energies. This could include policies that support private sector participation and public-private partnerships. This could also include availability, or willingness to develop, local capacity along the renewable energy supply chain, including manufacturing, training, and operations and maintenance.
  - iii. Sector-wide energy development strategies that are open to integrating renewable energy into energy access and supply enhancement programs or targets for large-scale renewable energy deployment. Countries could be assessed on national and local strategies and targets for electrification, and current or projected share of renewables in the energy portfolio.



# Criteria for Selection (4)

- d) Good governance within the sector (weight: 10%). An assessment of sector governance could include commercial performance of relevant institutions, pricing and tariff practices, and competitive procurement of goods and services, the transparency and accountability of these practices and the degree to which they are subject to public oversight.
- e) Potential capacity for implementation, including sufficient institutional and technical capacity (weight: 20%). This could include a track record of renewable energy projects completed or initiated with participation of private sector, previous experience implementing and using renewable energy technologies, capacity for operating and maintaining renewable energy systems. In specific cases, the existence of a track record may not be a strict criterion and a willingness to advance in the area of renewable energy could be sufficient. The government's ability to effectively absorb additional funds should also be considered.

# Additional Guidance

- Regarding regional balance for the selection of new SREP pilot countries, it is recognized that the emphasis is to be placed on the opportunities to increase energy access noting the particularly low level of energy access in Africa. It is further recognized that from the perspective of sharing knowledge and lessons SREP can benefit from including a diverse group of countries and regions.
- The Sub-Committee suggests that the expert group, taking these considerations into account as well as the submitted expressions of interest, recommend a significant number of countries from Africa (it is proposed at least 8 out of 12) and that the remaining recommended countries should include representation from the other regions (South and East Asia and Pacific, Europe and Central Asia, and Latin America and Caribbean).

# 40 Expressions of Interest (EoI) Submitted

| Africa (22)              |              |             | South and East Asia and Pacific (12) |        | Europe and Central Asia (3) | Latin American and Caribbean (3) |
|--------------------------|--------------|-------------|--------------------------------------|--------|-----------------------------|----------------------------------|
| Benin                    | Ghana        | South Sudan | Afghanistan                          | Tonga  | Georgia                     | Bolivia                          |
| Burkina Faso             | Lesotho      | Uganda      | Bangladesh                           | Tuvalu | Kyrgyz Republic             | Haiti                            |
| Cameroon                 | Madagascar   | Zambia      | Cambodia                             |        | Tajikistan                  | Nicaragua                        |
| Central African Republic | Malawi       |             | Kiribati                             |        |                             |                                  |
| Chad                     | Niger        |             | Lao PDR                              |        |                             |                                  |
| Comoros                  | Rwanda       |             | Marshall Islands                     |        |                             |                                  |
| Congo DR                 | Senegal      |             | Micronesia                           |        |                             |                                  |
| Djibouti                 |              |             | Myanmar                              |        |                             |                                  |
| Eritrea                  | Sierra Leone |             | Samoa                                |        |                             |                                  |
| Gambia                   | Somalia      |             | Togo                                 |        |                             |                                  |

# Contents of EOIs

## I. COUNTRY AND GOVERNMENT AGENCY SUBMITTING EXPRESSION OF INTEREST

## II. DESCRIPTION OF THE COUNTRY AND ENERGY SECTOR CONTEXT

Please provide a summary of the country and energy sector context, including resource potential for deploying renewable energy, status of energy access (population with access to electricity), renewable energy policies, targets, and implementation measures.

## III. RATIONALE FOR SELECTED SECTORS FOR SREP FINANCING

Please identify barriers for the deployment of renewable energy, potential sector, sub-sectors, and technologies for possible SREP financing as well as the rationale for prioritizing them for SREP interventions.

## IV. ENABLING POLICY AND REGULATORY ENVIRONMENT

Please provide an overview of the existing policies, legal framework, market and regulatory structure for renewable energy development and the potential impacts of public and private sector interventions in addressing the barriers. Discuss the existing regulatory environment for attracting private investments in renewable energy technologies and governance within the energy sector, including commercial performance of relevant institutions, pricing and tariff practices, competitive procurement of goods and services, the transparency and accountability of these practices and the degree to which they are subject to public oversight.

