

# CLIMATE INVESTMENT FUNDS

SREP/SC.8/4  
October 16, 2012

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

Agenda Item 4

**FOLLOW-UP TO SREP REVISED RESULTS FRAMEWORK**

## **PROPOSED DECISION**

The SREP Sub-Committee, having reviewed document SREP/SC.8/4, *Follow-up to SREP Revised Results Framework*, agrees that option [...] should be followed to measure avoided GHG emissions for SREP projects. The Sub-Committee requests the MDBs to provide reports to it every two years, starting in November 2013, on progress in strengthening the institutional setting and enabling environment for renewable energy in all SREP pilot countries.

## I. INTRODUCTION

1. At its May 2012 meeting, the SCF Trust Fund Committee reviewed and approved document *SCF/TFC.9/5, Proposal for Revised SREP Results Framework*. During the preparation of the results framework and in discussions with the SREP Sub-Committee in March 2012 and May 2012, some Sub-Committee members requested further information about (a) the metrics that could be used to assess the avoided GHG emissions at the outcome level; and (b) how to measure efforts to strengthen and evaluate the enabling environment for promoting renewable energy in pilot countries.

2. This document has been prepared in response to these requests.

## II. METRIC – GHG EMISSIONS CO-BENEFITS

3. The SREP results framework approved in May 2012 suggests that GHG emissions co-benefits associated with an increased supply of renewable energy (RE) at the outcome level should be measured, recognizing that many donors' contribution to the Climate Investment Funds are classified as "climate finance". A number of different approaches for measuring avoided GHG emissions at the outcome level have been considered by the MDBs, suggesting that there is no universal agreement on how to do this within the context of SREP.

4. Three options are therefore presented for the SREP Sub-Committee to consider:

- a) ***Self-reporting***: Recognizing that the SREP results framework references avoided GHG emissions as a co-benefit at the impact level (thereby providing an explicit link to "climate finance"), contributor countries and other interested parties could agree to make their own calculations of GHG emissions co-benefit at the outcome level as necessary. This would allow each party to use its preferred methodology and would minimize the reporting burden on recipient countries and the MDB teams.
- b) ***Baseline-based metric***: Country programs could be required to assess the GHG emissions co-benefits by calculating the reduced or avoided emissions associated with each renewable energy project through the use of country-specific baselines. The exact methodologies used would be consistent with MDB standard practice<sup>1</sup>.
- c) ***Proxy-based metric***: A simplified approach could be adopted whereby a standardized emissions factor is applied to all SREP-funded projects to generate an "emissions equivalent" in terms of reduced/avoided GHG emissions. It is noted that this approach has been adopted by the Asian Development Bank, which has selected an emissions factor of 793.73 tons of CO<sub>2</sub> per GWh.

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<sup>1</sup> The MDBs are currently collaborating to develop a harmonized approach for GHG assessments.

### **III. EVALUATION OF THE ENABLING ENVIRONMENT**

5. The MDBs recognize the importance of a strengthened enabling environment, i.e., renewable energy policies, low-emission development strategies, and legal regulatory frameworks, for the overall success of the SREP program.

6. Starting in 2013, the MDBs will provide, every two years, reports about progress in strengthening the institutional setting and enabling environment for renewable energy investments in all SREP pilot countries. This regular reporting in combination with the indicator on public and private sector investments in targeted sub-sectors will provide an indication of the extent to which the SREP program is contributing to strengthening each country's enabling environment.