

CLIMATE INVESTMENT FUNDS

SREP/SC.15/4
April 27, 2016

Meeting of the SREP Sub-Committee
Oaxaca, Mexico
Friday, June 17, 2016

Agenda 4

SREP SEMI-ANNUAL OPERATIONAL REPORT

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.15/4, *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 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. The Sub-Committee notes that SREP does not have sufficient resources to finance all the investment plans in the new pilot countries and encourages contributor countries in a position to do so to make additional contributions to the SREP.

[The Sub-Committee may consider additional decision items based on the outcomes of the discussion of the CIF strategic directions at the Joint Meeting of the CTF-SCF Trust Fund Committees and the discussion of the SREP strategic directions at the SREP Sub-Committee meeting.]

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1 Introduction

1. This report identifies key strategic issues for the Scaling-up Renewable Energy in Low Income Countries Program (SREP), and provides a status update on the portfolio of SREP-funded programs and projects under endorsed investment plans and the SREP Private Sector Set-Aside (PSSA), and related activities. This report covers the period from July 1 to December 31, 2015.
2. Also included in this report are the following annexes: Annex 1: Resource Availability; Annex 2: Projects exceeding 24 months in the pipeline; and Annex 3: Project Submission Calendar. SREP country portfolios have been updated and will be included as an information document for the June 2016 Sub-Committee meeting¹.

2 Strategic Issues

3. The SREP was established in 2010 with the goal of demonstrating the economic, social, and environmental viability of low-carbon development pathways in the energy sector by creating new economic opportunities and increasing energy access through the use of renewable energy. Over the past six years, the number of SREP pilot countries has increased from six to 27 countries.
4. To date, the SREP Sub-Committee has endorsed investment plans for 18 pilot countries, with total indicative allocations of USD 715 million² and seven project concepts under the PSSA, with an indicative allocation of another USD 92.4 million in SREP funding.
5. The overarching expected results under the endorsed investment plans and PSSA include 1,663 megawatts (MW) of new renewable capacity and an estimated 6,502 gigawatt hours (GWh) electricity to be generated annually, equivalent to the annual electricity production of El Salvador.
6. With a primary objective to expand energy access to the poor people in the developing world, SREP's expected contribution to access to electricity relative to the funding provided is also significant. In the 18 countries with endorsed investment plans, SREP investments are expected to increase new or improved access to 16.8 million people, which is approximately the population of Malawi.
7. The November 2015 Semi-Annual Operational Report³ provided a broad picture of the SREP's expected transformational impacts and contributions to increasing access to modern energy through increased supply of renewable energy. SREP investments follow a country-driven process, supporting both grid-connected and off-grid/mini-grid interventions, as well

¹ SREP/SC.14/Inf.2, *SREP Country Portfolios*.

² Not including Investment Plan Preparation Grants (IPPGs).

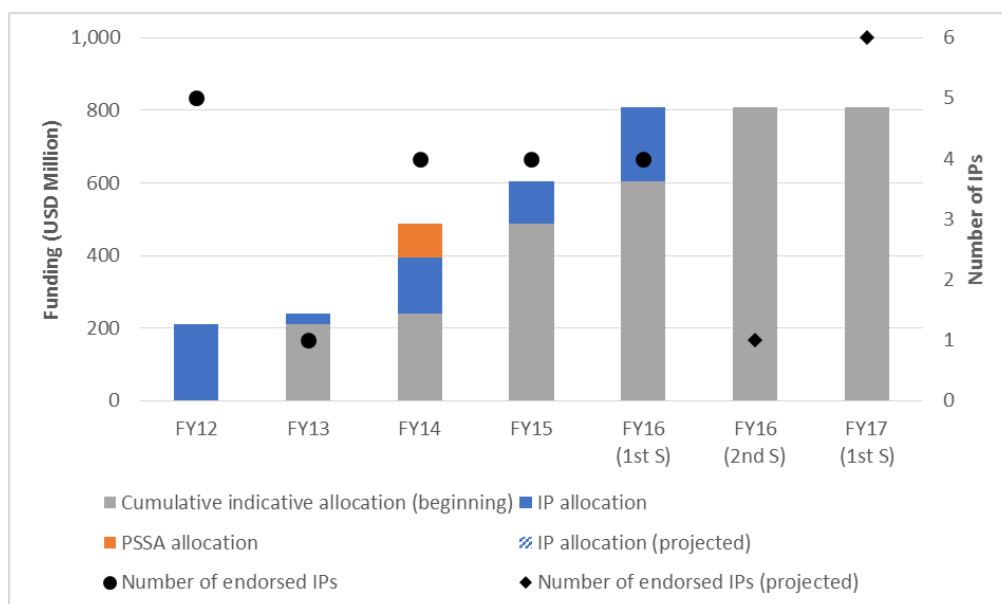
³ SREP/SC.14/3/Rev.1, *SREP Semi-Annual Operational Report*.

as policy and regulatory development, institutional capacity building, and improvement of coordination for renewable development among various stakeholders.

2.1 Progress and Challenges

8. As of December 31, 2015, total funding approved by the Sub-Committee reached USD 226 million⁴ for 21 projects and programs, including two projects under PSSA, accounting for 28 percent of the total indicative allocations under the endorsed investment plans and PSSA. These projects are expected to leverage a total of USD 1.6 billion in co-financing (with a 1 to 7.14 co-financing ratio) from the governments, MDBs, private sector, and bilateral agencies. Detailed information on co-financing breakdown by project is included in the *SREP Country Portfolios*.
9. Considerable progress has been made in engaging the 14 countries approved by the Sub-Committee to join the SREP in June 2014. The MDBs have worked closely with the governments and other stakeholders in most of the new countries to advance SREP investment plans development. Investment plans from six new countries were endorsed by the Sub-Committee in May and November 2015 (Bangladesh, Ghana, Haiti, Nicaragua, Rwanda, and Uganda)⁵. One new investment plan is expected to be submitted for endorsement at the June 2016 meeting (Cambodia). With the exception of Kiribati, the remaining new countries (Benin, Lesotho, Madagascar, Malawi, Sierra Leone, and Zambia) are at various stages of developing their investment plans and are targeting for submission at the Sub-Committee meeting in FY17 (see Figure 1).

Figure 1: Trends in Endorsement of SREP Investment Plans



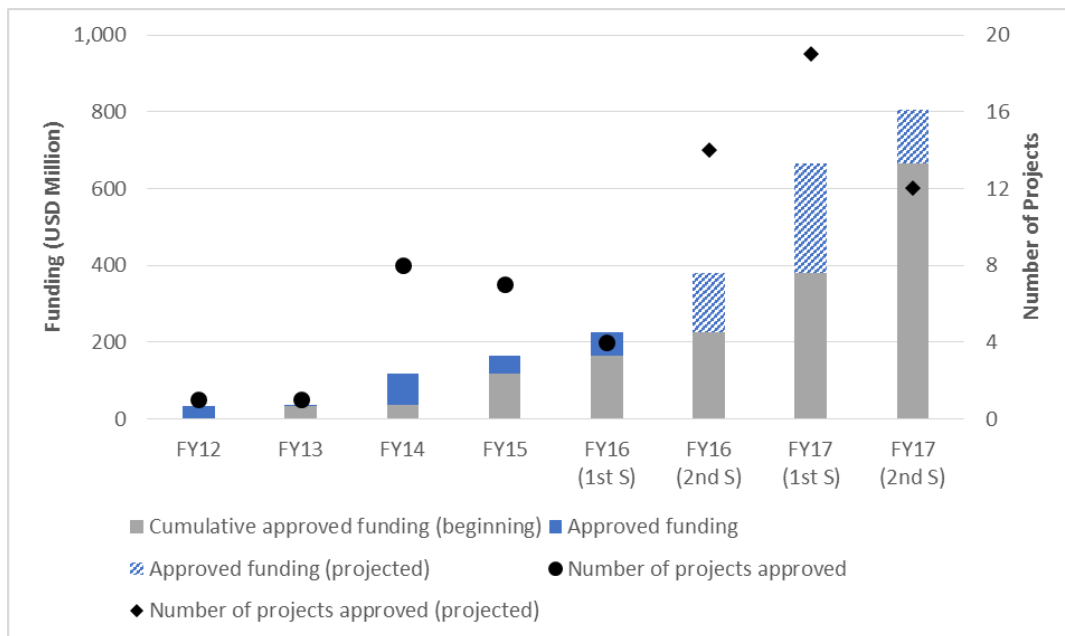
⁴ Total Approved Project Funding=Project Funding+ Project Preparation Grants (PPGs) + IPPG

⁵ The Sub-Committee also endorsed an investment plan for Mongolia at the November 2015 meeting, which is not part of the 14 new countries.

Note: Due to uncertainty with resource availability, projects and programs under the investment plans to be endorsed in June 2016 or later may not be able to enter the pipeline and are not included in the funding amount columns.