## V. INSTITUTIONAL AND TECHNICAL CAPACITY

Please provide an analysis of the institutional and technical capacity for implementation, including the government's ability to effectively absorb additional funds. Please also provide a preliminary assessment of potential implementation risks.

## VI. PROGRAMS OF MDBs AND DEVELOPMENT PARTNERS

Please describe briefly the ongoing and planned programs of the relevant multilateral development banks (MDBs) and other development partners relevant to energy access and renewable energy and how the proposed interventions for SREP would link to and build upon these programs.

- More comprehensive EOIS requested.
- Level of detail in EOI varied across countries.
- Helpful starting point for EG review.

# Timeline of the EG Process

- Virtual organizational meeting
- Meeting of EG members (11-16/05)
- Preparation and submission of report (21/05)
- Presentation at Sub-Committee meeting (27/06)



# Activities Undertaken by the EG

1. Preparatory work on relevant information (submitted EoI and CIF provided info on energy access and GNI per capita).
2. Review of information.
3. Information analysis and preparation of scorecard.
4. EG discussions on results.
5. Interaction with MDBs.
6. Interim and final review process.
7. Report preparation.

# Methodological Approach

- Assessment and incorporation of quantitative criteria (access and relative poverty).
- Quantification, on a numerical basis of the relative quality of enabling environment, sector governance and capacity for implementation.
- A scorecard was established which used the considerations summarised in the requested criteria, and ranked each section on a low / medium / high scale, representing 30%, 60% and 100% of the available score for each section.
- Country scorecard built as an Excel sheet that could then be fed directly into master scorecard for each country.

