

CLIMATE INVESTMENT FUNDS

SREP/SC.8/3
October 16, 2012

Meeting of the SREP Sub Committee
Istanbul, Turkey
October 31, 2012

Agenda Item 3

SREP SEMI-ANNUAL OPERATIONAL REPORT

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.8/3, *SREP Semi-Annual Operational Report*, and takes note of the progress that has been made in advancing the work of the SREP in the pilot countries.

I. INTRODUCTION

1. The purpose of this report is to provide the SREP Sub-Committee information on the status of SREP activities. This report covers the period from April 1, 2012 to September 30, 2012.

II. STATUS OF ACTIVITIES IN THE PILOT COUNTRIES

Country Programming and Endorsement of Investment Plans

2. As of September 2012, five country investment plans (Ethiopia, Honduras, Kenya, Mali, and Nepal) have been endorsed. No new investment plans have been endorsed and no new country preparation grants for investment plans have been approved since the last semi-annual operational report.

3. The Sub-Committee, at its meeting in May 2012, reviewed additional information provided by the Government of Ethiopia in response to questions raised by the Sub-Committee members. The Sub-Committee welcomed this additional information and reconfirmed its endorsement of the Ethiopia investment plan as a basis for the further development of the projects foreseen in the plan.

4. The investment plan for Maldives was originally scheduled to be presented to the Sub-Committee in March 2012, but due to the political situation in the country, submission of the plan has now been scheduled for the Sub-Committee meeting on October 31, 2012.

SREP Funding Approval

5. As provided in the last semi-annual operational report, funding for the first SREP project of US\$25 million in SREP funding was approved by the Sub-Committee in November 2011: the Menengai Geothermal Development Project in Kenya with the African Development Bank (AfDB). The project was approved by AfDB in December 2011, and became effective in July 2012. Since then no new SREP projects have been submitted to the Sub-Committee for funding approval.

6. As of September 2012, a total of US\$7.83 million in SREP funding has been approved by the Sub-Committee as project preparation grants. See Table 1 for details.

Table 1: Summary of Project Preparation Grant Approvals
(As of September 2012)

	PROJECT CODE	COUNTRY	MDB	PROJECT TITLE	TOTAL PPG (in \$ million)
1	PSREHN008 A	Honduras	IDB	Grid-Connected RE Development Support (ADERC)-Generation	0.15
2	XSREHN007 A	Honduras	IDB	Grid-Connected RE Development Support (ADERC)-Transmission	0.15
3	XSREML016 A	Mali	IBRD	Rural Electrification Hybrid Systems	0.50
4	XSREHN010 A	Honduras	IBRD	Sustainable Rural Energization (ERUS)	0.30
5	PSREET005A	Ethiopia	IFC	Clean Energy SMEs Capacity Building and Investment Facility	0.40
6	PSREML015 A	Mali	AFDB	Solar PV IPP	0.95
7	XSRENP022 A	Nepal	ADB	Mini and Micro Initiatives: Off Grid Electricity	0.58
8	XSREML017 A	Mali	AFDB	Development of Micro/Mini Hydroelectricity for Rural Electrification in Mali (PDM-Hydro)	2.20
9	XSREET002 A	Ethiopia	AFDB	Aluto Langano Geothermal Project	0.90
10	XSREET004 A	Ethiopia	AFDB	Assela Wind Farm Project	1.70
		TOTAL			7.83

III. STATUS OF ADDITIONAL PILOTS

7. At its meeting in November 2011, the Sub-Committee agreed that the countries on the SREP reserve list may begin work to develop investment plans for scaling up the use of renewable energy, recognizing that resources may not necessarily be available to finance those plans under the SREP but that financing may be available through other sources of climate finance.

8. At the intersessional meeting in March 2012, the Sub-Committee approved Tanzania as the seventh SREP pilot country (in addition to Ethiopia, Honduras, Kenya, Mali, Maldives, and Nepal), and noted that once the investment plan for Tanzania is endorsed, the Government and the MDBs may initiate work to develop the projects foreseen in the investment plan. A scoping mission to Tanzania involving AfDB and the World Bank Group was carried out on September 17-21, 2012.