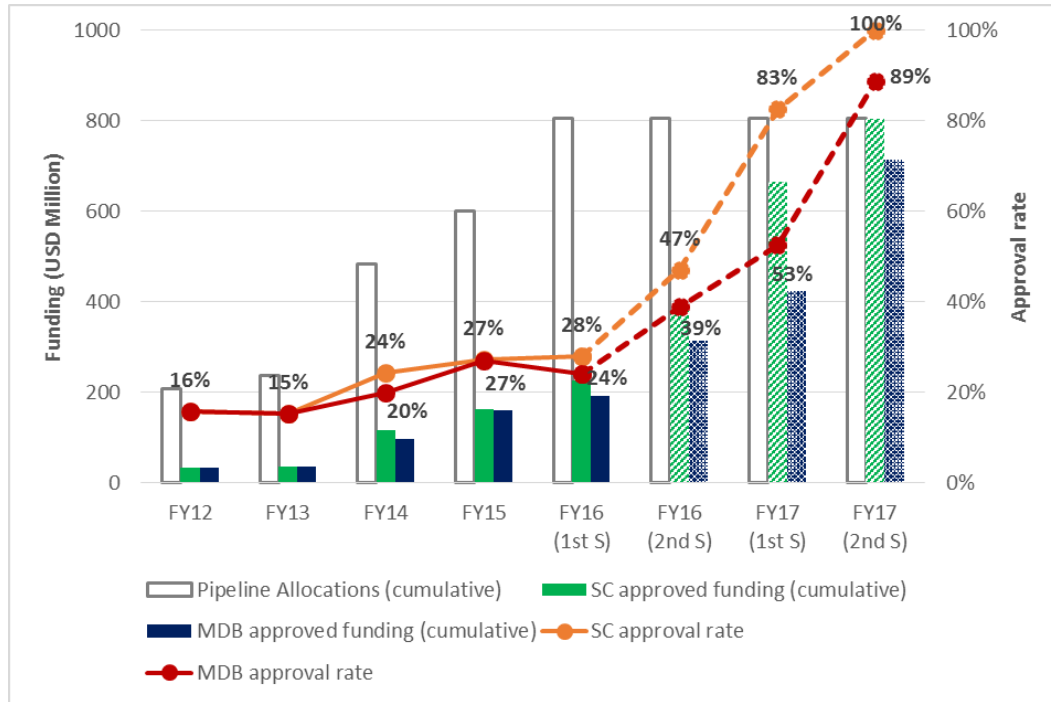
10. Development and submission of SREP projects to the Sub-Committee for funding approval continues to experience delays among SREP countries. Figures 2 and 3 show trends in SREP funding approvals by the Sub-Committee over time. Challenges outlined in the previous semi-annual operational reports persist in most SREP countries, including political, institutional, regulatory, operational, and market challenges. Private sector projects in these countries are also subject to significant delays given the long lead times to sign power purchase agreements (PPAs) and arrange the financing. Specific reasons for delays in project delivery by country are captured in detail in Section 4: Portfolio Analysis of this report.
11. For FY16 (July 1, 2015 to June 30, 2016), a total of 18 projects with USD 216 million in SREP funding have been scheduled for submission to the Sub-Committee (see Figure 2). As of December 31, 2015, USD 62 million (four projects) in SREP funding was approved by the Sub-Committee.
12. Looking forward, it is expected a significant delivery of SREP projects for the remainder of FY16 and FY17, including endorsement of new investment plans and project submissions. See Annex 1 for a detailed schedule of expected submission of projects.

Figure 2: SREP Funding Approvals by the Sub-Committee



Note: Excluding projects from investment plans to be endorsed in June 2016 and later.

Figure 3: SREP Funding Approval Rate by Fiscal Year



Note: Excluding projects from investment plans to be endorsed in June 2016 and later.

2.2 Resource Availability

13. The SREP Sub-Committee agreed in October 2013 to allow 30 percent over-programming in the management of the pipeline. As of December 31, 2015, the pipeline included a total of USD 587 million of projects and programs (including MPIS) to be submitted for approval by the Sub-Committee (see Table 1 and Annex 1). Expected funding available for programming was approximately USD 458 million, giving an over-programming amount of USD 128 million or 28 percent of the remaining pipeline.

Table 1. SREP Resource Availability

Amounts expressed in USD million

Funds Available to Support SREP Programming (as of 31 Dec. 2015)	274.61
Add: Contributions/Projected Investment Income	236.43
Total Available Funding	511.04
Less: Pipeline Projects to be Submitted for Approval(including fees) ^{1/}	(587.06)
Projected Administrative Budget(FY17-FY21) ^{2/}	(42.59)
Approved Funding Decisions Pending Commitment ^{3/}	(9.83)
Surplus(Shortfall) - exclusive of fund reserves	(128.44)
Reserves ^{4/}	53.65
Surplus(Shortfall)	(74.79)

1/ Projects/programs recently reviewed by the MDBs for submission to the committee for approval.

2/ Projection for administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.

3/ This includes project preparation grants and fees for the newly endorsed investment plans (Bangladesh, Mongolia, Rwanda and Uganda).

4/ This amount is withheld to mitigate the over-commitment risk associated with the potential impacts of exchange rate fluctuations on the value of non-USD denominated promissory notes.

14. Overall there are sufficient resources to support funding commitment until December 2016 assuming that all projects in the pipeline will be submitted for funding approval. The Sub-Committee has approved guidelines for the distribution of grant and non-grant resources for the pilot countries. Due to the worsening of debt distress for some countries, as well as exceptional cases approved by the Sub-Committee to commit grant resources to a number of projects, there is a likelihood that grant resources may run out before non-grant resources, especially if projects requesting grants move faster in the pipeline. The CIF Administrative Unit working with the Trustee and MDBs will monitor closely the availability of resources, including that of grants, for commitment.
15. It should be noted that there are still nine SREP pilot countries that have not submitted their investment plans for endorsement. The total indicative allocations for these countries amount to USD 325 million. According to the prior agreement of the Sub-Committee, investment plans from the new countries will be endorsed regardless of funding availability, but for the purpose of pipeline entry, up to 30 percent over-programming will be applied to the SREP pipeline. It is suggested that the Sub-Committee consider the elements of funding scenarios elaborated in the SREP strategic paper so remaining SREP pilot countries can continue to benefit from the SREP once their investment plans are ready for endorsement.

2.3 Strategic Directions for the SREP

16. A strategic discussion on the SREP will be included as part of the overall CIF Strategic Paper to be presented to the meeting of the CTF-SCF Joint Committees in June 2016. The SREP strategic paper will review the context of the SREP since its creation and lessons learned, elaborate funding scenarios for SREP in the near term, and propose an Enhanced Private Sector Program for Energy Access. This includes the program's value proposition, opportunities, and type of investments and activities that can be financed. Recognizing the challenges and opportunities to expand energy access through renewable energy in the poorest countries in the world, a key feature of the proposed program is to allow more flexibility to the MDBs and the countries so that they can move quickly to capture market opportunities as they arise.

3 Status of the SREP

3.1 Portfolio Overview and Trends

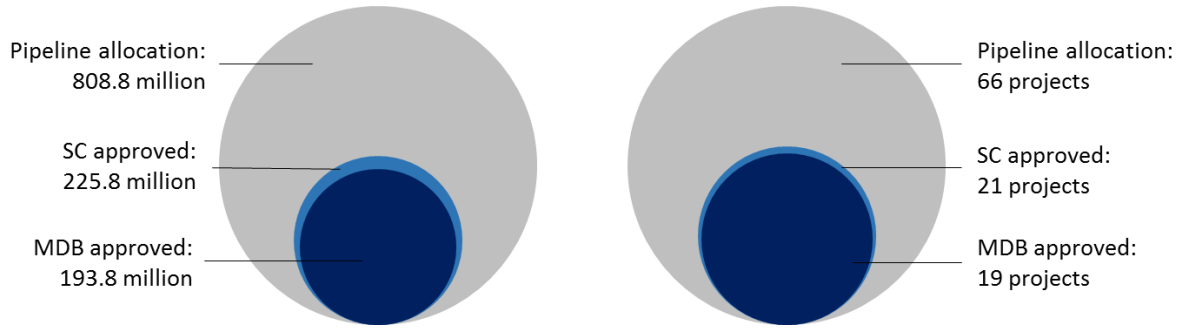
17. To date, total pledges and contributions to the SREP is about USD 787 million. The SREP pipeline (projects to be submitted) and portfolio (projects approved) currently include 66 projects and programs: 59 under 18 endorsed investment plans and 7 under the PSSA, with total indicative allocations of USD 809 million. Table 2 provides a summary of the SREP portfolio in terms of approvals throughout the CIF project cycle. As of December 31, 2015, 21 projects has been approved by the Sub-Committee (four under the current reporting period) while 19 has been approved by the MDBs (five under the current reporting period).