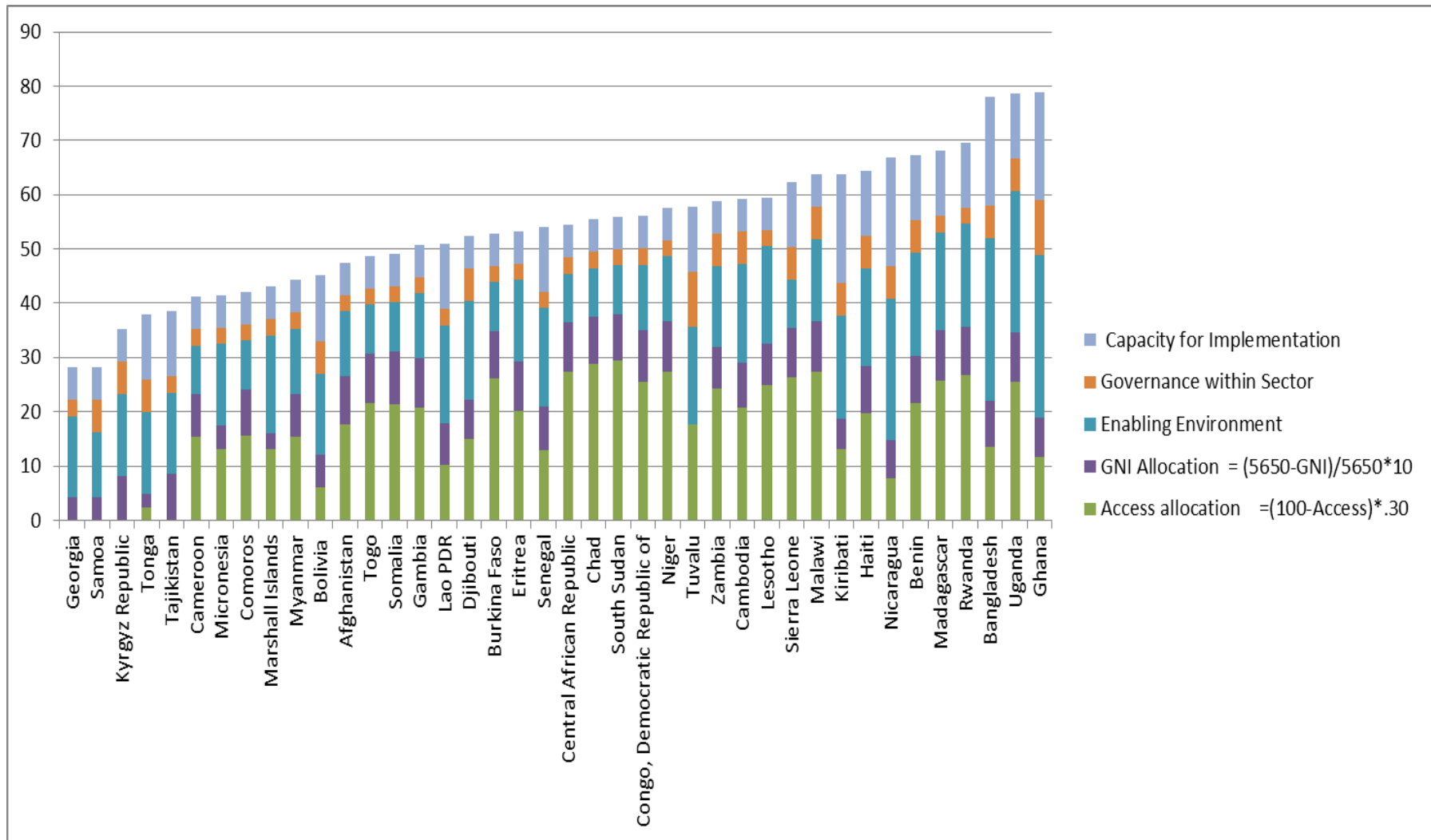
# Scorecard

| COUNTRY:  |   |                 |                   |       |  |
|---|---|-----------------|-------------------|-------|--|
|   | ENTER Section Score   | Calculated Rank | Low, Medium, High | Notes |  |
| <b>Enabling Environment (30%)</b>                                 |   |                 |                   |       |  |
| I   | - the existence of, or a willingness to, adopt, within an appropriate timeframe, e.g. a plan of bringing energy related policies  |                 |                   |       |  |
|   | - supportive regulatory structures and institutions to support renewable energy development   |                 |                   |       |  |
|   | - feed-in tariffs, net metering   |                 |                   |       |  |
|   | - tax incentives, concessional financing, subsidies, custom duty exemption  |                 |                   |       |  |
|   | - renewable portfolio standards.  |                 |                   |       |  |
|   | <b>Section score (maxm 10)</b>  | 0               |                   |       |  |
|   | <b>Ranking score</b>  |                 | 3                 | LOW   |  |
| II  | - an enabling regulatory environment that promotes private sector investments in renewable energies.  |                 |                   |       |  |
|   | - policies that support private sector participation and public-private partnerships, existence of IPPs, Bank and financial institution   |                 |                   |       |  |
|   | - availability, or willingness to develop, local capacity, training, resource allocation by the government  |                 |                   |       |  |
|   | - the renewable energy supply chain, including local manufacturing, assembling facilities   |                 |                   |       |  |
|   | - operations and maintenance and adaptive R & D and any programs n policies   |                 |                   |       |  |
|   | <b>Section score (maxm 10)</b>  | 0               |                   |       |  |
|   | <b>Ranking score</b>  |                 | 3                 | LOW   |  |
| III   | - sector-wide energy development strategies that are open to integrating renewable energy into energy access and supply enhancement programs or targets for large-scale renewable energy deployment. Yearly target set by country's budget and yearly plan. |                 |                   |       |  |
