

CLIMATE INVESTMENT FUNDS

SREP/SC.6/CRP.4
November 1, 2011

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

DECISION ON AGENDA ITEM 9, REVISED PROPOSAL FOR CRITERIA FOR THE ALLOCATION OF THE RESERVE RESOURCES UNDER SREP

Allocation of the Reserve Resources to existing pilot programs

The SREP Sub-Committee reviewed document SREP/SC.6/9, *Revised Proposal for the Allocation of the Funding Reserve under SREP*, and agrees that the following criteria should guide the allocation of resources from the reserve for project and program proposals:

- a) readiness to effectively absorb additional resources and country ownership; and
- b) project design in terms of engaging and leveraging investment of the private sector and utilizing diverse and innovative approaches and instruments.

To support the SREP's objective of providing scaled-up resources for renewable energy investments, it is agreed that no more than three projects and no more than one project per investment plan should be funded from the reserve.

The Sub-Committee agrees to revisit the process to be followed for selecting projects or programs to be funded from the reserve at its meeting in May 2012 with a view to deciding on the projects or programs to be funded at its meeting in November 2012.

The Sub-Committee further agrees that the current pilot countries may draw upon their initial allocation to develop projects to be submitted for reserve funding, or if necessary, they may seek funding from the reserve resources. The amount of funding requested for project preparation should be reasonable, taking into account the experience of the countries and MDBs in preparing projects of a similar size and complexity. Funding requests for project preparation should be submitted to the Sub-Committee for approval.

Allocation of funding to countries and programs on the SREP reserve list

The Sub-Committee agrees that it would be beneficial for the countries on the reserve list of programs to 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.

The Sub-Committee agrees that up to USD 300,000 may be provided to each of the countries on the SREP reserve list of pilot programs, and up to maximum of USD 600,000 to be divided among the countries identified to participate in the Pacific regional pilot, to enable them to take a leadership role in working with the MDBs to develop investment plans.

The Sub-Committee also requests the SCF Trust Fund Committee to increase the funds approved for the SREP country programming component of the CIF Administrative Budget to finance the additional costs of MDB programming that will be incurred in working with the countries on the SREP reserve list to develop investment plans. Such programming costs should be no higher with the norm established for all SCF programs, and the MDBs are requested to seek all opportunities to reduce those costs.

Sub-Committee Members are invited to submit to the CIF Administrative Unit their comments on the countries to be a primary focus of the proposed program for the Pacific recognizing its decision in November 2010 that “a decision on which countries should be invited to participate in a Pacific regional program should be determined in the future.”

The CIF Administrative Unit is requested to prepare the following notes for consideration at the May 2012 meeting of the Sub-Committee:

- a) A note on the indicators that were applied to guide the allocation of resources to the SREP pilot counties and the results of applying those indicators to assign priority for funding to the pilots on the SREP reserve list with a view to enabling a decision on the financing of additional pilots.
- b) A note on the experience and lessons learned from developing regional programs in the PPCR.