Table 2: Summary of the SREP Portfolio
(As of December 31, 2015)

	Indicative Allocation			Approved		Disbursement
	TOTAL	IP	PSSA	Sub-Committee	MDB	
SREP funding (in \$M)	808.6	716.2	92.4	225.8	193.75	26.9
Number of projects	66	59	7	21	19	11

18. Approximately 28 percent of SREP funding for projects and programs under the endorsed investment plans has been approved by the Sub-Committee and 24 percent has also received MDB approval (see Figure 4)

Figure 4: Status of SREP by Funding and Number of Projects



19. Table 3 presents the status by country of the 18 endorsed investment plans and the seven PSSA concepts along with the rates of funding approvals. Despite some new approvals, the overall approval rate of SREP funding by the Sub-Committee has remained the same during this reporting period as the previous one. Overall approval rate was 28 percent at the end of December 2015, led by Maldives, Kenya, Ethiopia, Vanuatu, Liberia, Mali, and Nepal. It should be noted that seven of the 18 countries received endorsement of their investment plans on in May and November 2015, so the overall approval rate was affected by these additions.

Table 3: Endorsement of Investment Plans and Private Sector Set-Aside Concepts
(USD million, as of December 31, 2015)

Country/Region	Endorsement Date	Indicative Allocation	Approved Funding	Funding Approval Rate
Armenia	Jun-14	40.0	9.1	23%
Bangladesh	Nov-15	75.0	2.2	3%
Ethiopia	Mar-12	50.0	29.7	59%
Ghana	May-15	40.0	1.5	4%
Haiti	May-15	30.0	-	0%
Honduras	Nov-11	30.0	11.1	37%
Kenya	Sep-11	50.0	32.5	65%
Liberia	Oct-13	50.0	26.5	53%
Maldives	Oct-12	30.0	25.9	86%
Mali	Nov-11	40.0	20.3	51%
Mongolia	Nov-15	30.0	1.8	6%
Nepal	Nov-11 ¹⁾	40.0	19.9	50%
Nicaragua	May-15	30.0	-	0%
Pacific Region	May-15	2.0	2.0	100%
Rwanda	Nov-15	50.0	1.1	2%
Solomon Islands	Jun-14	14.0	1.7	12%
Tanzania	Sep-13	50.0	6.5	13%
Uganda	Nov-15	50.0	4.2	8%
Vanuatu	Nov-14	14.0	8.1	58%
Sub-total for IPs		715.0	204.1	29%
PSSA 1st	Nov-13	59.6	15.0	25%
PSSA 2nd	Oct-15	32.8	5.5	17%
Sub-Total for PSSA		92.4	20.5	22%
TOTAL (IPs +PSSA)²⁾		807.4	224.6	28%

1) Original endorsement date; Revised endorsement date is May-15

2) This total does not include IPPG for the pilot countries (USD 1.2 million)

3.2 Portfolio Update

20. This section provides an update on SREP activities during the current reporting period.

3.2.1 *Investment Plans*

21. The Sub-Committee endorsed four new investment plans at its meeting in November 2015, for Bangladesh, Mongolia, Rwanda and Uganda, with total indicative allocations of USD 205 million.
22. The scoping and joint missions mentioned below were carried out during the reporting period and subsequent to the cut-off date. Mission terms of reference and completion reports are posted on the CIF website⁶. This first group of missions includes countries with investment plans already endorsed:
 - Bangladesh: joint mission (July 27-30, 2015)
 - Mongolia: third joint mission (August 25-28, 2015)
 - Rwanda: technical mission (September 21-October 2, 2015)
 - Uganda: joint mission (August 17-25, 2015)
23. This second group of missions include countries with investment plans under preparation:
 - Benin: joint mission (August 3-14, 2015)
 - Cambodia: joint mission (April 2016)
 - Lesotho: scoping mission (June 17-19, 2015)
 - Madagascar: scoping mission (June 8-11, 2015)
 - Malawi: scoping mission (April 11-13, 2016)
 - Sierra Leone: scoping mission (February 23-26, 2016)
 - Zambia: scoping mission (April 8-10, 2015)
24. Cambodia expects to present its investment plan for endorsement at the Sub-Committee meeting in June 2016. Benin, Lesotho, Madagascar, Malawi, Sierra Leone, and Zambia are targetting the submission of their investment plans for endorsement in November 2016. Kiribati has not yet identified a lead MDB (ADB or World Bank) to support them to develop an SREP investment plan. The World Bank continues to suspend missions to Yemen, therefore the preparation of the SREP investment plan remains on hold.

3.2.2 *Funding Approvals by the Sub-Committee*

25. During the current reporting period, the following projects were approved by the Sub-Committee for a total of USD 53 million (see Table 4).

⁶ See <http://www.climateinvestmentfunds.org/cif/content-new-countries-under-the-srep>.

Table 4: Sub-Committee Approved Projects and Programs
(July 1 to December 31, 2015)

COUNTRY	IP/PSSA	PROJECT TITLE	MDB	SC APPROVAL	SREP FUNDING (USD million)
Honduras	IP	Grid-Connected RE Development Support (ADERC)	IDB	Aug-5-2015	6.0
Honduras	PSSA	Strengthening of the ADERC H-REFF in Honduras	IDB	Aug-5-2015	15.0
Liberia	IP	Renewable Energy for Electrification in North and Center Liberia Project-Mini Grids	IBRD	Dec-7-2015	25.0
Vanuatu	IP	Energy Access Project	ADB	Nov-24-2015	7.0
TOTAL APPROVAL					53.0

3.2.3 Project Approvals by MDBs

26. During the current reporting period, the respective MDBs approved the following projects with a total of USD 23 million in SREP funding (see Table 5).

Table 5: MDB Approved Projects and Programs
(July 1 to December 31, 2015)

COUNTRY	IP/PSSA	PROJECT TITLE	MDB	SC APPROVAL	SREP FUNDING (USD million)
Honduras	IP	Grid-Connected RE Development Support (ADERC)	IDB	Sep-30-2015	6.0
Pacific Region	IP	Sustainable Energy Industry Development Project	IBRD	Sep-29-2015	1.9
Honduras	PSSA	Strengthening of the ADERC H-REFF in Honduras	IDB	Sep-30-2015	15.0
TOTAL APPROVAL					22.9

3.3 Cross-cutting Themes

3.3.1 Update on Knowledge Management

27. **Update on knowledge sharing on mini-grids.** The CIF Administrative Unit, in partnership with the World Bank Energy Sector Management Assistance Program (ESMAP), will organize three regional dialogues/study tours in 2016 and 2017 to facilitate learning among relevant decision-makers and practitioners from countries with CIF-supported mini-grid investments and those with established clean energy mini-grid (CEMG) experience.

28. Each dialogue/study tour will include:

- An overall focus on a theme of importance for CEMG development (e.g., technology, financing, policy), a one to two-day dialogue structured around specific topics to drill down deeper into the broader themes and enable knowledge exchange among countries, MDBs, project developers, and expert practitioners

- A one-day field visit to an operational mini-grid, including a site tour and discussions with project proponents and beneficiaries
- A half-day day wrap-up session to share reflections, deepen learning, and identify priorities for follow-up work and further action, business models, preparation and implementation, and upscaling

29. The first study tour is planned to take place in Kenya during the week of May 23, 2016.

30. **Update on the special initiative on Multi-Tier Access Framework.** As described in the November 2015 Semi-Annual Operational Report⁷, in partnership with ESMAP, the CIF has launched a special initiative to support selected SREP countries in developing and implementing investment plans that integrate Multi-Tier Framework (MTF) as one of the tools to measure progress toward reaching the goal of universal access to modern energy services.

31. The special initiative will target at least ten SREP pilot countries. The current list includes Bangladesh, Ethiopia, Haiti, Honduras, Liberia, Kenya, Rwanda, Tanzania, Uganda, and Zambia.

32. The country selection process has considered four criteria: access rate of 1) electricity and 2) non-solid cooking fuel, and access deficit of 3) electricity and 4) non-solid cooking fuel. Countries are prioritized based on a combination of "merit" and "readiness" criteria to balance two considerations:

- The need to reach a significant share of the population without access⁸, while also ensuring that the sample is sufficiently diverse to represent varied country conditions (small/large, different regions)
- Acknowledging that the final purpose is not just to generate data but to put the data in use for better decision-making.

33. The survey will start in countries where governments have expressed interest in using the MTF approach. This has been done by generating a longer list based on the "merit" criteria and re-prioritizing based on the "readiness" criteria, allowing the surveys to start in countries with the strongest interest.