|   | - national and local strategies and targets for electrification, and current or projected share of renewables in the energy portfolio and budget allocation by govt. target of installation and generation and electrification in official programs etc     |                 |                   |       |  |
|   | <b>Section score (maxm 10)</b>  | 0               |                   |       |  |
|   | <b>Ranking score</b>  |                 | 3                 | LOW   |  |
| <b>Section score (maxm 30)</b>                                    |   |                 |                   |       |  |
| <b>Good governance (10%)</b>                                      |   |                 |                   |       |  |
|   | - commercial performance of relevant institutions.  |                 |                   |       |  |
|   | - pricing and tariff practices  |                 |                   |       |  |
|   | - competitive procurement of goods and services,  |                 |                   |       |  |
|   | - the transparency and accountability of these practices and the degree to which they are subject to public oversight   |                 |                   |       |  |
|   | <b>Section score (maxm 10)</b>  | 0               |                   |       |  |
|   | <b>Ranking Score</b>  |                 | 3                 | LOW   |  |
| <b>Potential capacity for implementation, Institutional (20%)</b> |   |                 |                   |       |  |
|   | - track record of renewable energy projects completed or initiated with participation of private sector   |                 |                   |       |  |
|   | - previous experience implementing and using renewable energy technologies  |                 |                   |       |  |
|   | - capacity for operating and maintaining renewable energy systems.  |                 |                   |       |  |
|   | - government ability to effectively absorb additional funds   |                 |                   |       |  |
|   | <b>Section score (maxm 20)</b>  | 0               |                   |       |  |
|   | <b>Ranking Score</b>  |                 | 6                 | LOW   |  |