9. Regarding the scope of a Pacific regional program, the Sub-Committee agreed that Solomon Islands and Vanuatu should be invited to participate in a Pacific regional program and to prepare country investment plans. A scoping mission to the Solomon Islands involving the Asian Development Bank (ADB) and the World Bank Group was carried out on August 13-17, 2012.

10. In addition, MDB scoping missions to two other countries on the reserve SREP have been completed in Armenia (July 2-11, 2012) and Liberia (September 11-14, 2012). Finally, an MDB scoping mission to Yemen is planned for October 22-24, 2012.

11. Completion reports on the scoping missions in Armenia, Liberia, and Solomon Islands have been submitted by the MDBs, and are available on the CIF website: http://climateinvestmentfunds.org/cif/srep_joint_mission .

IV. PROJECT PIPELINE AND APPROVAL CALENDAR FOR FY13

12. Based on the five investment plans that have been endorsed by the Sub-Committee, an SREP pipeline has been constituted, consisting of projects identified in the five plans. Annex 1 provides details of the SREP project pipeline. The pipeline currently consists of 21 projects with a total request of US\$184.6 million in SREP funding, plus one approved project with US\$25 million in SREP funding.

13. A project approval calendar for FY13 has been proposed by the MDBs (see Annex 1). It consists of 15 projects with a total request of US\$119.6 million in SREP funding from the five endorsed investment plans. If the proposed projects for delivery in FY13 materialize, more than half of the current SREP pipeline would have been submitted for funding approval during the current fiscal year. In terms of number of projects, more than 70 percent of the projects would have been delivered for funding approval during FY13. This suggests that the remaining projects beyond FY13 would be larger in size on average than those scheduled for approved during FY13.

V. TRACKING PROGRESS ON DELIVERY

14. In May 2012, the Sub-Committee approved the *Proposal for SREP Pipeline Management* which outlines the management of the SREP pipeline in such a way as to ensure the effective and efficient use of SREP resources.¹ Table 2 denotes different thresholds that trigger the different traffic lights that form part of the pipeline management process.

¹ The Sub-Committee approved the proposal with the following amendments to paragraph 14(a):
“Once an investment plan is endorsed, all projects/programs therein should be submitted to the Sub-Committee for funding approval within *24 months* from the date of endorsement of the investment plan, *unless a longer time frame for a project is indicated in the endorsed investment plan...*”

Table 2: Traffic Light System Thresholds

IP Endorsement to TFC Approval	# of days	TLS Color
16 mos. and below	<=480	🟢
More than 16 mos. up to 24 mos.	481-720	🟡
More than 24 months	721	🔴

TFC to MDB Approval	# of days	TLS Color
6 mos. and below	<=180	🟢
More than 6 mos. up to 9 mos.	181-270	🟡
More than 9 months	271	🔴

MDB Approval to Effectiveness	# of days	TLS Color
6 mos. and below	<=180	🟢
More than 6 mos. up to 9 mos.	181-270	🟡
More than 9 months	271	🔴

15. Annexes 2 and 3 provide details on the each of the projects in the SREP portfolio in meeting the milestones. Overall, delivery of SREP projects is currently on track except for projects in Mali with delays caused by the political situation in the country.

16. For the Menengai Geothermal Project in Kenya, which was approved by AfDB in December 2011 and became effective in July 2012, it receives a yellow light for meeting the next milestone of project effectiveness as it falls in the 6-9 months timeframe.²

17. Of the 20 projects (plus one associated preparation grant) in the current SREP pipeline to be submitted for funding approval, 11 projects receive a green light, 8 projects receive a yellow light, and 1 project receives a red light. The one project that receives a red light is in Mali. The project is put on hold due to the political situation in the country. A new timeline will be submitted by AfDB for all projects in Mali once re-engagement with the country is allowed.


² The project would have received a green light for meeting the milestone for MDB approval, as AfDB approved the project one month after the Sub-Committee approved the SREP funding.