34. By the end of FY16, the first phase should be completed, including:

- Country selection, development of survey tool, methodology, manuals, guidelines
- Communication with relevant stakeholder in the selected country (government and national statistical offices)

⁷ SREP/SC.14/3/Rev.1, *SREP Semi-Annual Operational Report*.

⁸ For both electricity and cooking access deficits; based on the Global Tracking Framework 2015 data (still based on binary definition of energy access) <http://trackingenergy4all.worldbank.org/>.

- First contracts signed and starting of disbursements
- Starting of data collection in one or two countries

35. The overall CIF-EMSAP special initiative is expected to be completed by September 2017, including survey implementation (by December 2016); data processing and preparation of Country Diagnostic Reports and the Final Report (by March 2017); and a last phase of communicating results and capacity building activities for governments (by September 2017). These capacity building activities will be based on the findings of the MTF surveys, and will help to inform governments' energy access approaches and application of MTF in their regular monitoring and evaluation activities.

3.3.2 *Update on Gender*

36. The CIF portfolio of investment plans and projects approved by the Trust Fund Committee and Sub-Committees across all four programs from January 1 – December 31, 2015 was reviewed to identify program progress regarding gender “quality at entry.” The three “scorecard” indicators regarding presence of 1) sector-specific gender analysis, 2) gender-disaggregated indicators, and 3) women-specific activities were reviewed for each investment plan and project. Figures were compared to baseline performance of the CIF portfolio as of June 30, 2014.

37. SREP performance on the three gender indicators was strong relative to the historical baseline. Across all three indicators, the SREP was a top performer among all Strategic Climate Fund (SCF) programs regarding gender performance on SREP investment plans and projects approved in 2015. Of the seven SREP investment plans endorsed in FY15, 100 percent included sector-specific gender analysis and gender-disaggregated indicators. All but one investment plan from 2015 included activities specifically targeted at women.

38. In the case of projects, sector-specific gender analysis was undertaken in 100 percent of SREP projects approved in 2015 (compared to SCF average of 85 percent). Gender-disaggregated indicators were present in 75 percent of SREP projects (compared to SCF average of 71 percent). 88 percent of SREP projects approved had planned specific activities aimed at women (compared to SCF average of 77 percent).

39. Overall, explicit SREP investment criteria on gender and required gender-sensitive reporting continue to help drive the positive results in quality of SREP project responsiveness to gender considerations.

Box 1: Gender Highlights from SREP Projects Approved in 2015

Gender mainstreaming efforts in the SREP take the form of ensuring gender best practices in both content and process. A range of gender design elements in the SREP can be observed, from those seeking to enhance women's access to project benefits, to others seeking longer-term institutional change, e.g., in the responsiveness of national energy program implementation to gender considerations or in the development of energy industry employment pipelines that include women as trained professionals. The seven SREP investment plans endorsed in 2015 total \$305 million, and include significant support to off-grid investments, with important impacts for women's energy access and participation as energy entrepreneurs. SREP investment plan development also benefited from gender technical support from the CIF Administrative Unit during preparation.

Individual projects approved in 2015 under the SREP have strong attention to gender considerations. For example, the \$2 million Pacific Regional Program's Sustainable Energy Industry Development Project (World Bank) aims to advance wind and solar power development in 10 Pacific Island countries. Within its design, the project seeks to advance women's technical employment in the renewable energy sector, with specific support to training initiatives for women and benchmarking female advancement to senior positions in energy utility companies.

The \$7 million Vanuatu Energy Access Project (ADB) plans to directly benefit 1,050 households with increased electricity access through a 400 KW run-of-river hydropower plant and extension of the distribution grid. Among the direct beneficiaries will be 100 female-headed households who will receive connections at subsidized rates. Newly-connected households will also participate in training workshops about power safety, household utility budgeting, and business skills. Forty percent of trainees will be women. Government and project management unit staff will also receive specific gender awareness training under the project.

In Liberia, the \$25 million Renewable Energy for Electrification in North and Center Liberia Project (World Bank), which aims to increase electricity access through decentralized electrification schemes, features strong gender mainstreaming in its design. A gender focal point has been hired by the Rural and Rural Energy Agency (RREA), and specific gender training is planned for staff. The project includes specific outreach activities to reach female beneficiaries via consultations, information campaigns, sex-disaggregated market surveys regarding consumer satisfaction and energy needs, and development of income generation opportunities for women. Women's improved socioeconomic status is a specific project outcome being monitored. Beneficiary feedback mechanisms are further designed to elicit feedback from women regarding access to project benefits.

3.3.3 Update on Private Sector Set-Aside

40. The SREP currently has seven endorsed concepts supported under the PSSA. A total of USD 92.4 million in SREP resources has been allocated for these projects. As of December 31, 2015, two projects, *Self-Supply RE Guarantee Program in Honduras* (USD 5.5 million, IDB) and *Strengthening of the ADERC H-REFF in Honduras* (USD 15 million IDB) received Sub-Committee funding approval, as well as MDB board approval. Based on the recent updates from the MDBs, three concepts totaling USD 39.8 million are expected to come for Sub-

Committee funding approval before the end of FY16 (see Annex 1). This leaves two remaining concepts for a total of USD 32.1 million: Kopere Solar Park (USD 11.6 million) and Olkaria VI Geothermal Power Plant (USD 20.5 million), both AfDB projects in Kenya.

3.3.4 Risk Management

41. The CIF enterprise risk management (ERM) framework was established to identify, assess, and report on the CIF's material risk exposures relative to corresponding tolerances. This information supports the CIF governing bodies' financial, strategic, and operational decision-making.
42. The CIF's Joint Trust Fund Committees identified the operationalization of an ERM Dashboard is a key milestone in the implementation of the ERM framework. In February 2016, the CIF Administrative Unit completed development of the underlying technological infrastructure for the SREP Risk Dashboard as an online platform for reporting SREP-related risk assessments.
43. When fully operationalized by the end of this fiscal year, the SREP Risk Dashboard will report risk assessments of approximately 15 Tier 1 and Tier 2 Risks, classifying them into the following four risk categories to facilitate Sub-Committee-level monitoring of the SREP's risk exposures.
 - a. **Strategic Risk:** Risks which affect or are created by the SREP's business strategy and strategic objectives
 - b. **Operational Risk:** The risk that inadequate or failed internal processes, people and systems, or external events will adversely affect the achievement of the SREP's objectives
 - c. **Financial Risk:** The risk that exposure to credit, market or liquidity risks will adversely affect the achievement of the SREP's objectives
 - d. **Compliance, Legal and Reputational Risk:**
 - i. *Compliance and Legal Risk:* The risk that failure to comply with laws, rules, regulations, contractual obligations, prescribed practices, or standards or codes of conduct will result in fines, civil monetary penalties, payment of damages, the voiding of contracts, or otherwise adversely affect the achievement of the SREP's objectives
 - ii. *Reputational Risk:* The risk that a perception develops that the SREP is unethical or imprudent, adversely affecting the achievement of the SREP's objectives

4 Portfolio Analysis

4.1 Project Delivery Tracking

44. Two key milestones for project delivery are tracked in this report: 1) projects and programs to be submitted to the Sub-Committee for funding approval, and 2) projects and programs to be approved by the MDBs after funding approval by the Sub-Committee. Table 6 summarizes the number of projects in the SREP pipeline that fall under different timeframes of delivery.

Table 6: Timeframes for Project Delivery

Number of months (IP endorsement to SC approval)		Number of months (SC approval to MDB approval)	
18 months or less	18 projects USD 256.7 million	6 months or less	2 projects USD 32 million
18 to 24 months	7 projects USD 53.1 million	6 to 9 months	
More than 24 months	19 projects USD 250.2 million	More than 9 months	
Total	44 projects USD 560 million	Total	2 projects USD 32 million

45. Of the 44 projects and programs to be submitted for SREP funding approval, 19 have been and will have been in the pipeline for more than 24 months (red) based on the indicative submission dates, seven will be between 18 and 24 months (yellow), and 18 for less than 18 months (green). Annex 2 provides a list of the 19 projects that have exceeded or are expected to exceed 24 months in the pipeline.

4.2 Outlook for Projected Submissions

46. Looking forward, starting in January 2016 until June 2017, the MDBs expect to submit 48 projects for a total of USD 580 million in SREP funding (see Annex 3).

4.3 Portfolio Breakdown Analysis

47. The portfolio analysis in this section is based on the 21 projects that have been approved by the Sub-Committee (figures 5, 7 and 9), with a total of USD 226 million in SREP funding, as of December 31, 2015. In addition, bar charts (figures 6, 8 and 10) offer a comparison of the approved funding with the projects in the pipeline.

4.3.1 Portfolio by Region

48. Figure 5 shows the SREP Sub-Committee funding approvals by region. Overall, 54 percent of the approved funding is going to Africa, 27 percent to Asia, 14 percent to Latin America and the Caribbean, and 4 percent to Europe and Central Asia. Figure 6 provides total SREP funding allocations by region.