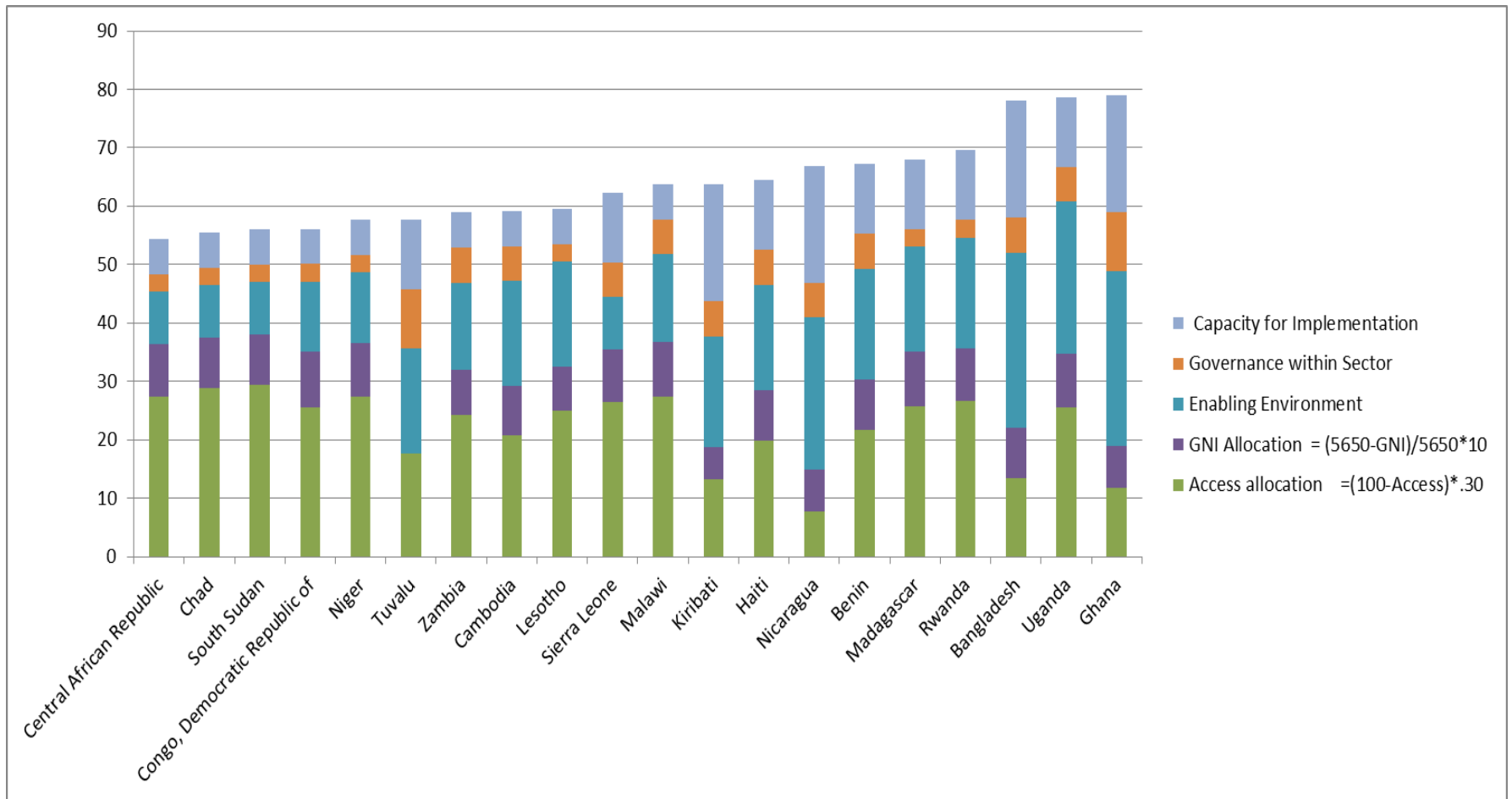
- Initial country reviews allocated on a random basis to EG members.
- Evaluations defended to the whole EG.
- Shortlisted and on the margin evaluations were re-evaluated by different EG members and discussed in full.
- Consensus on process, given information available, to produce list of country rankings.



