

# CLIMATE INVESTMENT FUNDS

**SREP PIPELINE MANAGEMENT POLICY  
COMMENTS AND RESPONSES  
SWITZERLAND – CIF AU**

## I. INITIAL COMMENTS FROM SWITZERLAND (February 9, 2017)

1. The original 12 SREP pilot/reserve countries had a minimum allocation of USD 25 million. What happens to this minimum allocation, is it waived?  
Does that need a decision by the SREP Subcommittee

→ **The Sub-Committee agreed to a range of allocations for each of the initial 12 pilots, ranging from USD 25 million to USD 50 million per pilot. When the countries prepared their investment plans, all opted for the upper amount. Those amounts were indicative allocations for planning purposes; there was no “commitment” by the SREP to approve the “minimum allocation”. (Please also refer to para. 7 of the document.). There is no need for the Sub-Committee to make further decision on this. Also see response below.**

2. When over-programming was introduced, the SREP Subcommittee also decided to safeguard the minimum allocation of fragile countries.  
To what extent could fragile countries be affected by the proposed updated pipeline management policy?

→ **Indeed, as discussed in para. 16, the Sub-Committee, in agreeing to over-programming, recognized the need to safeguard the minimum allocation for LDCs and fragile states. Please see below the amount of funding that has been approved for the initial 12 pilots to date. If the projects in the current sealed pipeline are submitted on time and are approved, most pilots will have received more than USD 25 million. The exceptions are Honduras, Mali, Mongolia and the Pacific Regional Program (besides Yemen). Please see table below.**

**We suggest that the minimum allocation not be “safeguarded” indefinitely; rather, readiness and the sealed pipeline approach should prevail.**

Country	SREP funding approved from the IPs (USD million) as of Feb 15, 2017	Sealed Pipeline (USD million)	Total IP projects approved + sealed pipeline (USD million)	Reserve pipeline (USD million)
Armenia	11.98	26	37.98	
Ethiopia	28.00		28.00	
Honduras*	9.45	13.6	23.05	5.95
Kenya	32.50		32.50	
Liberia	25	23.5	48.50	
Maldives	25.70		25.70	
Mali**	17.10		17.10	19.75
Mongolia***	13.90		13.90	16.10
Nepal	39.54		39.54	
Pacific regional program (Solomon Islands, Vanuatu, and regional component)****	16.17	6.77 (submitted, pending approval)	22.94	6.55
Tanzania	14.75	24.3	39.05	

\* Additional USD 20.5 million has been approved for Honduras through the PSSA and another USD 20 million through DPSP.

\*\* Additional USD 25 million have been approved through the PSSA for Mali. First project in the reserve pipeline (USD 8.7 million) expected by June 2017 (all grants).

\*\*\*Project in the reserve pipeline expected by December 17 (all grants).

\*\*\*\*Project in the sealed pipeline, from Vanuatu, already submitted for approval. Project from Solomon Islands in the reserve pipeline expected by September 2017 (all grants)

3. In the recent past, we noticed certain shifting between grant and non-grant components for project approvals compared to endorsed investment plans.

Certain non-grant allocations were simply left unused (e.g. Tanzania).

To what extent should such shifts be treated as changes in investment plans and subjected to the sub-committee approvals?

This is particularly relevant since grant resources are considerably more scarce than non-grant resources.

- ➔ **The “changes” referred to regarding approval of grants are not subject to revision of the investment plans. In the case of Tanzania, where the non-grant component approved by the Sub-Committee was not included in the MDB board approval, this current policy proposes that funding for such component not approved by the MDB board should be cancelled (see para. 40).**

**In other cases, such as Liberia, the Sub-Committee has agreed on an exceptional basis that they could receive all SREP funding in grant.**

4. With regards to such tendency to leave the non-grant resources unused and rush on grants, should projects with a substantial non-grant share be prioritized?

- ➔ **There is no need for further prioritization of non-grant projects as prioritization is done by the MDBs in agreeing to the sealed pipeline.**

5. When will a project be dropped from the sealed pipeline?

- ➔ **See paras. 30-31 and 34. A project is dropped from the sealed pipeline after the date of the sealed pipeline expires. For the current sealed pipeline, projects not submitted by the end of May 2017 will be dropped from the sealed pipeline. It may “compete” with all remaining projects to enter a new sealed pipeline.**

6. What is the role foreseen for the SREP sub-committee with regards to the sealed pipeline (approval, non-objection or just being informed)?

- ➔ **The MDB Committee will agree to the sealed pipeline, and the Sub-Committee will be informed.**

7. How frequently should the sealed pipeline be updated?

- ➔ **The sealed pipeline will be updated for inclusion in the semi-annual operational report. Practically, it will likely be updated quarterly, or even more frequently, as resources are running out.**

8. What is the meaning of the grace period until 30 September 2017 for projects that have already exceeded the applicable deadlines?  
Please list these projects. Are there such projects in the sealed pipeline?  
  
→ **The grace period would give a level-playing field for all projects have been approved by the Sub-Committee awaiting for MDB board approval. So far, one project is known to have exceeded the proposed 9-month deadline (ADB Vanuatu Energy Access Project). CIF AU is current updating project information with the MDBs (due March 1, 2017). Please note that these projects are not relevant to the sealed pipeline as they have been approved by the Sub-Committee already (pending MDB approval).**
9. We noticed that there is still some room (USD 65 million) in the sealed pipeline for non-grant funded projects.  
Why is the sealed pipeline not extended to allow projects requesting only (or primarily) non-grant funds to enter until these resources are pre-allocated?  
  
→ **As indicated in para. 35, the current sealed pipeline was prepared on the basis of availability of grant resources, which will run out sooner than non-grant resources. Separate sealed pipelines will be prepared for grant and non-grant projects during the next pipeline update in April 2017.**
10. What about projects from the PSSA? Are these in the sealed pipeline? Could they be cancelled in the same way? For what would the freed resources be used?  
  
→ **PSSA projects are treated the same way as IP projects, and included in the sealed pipeline or reserved pipeline as appropriate. All measures proposed in this documents apply to PSSA and IP projects alike.**

**Daniel Menebhi**

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## **II. Switzerland Additional Comment Comment (February 16, 2017 )**

We think that we should have a discussion in the Subcommittee on points 2, 4 and 6 though.

And the last question (10) was not entirely answered.

Could resources that are freed from the cancellation or dropout of PSSA projects also be used to admit IP projects into the sealed pipeline or would that have to be PSSA projects, (in which case the monitoring gets complicated)?

Thank you and best regards

Daniel

**Daniel Menebhi**

Program Manager

Federal Department of Economic Affairs, Education and Research EAER

State Secretariat for Economic Affairs SECO

Infrastructure Financing

Holzikofenweg 36, 3003 Berne  
Tel. +41 58 46 22207  
Fax +41 58 46 40962  
[daniel.menebhi@seco.admin.ch](mailto:daniel.menebhi@seco.admin.ch)  
[www.seco.admin.ch](http://www.seco.admin.ch)

➔ **CIF AU Response**

**Regarding point 10, any cancelled resources, regardless of IP or PSSA projects, will remain and be returned to the trust fund, and could be made available to make new funding commitment for any projects in the sealed pipeline. In other words, they are fungible.**

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