Figure 5: SREP Sub-Committee Approved Funding by Region

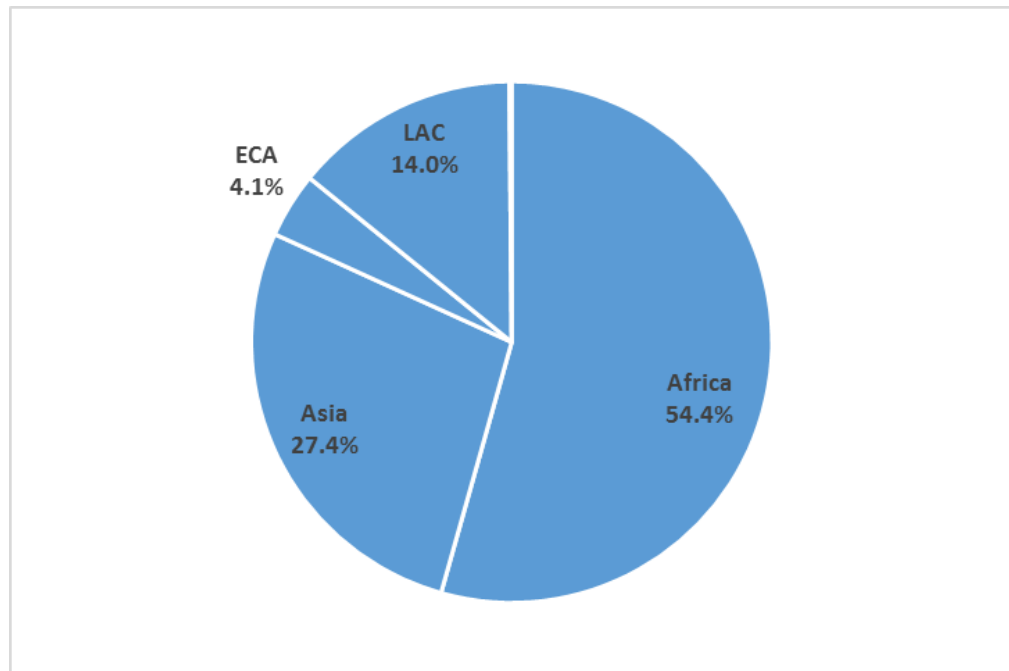
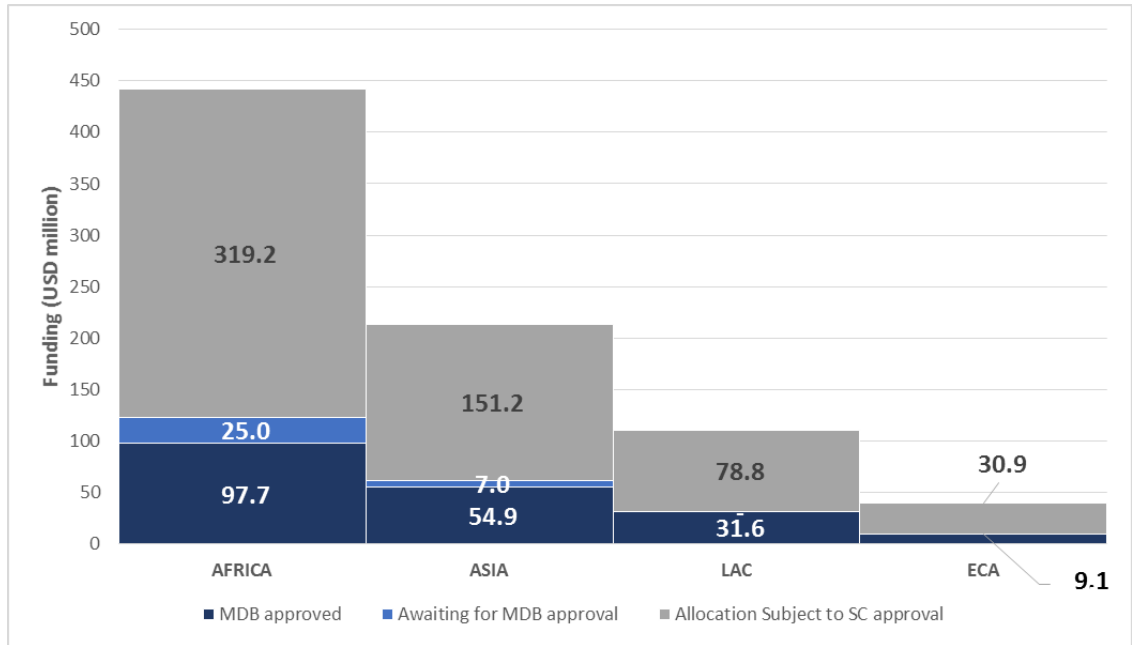


Figure 6: Total SREP Funding Allocations by Region



4.3.2 Portfolio by Public/Private Sector

49. Between public and private sector, 81 percent of the SREP funding that has been approved is being channeled through the public sector arms of the MDBs, whereas 19 percent is being channeled through the private sector arms (see Figure 7). Figure 8 shows total SREP funding allocations between public and private sectors.

Figure 7: SREP Sub-Committee Approved Funding by Public/Private Sector

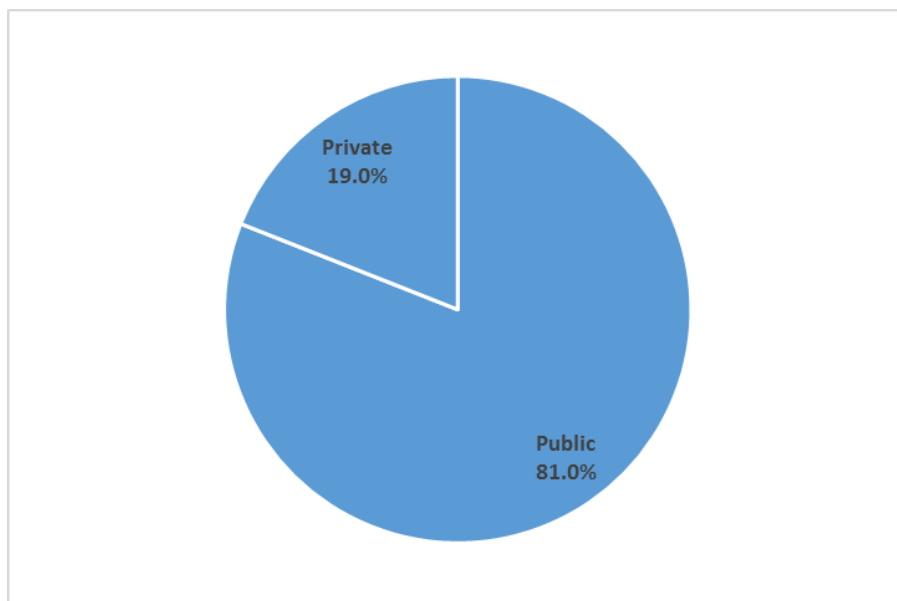
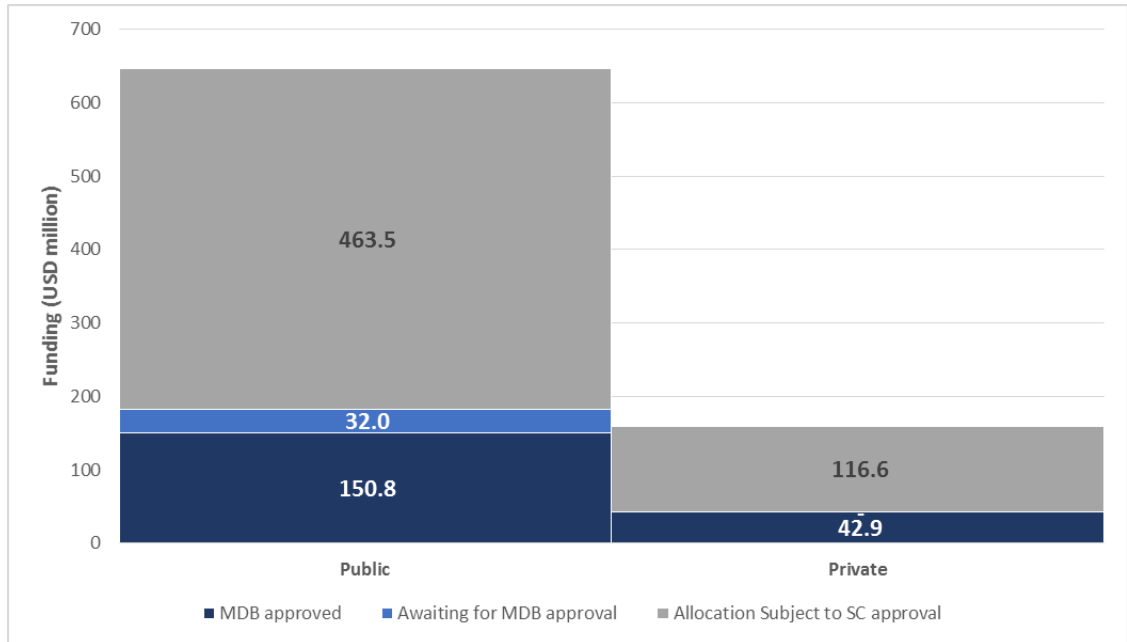


Figure 8: Total SREP Funding Allocations by Public and Private Sector



4.3.3 Portfolio by Technology

50. Figure 9 provides information on the Sub-Committee approved SREP resources by technology. Geothermal energy accounts for 29.1 percent of the approved funding, and solar photovoltaics (PV) 21.3 percent, and small hydro 14.9 percent. About 30 percent of the funding is going to projects that support a mix of renewable energy technologies. The portfolio also includes investments in waste to energy (3.7 percent), cook stoves (1.4 percent), and wind (0.4 percent). Figure 10 shows total SREP funding allocations by technology.

