

CLIMATE INVESTMENT FUNDS

SREP/SC.10/CRP.1

October 31, 2013

Meeting of the SREP Sub-Committee

Washington D.C.

October 31, 2013

**COMMENTS ON LIBERIA'S INVESTMENT PLAN
SUBMITTED BY THE SUB-COMMITTEE MEMBER FROM SWITZERLAND**



24 October 2013

SREP Investment Plan for Liberia

We thank Liberia for a well prepared Investment Plan.

We understand and value the efforts that were made to produce a document that addresses the needs of the country and is consistent with the strategies already pursued.

We have the following questions (Q), comments (C) and recommendations (R):

1. (C) We appreciate that SREP resources are targeted to support the electrification of areas around major population centers outside the capital, with mini-grids using a mix of small hydro-power stations, solar photovoltaic and biomass power plants, depending in each case on the specific site conditions. We also appreciate the proposal to use stand-alone solar PV systems for customers further away than 20 km from the generating sources and the idea to use the mini-grids as anchora for these off-grid installations.
2. (Q) In the financing plan, is it correct to consider the position "Other Partners TBD" and "Other Results-based Financing" as funding gaps or are there already some indications about possible funding sources? If yes, which ones?
3. (Q) To what extent is the Energy+ result-based financing secured for Phase I of this program?
4. (Q) How are the numbers of beneficiaries to new access-to-electricity split among the mini-grids and the stand-alone solar PV systems in both phases?
5. (Q) Why is the customer contribution for connections to the stand-alone PV systems so much higher than the one for a connection to the mini-grids (6000 USD/kW vs 200 USD/kW in Phase I)?
6. (Q) The Investment Plan lists 16 major population centers outside of Montserrado County (where the capital Monrovia is located). The SREP financed program (Phase I of the Investment Plan) covers 6 of these major population centers, without specifying which ones. Phase II will cover another 3 but there is no SREP allocation foreseen to finance it. How will the beneficiary areas be selected, by whom and based on what criteria?
7. (C/Q) The installed costs of grid-tied solar PV plants in Liberia for 500-1000 kW projects are estimated at 2700 USD/kWp (kilowatt peak load capacity). This is in line with the IRENA averages including PV panels (at 1100 USD/kWp for panels produced by Western manufacturers) and balance of systems (at 1600 USD/kWp). But it is significantly lower than the estimates recently submitted for the solar PV portion of hybrid mini-grids in Mali (6800 USD/kWp). To what extent have these estimates been reconciled by the MDBs? Why should the costs be so much lower in Liberia (or so much higher in Mali)?
8. (Q) Why are the estimated costs for MDB project implementation services higher for the World Bank (USD 690'000) than for the AfDB (USD 450'000) in relation to the two identical portions of the SREP funding (USD 25 million each)?

9. (Q) In the Financing Plan (Table 1 p.xiii and A7.2 p.87) the total SREP contribution for investments and technical assistance adds up to USD 49.0 million, leaving USD 1.0 million for project preparation grants (?). In Annex 8, the MDBs request a total of USD 2.5 million for project preparation grants? There is no proposal by the CIF Administration Unit for a decision about project preparation grants in the agenda. Should any application for project preparation grants be considered by the SREP Subcommittee, along with the endorsement of the IP and if yes, what is the recommendation for a decision by the CIF Administration Unit?
10. (Q) The reasons for a distinction in Phase I and Phase II are not quite clear. Please explain if this is primarily due to a lack of funding or for other reasons (please specify which). Could the two phases be taken together, if the funding from the developing partners, notably the MDBs, was increased?
11. (C/Q) We noted the limited readiness of the two involved MDBs (WB Group and AfDB) to co-finance the program. Their combined share of the overall program is just USD 23 million, less than 13% of the total costs, compared to 27.5% for Mali, 35% for Kenya and 41% for Ethiopia. What are the reasons for the rather weak commitment of the MDBs to the SREP Investment Plan for Liberia?
12. (R) In order to better leverage the SREP funding, we recommend that the two phases are merged into one and that the MDBs increase their commitments to close the thereby resulting funding gap. This would also increase the relevant impact of the SREP funding in terms of outputs and outcomes in relation to the program's objectives.
13. (R) In the future project applications, the estimated costs per project (as mentioned in table 5.1 p.39) should be detailed along the different components of power generation and the cost of the grids in relation to the proposed capacities for each site.
14. (R) In case of the consideration of hybrid mini-grid systems, i.e. systems that blend renewable energy with (fossil fuel fired) thermal generation, the SREP contributions must not be used for the financing of the fossil fuel generation components. Also, during the operation of hybrid systems, emphasis should be put on maximising the output of the renewable energy component.
15. (R) With regards to (the) biomass power plant(s), the most suitable technology shall be determined and possible negative impacts (deforestation, threats to food security) must be evaluated and avoided.
16. (R) In order to maximize the co-benefits related to the job creation and income generation of the program, emphasis should be put on relevant capacity building and know-how transfer already at the stage of the project implementation. These elements should be considered in the procurement processes for the projects.