

CLIMATE INVESTMENT FUNDS

SREP/SC.6/3
October 17, 2011

Meeting of the SREP Sub-Committee
Washington, D.C.
November 1, 2011

Agenda Item 3

SEMI-ANNUAL REPORT ON SREP OPERATIONS

Proposed Decision by the SREP Sub-Committee

The Sub-Committee, having reviewed document SREP/SC.6/3, *Semi-Annual Report on SREP Operations*, takes note of the progress that has been made in advancing the work of the SREP in the pilot countries and welcomes the submissions of the first four investment plans. The Sub-Committee looks forward to the further development and submission of project proposals for approval of SREP funding under the investment plans. The Sub-Committee encourages the remaining two pilot countries and the MDBs to complete the preparation of the investment plans for review and endorsement by the Sub-Committee at an intersessional meeting to be convened in conjunction with the pilot country meeting in Kenya in March 2012.

I. INTRODUCTION

1. The purpose of this report is to provide the SREP Sub-Committee information on the status of SREP activities. This is the second semi-annual operational report presented to the SREP Sub-Committee, and it covers the period from July 1, 2011 to September 30, 2011.
2. As SREP moves into its operational phase, the semi-annual report will increasingly provide information on meeting key milestones of progress in the SREP pilot countries, including dates on:
 - (a) endorsement of investment plans;
 - (b) projects and programs approved by the Sub-Committee;
 - (c) projects and programs approved by the MDB Boards;
 - (d) effectiveness of a project or program (signature of grant or loan agreement between the pilot country government and the MDB); and
 - (e) first disbursements.
3. Such information will be generated through the SCF pipeline management system,¹ which captures all relevant data for the SCF targeted programs, including the SREP. An important objective of pipeline management is to contribute to the effectiveness and efficiency of the SCF and its targeted programs by providing predictability and confidence in the management of the SREP funds to the pilot countries and the country teams that are collaborating on the preparation of investment plans, programs and projects and the Sub-Committee.
4. The semi-annual report will also be complemented over time with information from annual monitoring reports which will provide up-dated information on the progress of projects and programs in the pilot countries.

II. STATUS OF ACTIVITIES IN SREP COUNTRY PILOTS

Country Programming and Endorsement of Investment Plans

5. Four countries (Honduras, Kenya, Mali, and Nepal) have finalized the country programming process leading to the submission of an investment plan for endorsement.
6. At the intersessional meeting of the SREP Sub-Committee on September 8, 2011, the *Investment Plan for Kenya* was reviewed and the Sub-Committee endorsed the investment plan as a basis for the further development of the projects foreseen in the plan and took note of the requested funding of US\$50 million in SREP funding from the initial allocation to Kenya together with a request for additional funding of US\$35 million from the SREP reserve.
7. As requested by the Sub-Committee, a supplemental document responding to comments on the investment plan submitted by Sub-Committee members has been prepared by the

¹ SCF/TFC.8/4, *Guidelines for Pipeline Management for Targeted Programs under the Strategic Climate Fund*.

Government of Kenya and has been posted as an information document to the Sub-Committee meeting on November 1, 2011.

8. Three countries (Honduras, Mali, and Nepal) have submitted their investment plans for review and endorsement by the SREP Sub-Committee at its meeting on November 1, 2011.

9. For the remaining two SREP pilot countries (Ethiopia and Maldives), the programming process is continuing through joint missions and other work. Pilot country governments are preparing their SREP investment plans with the support of the MDBs. This work is being carried out in partnership with country stakeholder groups, including UN agencies, civil society, private sector organizations, bilateral institutions, and other interested development partner institutions. Ethiopia and Maldives intend to submit their investment plans in early 2012 with a view to seeking endorsement by the Sub-Committee at an intersessional meeting to be convened in conjunction with the SREP pilot country meeting (Kenya, March 2012).

10. Table 1 provides a summary of the approvals of country preparation grants for the investment plans as well as resources being requested by the pilot countries to support the implementation of their investment plans.

Table 1: SREP Funding Approvals and Requests from the Pilot Countries

Country	Investment Plan Preparation Phase			Investment Plan Implementation Phase		
	Preparation grant (US\$)	Approval date	IP endorsement date	Requested grant (US\$ million)	Requested credits (US\$ million)	Total requested (US\$ million)
Ethiopia						
Honduras	375,000	3/3/2011	11/2011*	20	10	30
Kenya			9/2011			50
Maldives	315,000	4/5/2011				
Mali	200,000	3/23/2011	11/2011*	40	0	40
Nepal	375,000	4/5/2011	11/2011*	40	0	40
Total	1,265,000			100	10	160

* Expected endorsement date.

Country Preparation Grant Requests for Developing Investment Plans

11. During the reporting period, no new requests for preparatory grants to finance the government's preparation of an investment plan have been received.

III. RISK MONITORING FOR DELIVERY OF INVESTMENT PLANS

12. The SREP MDB Committee agreed on a simple tracking system to enable early identification of potential risks to the development and implementation of investment plans. In the future, the SREP will provide information to the Sub-Committee that is generated through the agreed pipeline management system for the SCF which is expected to be approved by the SCF Trust Fund Committee at its meeting on November 3, 2011.

13. The following “traffic light” system was agreed upon to flag the delivery status of investment plans to the SREP Sub-Committee:

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| Green | MDB(s) confirms that expected delivery date will be met or delays will not exceed 12 months. |
| Yellow | MDB(s) acknowledges expected delays between 12 and 24 months but is reasonably confident that no further delays will occur. |
| Red | MDB(s) acknowledges delays of more than 24 months with uncertainties whether delivery will occur within 2 years of first anticipated delivery date. |

14. Once projects and programs have been approved by the SREP Sub-Committee, the pipeline management system and the traffic light system associated with it will capture the following additional benchmarks:

- (a) date for MDB Board approval;
- (b) date of signature of the grant or loan agreement between the MDB and the Government of the pilot country or project client; and
- (c) date of the first disbursement.

15. Annex 1 presents for each pilot country information on

- (a) anticipated dates for submitting investment plans to the SREP Sub-Committee for endorsement;
- (b) risk ratings suggested by the MDBs; and
- (c) if appropriate, reasons for delay and corrective measures to avoid further delays in submitting the investment plan to the Sub-Committee for a decision.

Annex 1: Delivery Status of Investment Plans

Country	Anticipated Submission Date to the Sub-Committee	Data Source	Comment on anticipated actual delivery date to the Sub-Committee	Risk Rating	Corrective Measures/Comments from the MDBs
Ethiopia					
Investment Plan	February 2012	MDBs	Investment plan to be submitted to March 2012 intersessional meeting	Green	
Honduras					
Investment Plan	November 2011	Semi-Annual report on Operations (June 2011)	Investment plan submitted to Sub-Committee meeting on November 1, 2011	Green	
Kenya					
Investment Plan	July 2011	Semi-Annual report on Operations (June 2011)	IP endorsed on September 8, 2011; Supplemental report submitted October 2011	Green	
Maldives					
Investment Plan	November 2011	Semi-Annual report on Operations (June 2011)	Investment plan to be submitted to March 2012 intersessional meeting	Green	
Mali					
Investment Plan	November 2011	Semi-Annual report on Operations (June 2011)	Investment plan submitted to Sub-Committee meeting on November 1, 2011	Green	
Nepal					
Investment Plan	November 2011	Semi-Annual report on Operations (June 2011)	Investment plan submitted to Sub-Committee meeting on November 1, 2011	Green	