Figure 9: SREP Sub-Committee Approved Funding by Technology

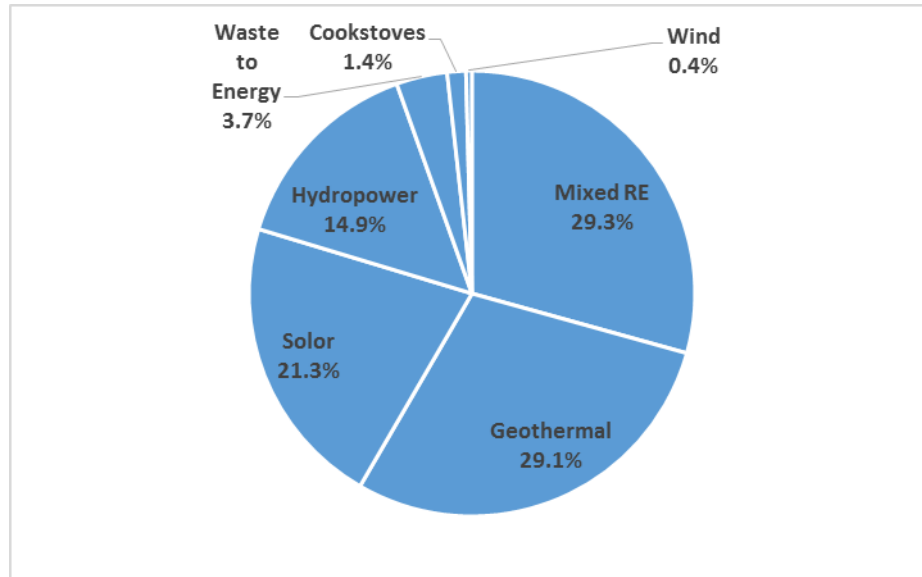
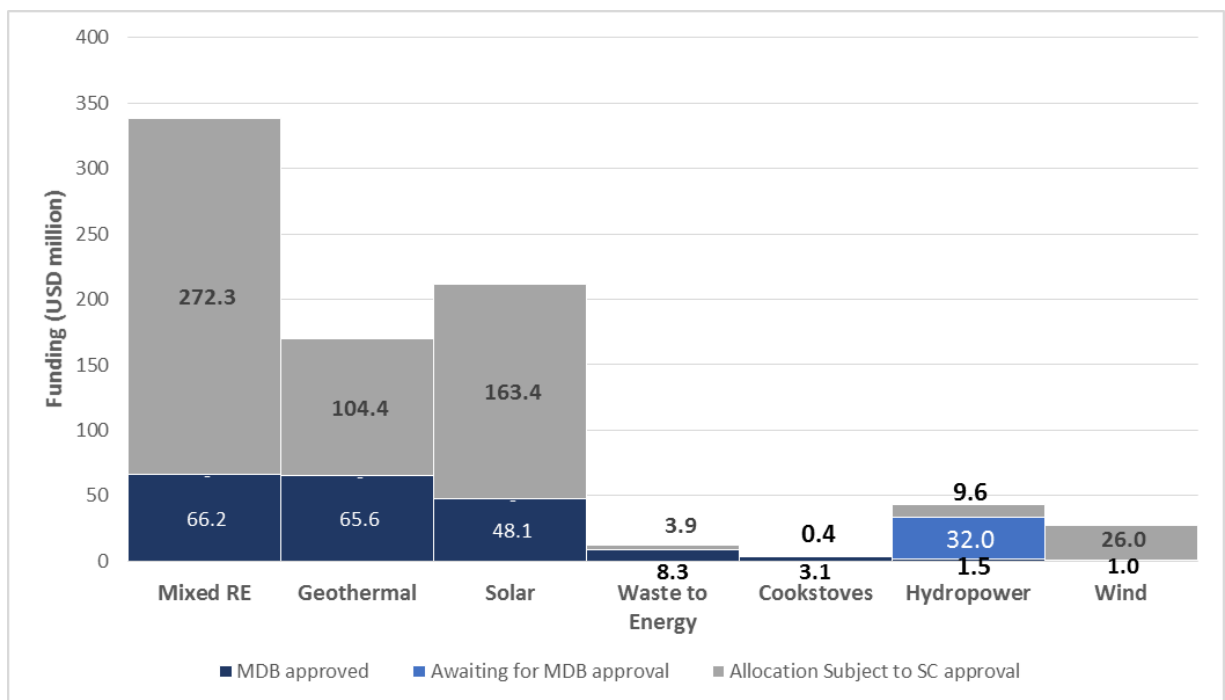


Figure 10: Total SREP Funding Allocations by Technology



4.4 Co-financing

USD 226 million in SREP approved funding is expected to mobilize over USD 1.6 billion in co-financing from public and private sectors, MDBs, bilateral and other sources, resulting in a leverage ratio of 1 to 7.1. Bilateral and others is the largest source of co-financing with over USD 650 million (1:2.9) in mobilization, followed by MDBs (1:1.9), governments (1:1.4), and

private sector (1:1.0). Figure 11 shows the leverage factor and summarizes the co-financing data disaggregated by source for projects and programs that have been approved by the Sub-Committee. Figure 12 shows the total co-financing figures including projects that are still in the pipeline.

Figure 11: Co-financing by Source of Sub-Committee Approved Projects

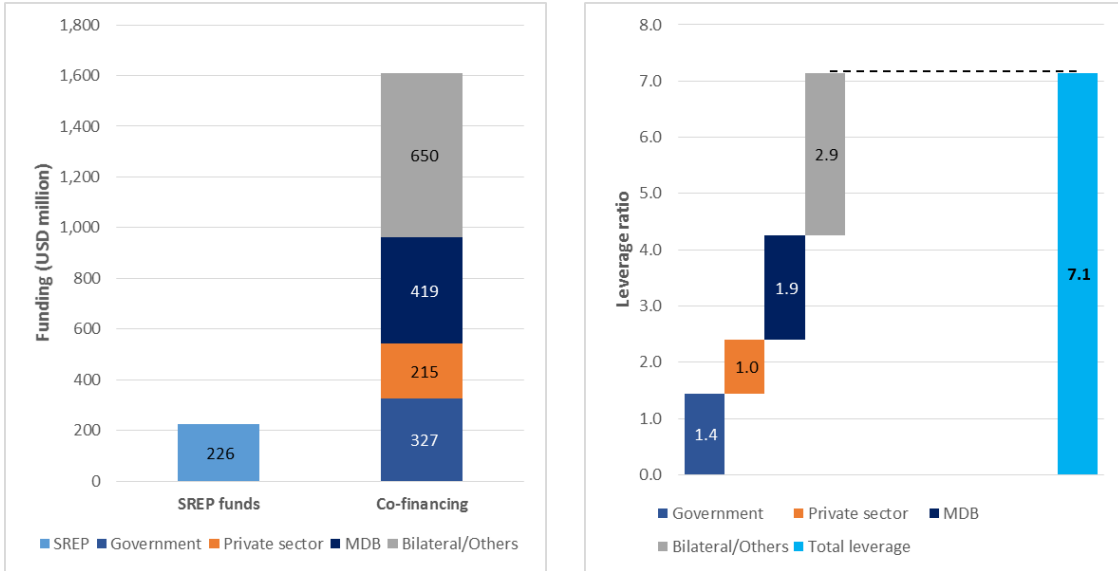
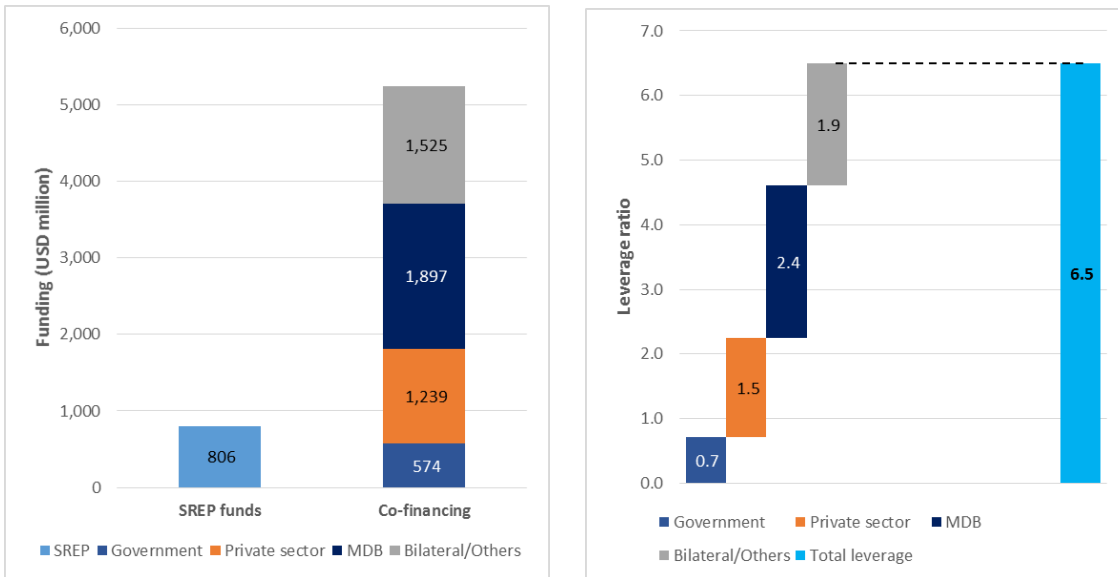