Annex 1: SREP Project Pipeline (As of September 2012)

PROJECT ID	COUNTRY	PROJECT TITLE	MDB	PUBLIC/ PRIVATE	SC APPROVAL	MDB APPROVAL	EFFECTIVE NESS	1ST DISBURSE MENT	PPG 1ST TRANCHE 1/	PPG 2ND TRANCHE 1/	GRANT	LOAN	SREP FUNDING	
1	XSREKE012A	Kenya	Menengai Geothermal Project-200 MW Geothermal-Phase A-Resource and Infrastructure Development and Mobilization of Private Sector	AFDB	Public	Nov-11	Dec-11	Jul-12	-	-	17.5	7.5	25.0	
2	XSREET002A	Ethiopia	Aluto Langano Geothermal Project	AFDB	Public	Mar-12			0.9	-	-	-	0.9	
3	XSREHN006A	Honduras	Strengthening the RE Policy and Regulatory Framework(FOMPIER)	IDB	Public	Oct-12	Nov-12	Jan-13	Feb-13	-	-	0.9	0.9	
4	PSRENPO20A	Nepal	Small Hydropower Development	ADB	Private	Nov-12	Jan-13		-	-	0.5	9.5	10.0	
5	PSRENPO19A	Nepal	Small Hydropower Development	IFC	Private	Nov-12	Jan-13		-	-	0.5	9.5	10.0	
	XSREET001A	Ethiopia	Aluto Langano Geothermal Project	IBRD	Public	Dec-12	Mar-13	Sep-13	Mar-14	-	-	23.6	23.6	
6	XSREKE013A	Kenya	Menengai Geothermal Project	IBRD	Public	Dec-12	Oct-13	Apr-14	Oct-14	-	-	10.5	4.5	15.0
7	PSREET005A	Ethiopia	Clean Energy SMEs Capacity Building and Investment Facility	IFC	Private	Jan-13	Mar-13		0.4	-	1.6	2.0	4.0	
8	PSREET003A	Ethiopia	Geothermal Sector Strategy	IFC	Private	Feb-13	Apr-13		-	-	1.5	-	1.5	
9	PSREHN011A	Honduras	Sustainable Rural Energization(ERUS)-cookstoves(includes operational expenses for investment implementation for all component)	IDB	Private	Mar-13	Mar-13	May-13	Jun-13	-	-	2.0	2.0	
10	XSREKE014A	Kenya	Hybrid Mini-Grid Systems	IBRD	Public	Apr-13	Aug-13	Feb-14	Aug-14	-	-	7.0	3.0	10.0
11	PSREHN008A	Honduras	Grid-Connected RE Development Support(ADERC)-Generation	IDB	Private	May-13	Nov-13		0.2	-	1.2	5.0	6.4	
12	PSREHN009A	Honduras	Grid-Connected RE Development Support(ADERC)	IFC	Private	May-13	Nov-13		-	-	1.2	5.0	6.2	
13	XSREML018A	Mali	SREP-Mali Program Strategic Coordination	AFDB	Public	May-13	Sep-13		-	-	1.5	-	1.5	
14	XSRENPO22A	Nepal	Mini and Micro Initiatives: Off Grid Electricity	ADB	Public	May-13	Jun-13		0.6	-	11.4	-	12.0	
15	XSREHN010A	Honduras	Sustainable Rural Energization(ERUS)	IBRD	Public	Jun-13	Aug-13	Feb-14	Aug-14	0.3	-	9.8	10.1	
16	XSRENPO23A	Nepal	Waste to Energy Project	IBRD	Public	Jun-13	Sep-13	Mar-14	Sep-14	-	-	8.0	8.0	
17	XSREHN007A	Honduras	Grid-Connected RE Development Support(ADERC)-Transmission	IDB	Public	Oct-13	Nov-13	Jan-14	Mar-14	0.2	-	4.0	4.2	
18	XSREML017A	Mali	Development of Micro/Mini Hydroelectricity for Rural Electrification in mali(PDM-Hydro)	AFDB	Public	Jan-14	May-14		0.7	1.5	8.8	-	11.0	
19	XSREET004A	Ethiopia	Assela Wind Farm Project	AFDB	Public	Sep-14	Dec-14		1.7	-	18.3	-	20.0	
20	XSREML016A	Mali	Rural Electrification Hybrid Systems	IBRD	Public	Dec-14	Mar-15	Sep-15	Mar-16	0.3	0.3	15.0	15.5	
21	PSREML015A	Mali	Solar PV IPP	AFDB	Private	Dec-14	May-15		0.5	0.5	-	11.1	12.0	
			TOTAL						5.7	2.2	144.7	57.1	209.6	

1/SC-approved.