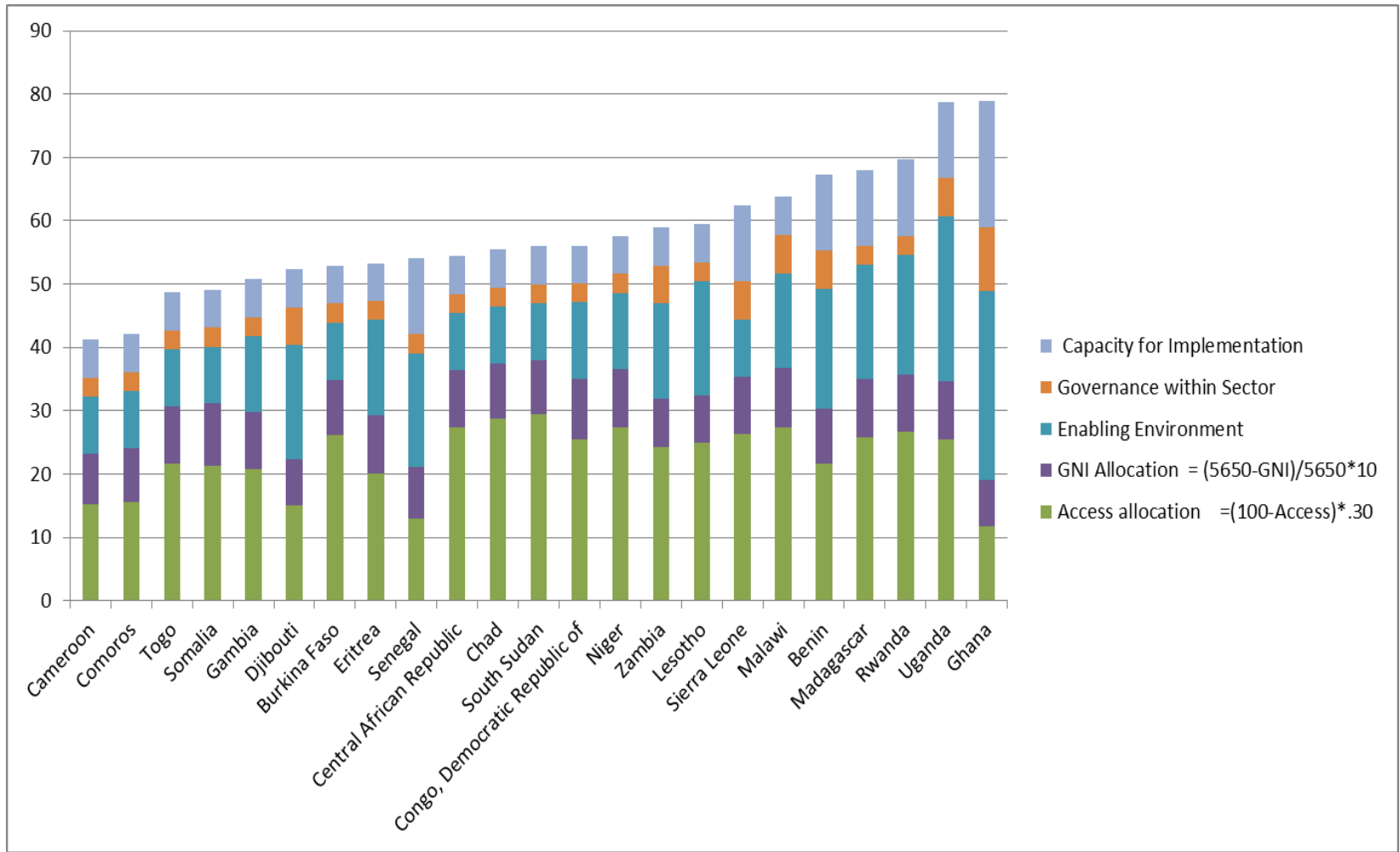
# Overall Results by Country



# Top 20 Ranked Countries



# Ranking for African Countries



# Methodological Comments

- Electricity access and GNI figures provide a numerical base.
- Enabling environment, good governance and potential capacity for implementation, involve somewhat more subjective evaluations.
- Methodology involves a combination of both quantitative data and expert opinion approaches.

# Methodological Comments (2)

- The level of energy access has a significant influence on the total country score.
- The GNI indicator had minimal impact on results; expected since by definition most countries are weaker economies with low per capita incomes.
- There appears to be a reasonable balance between the influence of energy access and the level of the enabling environment.

# Methodological Comments (3)

- Enabling environment assessed from 3 perspectives:
  1. General attitude towards the importance of renewables (agencies/institutions), incentives, regulatory encouragement;
  2. Existence of specific policies and regulations that provide attractive fiscal environment for the private sector; demonstration of a real willingness to engage with the private sector, through actual project implementation; broader government support for the establishment of a vibrant national renewable industry and what has been achieved to date in these areas;
  3. Level of engagement across the energy sector in moving to mainstream renewables (national and local strategies driving integration of RE).

# Methodological Comments (4)

- Governance: particularly less easily quantifiable.
  1. Comments on outcomes of recent projects (from EOI or from other sources of information gathered by the EG);
  2. Indication of private sector participation in (government led or initiated) projects;
  3. Transparency and ease of doing business and EG familiarity with the commercial environment in a particular country.

# Methodological Comments (5)

- Capacity for implementation:
  1. Volume of renewable projects completed to date, the level of private sector participation in such projects and whether or not past and current project activity suggested that additional investment through SREP would be effectively employed and provide a point of differentiation from other donors in the market;
  2. Ability for governments to effectively utilise additional funds was judged in part by using a proxy of past and current levels of MDB financing for renewables.



# Recommendations from the Expert Group

| Africa                                 | South and East Asia and Pacific | Latin America and Caribbean |
|--|---------------------------------|-----------------------------|
| Ghana                                  | Bangladesh                      | Nicaragua                   |
| Uganda                                 | Kiribati                        | Haiti                       |
| Rwanda                                 |                                 |                             |
| Madagascar                             | With Reserves: Cambodia         |                             |
| Benin                                  |                                 |                             |
| Malawi                                 |                                 |                             |
| Sierra Leone                           |                                 |                             |
| Lesotho                                |                                 |                             |
|  |                                 |                             |
| With Reserves: Zambia, Niger, Congo DR |                                 |                             |

# Conclusion: New Country Pilots and SREP Objectives

Recommended countries present the following :

- Opportunities for scaling-up diverse RE approaches.
- Space for innovative interventions.
- Challenges at the level of designing investment plans for RE.
- Learning opportunities across RE technologies, actors and partnerships to catalyze plans and programs for RE scaling up.