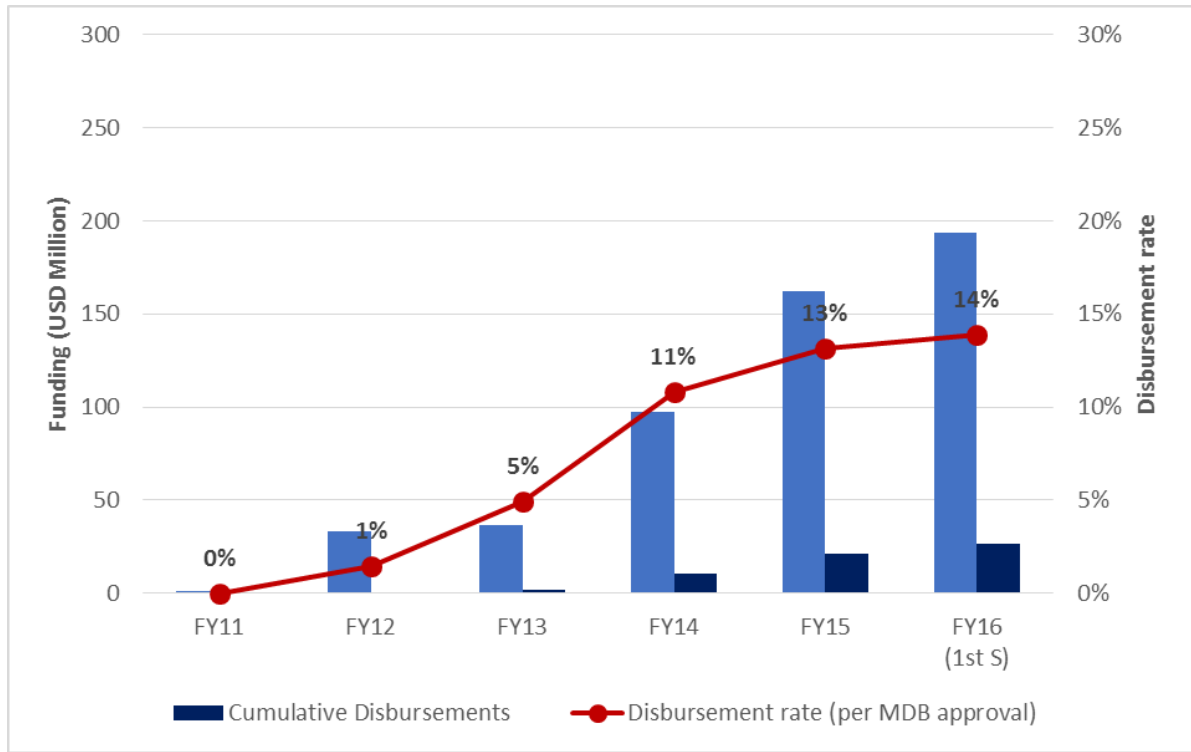
Figure 12: Co-financing of SREP Portfolio and Pipeline



4.5 Disbursements

51. Disbursements for the SREP have grown by 26 percent between July 1 and December 31, 2015, from USD 21.2 million to USD 26.9 million. Figure 13 shows the disbursement trend. Expected disbursements for SREP and other CIF programs will be presented at the June 2016 meetings in a separate document.

Figure 13: Disbursements by Fiscal Year



Annex 1: SREP Resource Availability

Funding Classification	Commitment Items	Identifier		SREP
Unrestricted Funds in Hand	Cash and Investments			328.27
	Unrestricted & Unencashed Promissory Notes			101.42
	Total Unrestricted Funds in Hand	A		429.69
Outstanding Commitments ^{1/}	Outstanding Project and program commitments			(154.19)
	Outstanding Fee commitments			(0.89)
	Total Outstanding Commitments Not Yet Transferred	B		(155.08)
	Uncommitted Funds	C	A - B	274.61
Pending and Projected Commitments ^{2/}	Approved Funding Decisions Pending Commitment ^{7/}			(9.83)
	Projected Administrative Budget (FY17-FY21) ^{3/}			(42.59)
	Pending and Projected Commitments	D		(52.42)
Funds Available to support CIF Programming - End Dec. 2015		E	C - D	222.19
Pipeline	Program/Project Funding (<i>January 2016 onwards</i>) ^{4/}			(580.04)
	MDB Project Implementation and Supervision Services (MPIS/fees) ^{5/} - See schedule 2			(7.02)
	Total Planned Pipeline	F		(587.06)
	Programming Surplus/(Shortfall)	G	E - D	(364.87)
Future Funding	Receivables - Sweden			2.37
	UK Contribution - Provisional Account(net of reserves)			211.62
	Projected Investment Income			22.44
	Total future funding	H		236.43
	Programming Surplus/(Shortfall) - exclusive of reserves	I	G + H	(128.44)
	Reserves ^{6/}	J		53.65
	Programming Surplus/(Shortfall) - inclusive of reserves	K	I + J	(74.79)

- 1/ Outstanding commitments are legally binding obligations which have been recorded in the Trustee's ledger.
- 2/ Represents amounts recently approved by the committee but not yet recorded by the Trustee as a legal obligation.
- 3/ Projection for administrative budget includes resources for administrative services provided by the CIF AU, Trustee and MDBs.
- 4/ Projects/programs for submission to committee for approval based on recent updates from MDBs. Also includes projects from newly endorsed IPs (Bangladesh, Mongolia, Rwanda, Uganda).
- 5/ Fee balances from existing projects and projected fees for new countries.
- 6/ This amount is withheld to mitigate the over-commitment risk associated with the potential impacts of exchange rate fluctuations on the value of non-USD denominated promissory notes.

Annex 2: Projects Exceeding 24 Months in the Pipeline

COUNTRY	PROJECT TITLE	MDB	IP ENDORSEMENT	EXPECTED SC APPROVAL DATE	IP TO COMMITTEE APPROVAL IN MONTHS
Armenia	Development of Utility-Scale Solar PV	IBRD	Jun-14	Aug-16	25.1
Armenia	Development of Utility-Scale Solar PV	ADB	Jun-14	Mar-17	32.1
Ethiopia	Assela Wind Farm Project	AFDB	Mar-12	Feb-17	58.7
Honduras	Grid-Connected RE Development Support(ADERC)	IFC	Nov-11	May-16	54.0
Honduras	Grid-Connected RE Development Support(ADERC)-Transmission	IDB	Nov-11	May-16	55.0
Honduras	Sustainable Rural Energization(ERUS)	IBRD	Nov-11	Jun-16	55.0
Kenya	Geothermal Development Project	AFDB	Sep-11	Jun-17	69.7
Kenya	Kopere Solar Park	AFDB	Oct-13	Oct-16	35.0
Kenya	Olkaria IV Geothermal Power Plant	AFDB	Jun-14	Jan-17	30.4
Liberia	Renewable energy for Electrification in Eastern Liberia Project-Stand-Alone PV	AFDB	Oct-13	Oct-16	35.0
Maldives	Waste-to-Energy Thilafushi	IFC	Oct-12	Jun-17	55.0
Mali	Development of Micro/Mini Hydroelectricity for Rural Electrification in Mali (PDM-Hydro)	AFDB	Nov-11	Apr-17	65.0
Mali	Solar PV IPP	AFDB	Nov-11	Jun-17	67.0
Mali	Segou Solar Park	AFDB	Oct-13	Apr-16	29.0
Nepal	ABC Business Models for Off-Grid Energy Access Nepal	IBRD	Nov-11	Jun-16	55.0
Solomon Islands	Renewable Energy Access Project	IBRD	Jun-14	Mar-17	32.1
Tanzania	Rural Electrification Expansion Project	IBRD	Sep-13	Apr-16	30.7
Tanzania	Geothermal Development	AFDB	Sep-13	Oct-16	36.7
Vanuatu	Rural Electrification Project	IBRD	Nov-14	Dec-16	24.4

The following paragraphs provide a brief status update and reasons for the challenges at the country and project levels.