Annex 2: Traffic Light for MDB Approved Project
(As of September 2012)

PROJECT ID	COUNTRY	PROJECT TITLE	MDB	PUBLIC/ PRIVATE	IP ENDORSE MENT	SC APPROVAL	MDB APPROVAL	EFFECTIVE NESS	1ST DISBURSE MENT	PPG 1ST TRANCHE 1/	PPG 2ND TRANCHE 1/	GRANT	LOAN	SREP FUNDING	MILESTONE TRACKING-MDB APPROVAL to EFFECTIVENESS (w/in 9 mos.)	PROJECT STATUS/REMARKS	PERIOD FROM IP ENDORSEMENT TO EFFECTIVENESS (in years)
1 XSREKE012A	Kenya	Menengai Geothermal Project-200 MW Geothermal-Phase A-Resource and Infrastructure Development and Mobilization of Private Sector	AFDB	Public	Sep-11	Nov-11	Dec-11	Jul-12		-	-	17.5	7.5	25.0			0.81

Annex 3: Traffic Lights for Projects to Be Submitted for Funding Approval (As of September 2012)

PROJECT ID	COUNTRY	PROJECT TITLE	MDB	IP ENDORSEMENT	SC APPROVAL	PPG 1ST TRANCHE 1/	PPG 2ND TRANCHE 1/	GRANT	LOAN	SREP FUNDING	MILESTONE TRACKING - IP ENDORSEMENT TO SC APPROVAL (w/in 24 mos.)	PROJECT STATUS/REMARKS	PERIOD FROM IP ENDORSEMENT TO SC APPROVAL (in years)	
PUBLIC														
1	XSREN022A	Nepal	Mini and Micro Initiatives: Off Grid Electricity	ADB	Nov-11	May-13	0.6	-	11.4	-	12.0	⚠️	A wind/solar hybrid component will be added to this project and preparations for this will cause the SC approval to move to May 2013 and MDB approval to June 2013	1.5
	XSREET002A	Ethiopia	Aluto Langano Geothermal Project	AFDB	Mar-12	Mar-12	0.9	-	-	-	0.9		Project preparation grant	
2	XSREET004A	Ethiopia	Assela Wind Farm Project	AFDB	Mar-12	Sep-14	1.7	-	18.3	-	20.0	✅	With reference to the IP(table 9 page 42), the country indicated that it would not be able to request SC approval within 24 months of IP endorsement. The project preparation activities are only expected to be completed in June 2014(SREP Pipeline Management Para 14a- Once an investment plan is endorsed, all projects/programs therein should be submitted to the Sub-Committee for funding approval within 24 months from the date of endorsement of the investment plan, <i>unless a longer time frame for a project is indicated in the endorsed investment plan</i>)	0.3
3	XSREML017A	Mali	Development of Micro/Mini Hydroelectricity for Rural Electrification in mali(PDM-Hydro)	AFDB	Nov-11	Jan-14	0.7	1.5	8.8	-	11.0	✅	AfDB will submit an updated timeline once re-engagement in the country is allowed. (TLS trigger with reference to SREP Pipeline Management para 14a)	0.3
4	XSREML018A	Mali	SREP-Mali Program Strategic Coordination	AFDB	Nov-11	May-13	-	-	1.5	-	1.5	⚠️	AfDB will submit an updated timeline once re-engagement in the country is allowed.	1.5
5	XSREET001A	Ethiopia	Aluto Langano Geothermal Project	IBRD	Mar-12	Dec-12	-	-	23.6	-	23.6	✅		0.7
6	XSREHN010A	Honduras	Sustainable Rural Energization(ERUS)	IBRD	Nov-11	Jun-13	0.3	-	9.8	-	10.1	⚠️		1.6
7	XSREKE013A	Kenya	Menengai Geothermal Project	IBRD	Sep-11	Dec-12	-	-	10.5	4.5	15.0	✅		1.2
8	XSREKE014A	Kenya	Hybrid Mini-Grid Systems	IBRD	Sep-11	Apr-13	-	-	7.0	3.0	10.0	⚠️		1.6
9	XSREML016A	Mali	Rural Electrification Hybrid Systems	IBRD	Nov-11	Dec-14	0.3	0.3	15.0	-	15.5	❌	On hold due to the political situation	3.1
10	XSREN023A	Nepal	Waste to Energy Project	IBRD	Nov-11	Jun-13	-	-	8.0	-	8.0	⚠️		1.6
11	XSREHN006A	Honduras	Strengthening the RE Policy and Regulatory Framework(FOMPIER)	IDB	Nov-11	Oct-12	-	-	0.9	-	0.9	✅		0.9
12	XSREHN007A	Honduras	Grid-Connected RE Development Support(ADERC)-Transmission	IDB	Nov-11	Oct-13	0.2	-	4.0	-	4.2	⚠️		1.9
SUBTOTAL						4.6	1.7	118.8	7.5	132.6				

PROJECT ID	COUNTRY	PROJECT TITLE	MDB	IP ENDORSEMENT	SC APPROVAL	PPG 1ST TRANCHE 1/	PPG 2ND TRANCHE 1/	GRANT	LOAN	SREP FUNDING	MILESTONE TRACKING - IP ENDORSEMENT to SC APPROVAL (w/in 24 mos.)	PROJECT STATUS/REMARKS	PERIOD FROM IP ENDORSEMENT TO SC APPROVAL (in years)	
PRIVATE														
13	PSRENP020A	Nepal	Small Hydropower Development	ADB	Nov-11	Nov-12	-	-	0.5	9.5	10.0	✓	Project has been concept cleared by ADB management. This will be a joint proposal with IFC.	1.0
14	PSREML015A	Mali	Solar PV IPP	AFDB	Nov-11	Dec-14	0.5	0.5	-	11.1	12.0	✓	AfDB will submit an updated timeline once re-engagement in the country is allowed. (TLS trigger with reference to SREP Pipeline Management para 14a)	0.3
15	PSREHN008A	Honduras	Grid-Connected RE Development Support(ADERC)-Generation	IDB	Nov-11	May-13	0.2	-	1.2	5.0	6.4	⚠	The ADERC component is currently under preparation. The focus of this upfront work is on exploring different types of possible financial mechanisms utilizing risk capital that could be employed, with the goal of attracting additional investment and catalyzing the market for renewable energy finance. Based on experiences in other markets, any such risk capital mechanism or facility may likely require a slightly longer amount of time to properly structure and deploy	1.5
16	PSREHN011A	Honduras	Sustainable Rural Energization(ERUS)-cookstoves(includes operational expenses for investment implementation for all component)	IDB	Nov-11	Mar-13	-	-	2.0	-	2.0	✓		1.3
17	PSREET003A	Ethiopia	Geothermal Sector Strategy	IFC	Mar-12	Feb-13	-	-	1.5	-	1.5	✓		0.9
18	PSREET005A	Ethiopia	Clean Energy SMEs Capacity Building and Investment Facility	IFC	Mar-12	Jan-13	0.4	-	1.6	2.0	4.0	✓		0.8
19	PSREHN009A	Honduras	Grid-Connected RE Development Support(ADERC)	IFC	Nov-11	May-13	-	-	1.2	5.0	6.2	⚠	The ADERC component is currently under preparation. The focus of this upfront work is on exploring different types of possible financial mechanisms utilizing risk capital that could be employed, with the goal of attracting additional investment and catalyzing the market for renewable energy finance. Based on experiences in other markets, any such risk capital mechanism or facility may likely require a slightly longer amount of time to properly structure and deploy.	1.5
20	PSRENP019A	Nepal	Small Hydropower Development	IFC	Nov-11	Nov-12	-	-	0.5	9.5	10.0	✓	Project submitted for approval to the Sub-Committee on Oct. 11, 2012	1.0
SUBTOTAL						1.0	0.5	8.5	42.1	52.0				
TOTAL						5.7	2.2	127.2	49.6	184.6	Average			

1/ SC approved.