Armenia: project preparation is underway, for the *Development of Utility-Scale Solar PV (IBRD)*. World Bank leading the project and is currently implementing their PP TA. ADB schedule depends on the schedule, progress, results and findings of the WB PPTA. ADB has programmed this project for approval in 2017 with a small PPTA later this year.

Ethiopia: the *Assela Wind Farm Project* is running with delays due to PPG implementation. Feasibility studies are still ongoing (expected to end 31.12.2016). The PPG has experienced delays in first disbursement because of the restructuring of the Power Company EEPCo which caused delays in the procurement process mainly at evaluation, contract negotiations and contract award stages. The project is in the AfDB pipeline for approval in Q1-2017

Honduras: IDB's transmission project (*Grid-Connected RE Development Support(ADERC)-Transmission*) is scheduled for submission in October 2016. A coordinated mission is being planned to discuss the status of the other projects with pending Subcommittee approval.

Kenya: For the *Olkaria VI Geothermal Power Plant*, the RFP process that will lead to the selection of a preferred bidder to undertake the construction and operation of the power plant was relaunched by the Government and is not yet finalized. For *Kopere Solar Park*, the project developer shown interest in expanding the project from 15MW to 40 MW. Negotiations on the PPA between the sponsor and the Government are progressing. The *Geothermal Project* is still under identification and expect to have an approval of the project in Q2 2017

Liberia: the *Renewable energy for Electrification in Eastern Liberia Project-Stand-Alone PV* is suffering delays due to the PPG implementation. Feasibility studies for biomass and mini-hydro projects are ongoing and are to be delivered March 2016. The project will be approved at the AfDB Board in Dec 2016.

Maldives: Progress with *Waste-to-Energy Thilafushi* project is slow.

Mali: AfDB has started the due diligence for the *Segou Solar Park*, together with the project sponsor and IFC Infraventures, which is acting as co-developer and arranger for the debt tranche. The project expected to be approved in Q2-2016; *The Development of Micro/Mini Hydroelectricity for Rural Electrification in Mali Project* (PDM-Hydro) is suffering delays due to PPG implementation. Feasibility studies to be ready by October 2016 under the PPG. The project is in the AfDB pipeline for approval in Q2-2017;

Nepal: The preparation of the *ABC Business Models for Off-Grid Energy Access Nepal* project is underway, with PCN planned for May 2016 and submission for SREP approval in early FY17.

Solomon Islands: the preparation of the *Renewable Energy Access Project* (IBRD) is underway, with preparation activities focusing on nurturing the enabling environment for private sector min-grid investments.

Tanzania: *The Geothermal Development Project* experienced delays due to the PPG implementation; faster progress is now expected after the handover of both PPG and project tasks to the recently-created Tanzanian Geothermal Development Corporation (TGDC), with AfDB approval expected in Q4 2016. Significant progress was made with the preparation of the *Rural Electrification Expansion Project* (IBRD), with submission for SREP approval expected in April 2016.

Vanuatu: the preparation of the *Rural Electrification Project* (IBRD) is progressing slowly, with submission for SREP approval expected in mid-FY17.

Annex 3: Project Submission Calendar

IP/PSSA	Country	Project Title	MDB	Public/Private	Expected SC approval date
IP	Ghana	Utility-scale Solar PV/Wind Power Generation	IFC	Private	Apr-16
IP	Armenia	Development of Geothermal Heat Pumps and Solar Water Heaters	EBRD	Private	Apr-16
IP	Solomon Islands	Solar Power Development Project	ADB	Public	Apr-16
PSSA	Mali	Segou Solar Park	AfDB	Private	Apr-16
IP	Honduras	Grid-Connected RE Development Support(ADERC)	IFC	Private	May-16
IP	Ethiopia	Clean Energy SMEs Capacity Building and Investment Facility	IFC	Private	May-16
IP	Nicaragua	Geothermal Development and Integral Development of Rural Areas Project	IDB	Public	May-16
PSSA	Kenya	Climate Venture Facility(KCFV) Project	IBRD	Public	May-16
IP	Honduras	Grid-Connected RE Development Support(ADERC)-Transmission	IDB	Public	May-16
IP	Honduras	Sustainable Rural Energization(ERUS)	IBRD	Public	Jun-16
IP	Honduras	Sustainable Rural Energization(ERUS)-Part II: Promoting Sustainable Business Models for Clean Cookstoves Dissemination	IDB	Public	Jun-16
IP	Nicaragua	Geothermal Development Project	IBRD	Public	Jun-16
PSSA	Nepal	ABC Business Models for Off-Grid Energy Access Nepal	IBRD	Public	Jun-16
IP	Bangladesh	Off-Grid Solar PV-Mini Grids	ADB	Public	Jul-16
IP	Bangladesh	Grid Connected Renewables: Investment in Utility-scale solar, wind and rooftop solar (including technical assistance)	IFC	Private	Sep-16
IP	Tanzania	Geothermal Development	AFDB	Public	Oct-16
IP	Liberia	Renewable energy for Electrification in Eastern Liberia Project-Stand-Alone PV	AFDB	Public	Oct-16
IP	Haiti	Renewable Energy and Access for All	IBRD	Public	Oct-16
IP	Haiti	Renewable Energy for the Metropolitan Area	IBRD	Public	Oct-16
PSSA	Kenya	Kopere Solar Park	AfDB	Private	Oct-16
IP	Vanuatu	Rural Electrification Project	IBRD	Public	Dec-16
IP	Mongolia	Upscaling Rural Renewable Energy	ADB	Public	Dec-16
IP	Mongolia	Upscaling Rural Renewable Energy - Solar PV	IBRD	Public	Dec-16
IP	Mongolia	TA-Strengthening Renewable Energy Regulations	IBRD	Public	Dec-16
IP	Rwanda	Renewable energy Fund	IBRD	Public	Dec-16
IP	Bangladesh	Grid Connected Renewables: Investment in Utility-scale solar, wind and rooftop solar (including resources assessment)	IBRD	Public	Dec-16
IP	Bangladesh	Off-Grid Solar PV-Solar Irrigation	ADB	Public	Dec-16
IP	Bangladesh	Development Support to Waste-To-Energy	IBRD	Public	Dec-16
IP	Uganda	130MW Geothermal Development Program	AFDB	Public	Dec-16
IP	Uganda	130MW Geothermal Development Program	IFC	Private	Dec-16
IP	Uganda	Decentralized Renewables Development Program: Mini-Grids & Urban Small Scale Solar PV Net Metering	AFDB	Public	Dec-16

IP	Uganda	Wind Resource Map and Pilot Wind Power Development Program	AFDB	Public	Dec-16
IP	Ghana	RE Mini-Grids and Stand Alone Solar PV Systems	AFDB	Public	Jan-17
IP	Ghana	Solar PV Based Net Metering with Battery Storage	AFDB	Public	Jan-17
PSSA	Kenya	Olkaria IV Geothermal Power Plant	AFDB	Private	Jan-17
IP	Ethiopia	Assela Wind Farm Project	AfDB	Public	Feb-17
IP	Armenia	Development of Utility-Scale Solar PV	ADB	Public	Mar-17
IP	Solomon Islands	Renewable Energy Access Project	IBRD	Public	Mar-17
IP	Mali	Development of Micro/Mini Hydroelectricity for Rural Electrification in Mali (PDM-Hydro)	AFDB	Public	Apr-17
IP	Mali	Solar PV IPP	AFDB	Private	Jun-17
IP	Maldives	Waste-to-Energy Thilafushi	IFC	Private	Jun-17
IP	Haiti	RE for the Port-Au-Prince Metropolitan Area	IFC	Private	Jun-17
IP	Haiti	Off-Grid Electricity Services for productive, Social and Household Uses Project	IFC	Private	Jun-17
IP	Kenya	Geothermal Project	AFDB	Public	Jun-17