

CLIMATE INVESTMENT FUNDS

December 6, 2013 (Revised)

Summary of the Co-Chairs
Meeting of the Scaling Up Renewable Energy Program Sub-Committee
October 31, 2013

Co-Chairs
Mr. Erastus Wahome, Kenya
Mr. Jacob Waslander, Netherlands

AGENDA ITEM 1. OPENING

1. The meeting was opened by the Co-Chairs of the SREP Sub-Committee, Erastus Wahome, SREP Sub-Committee member from Kenya, and Jacob Waslander, SREP Sub-Committee member from the Netherlands.

AGENDA ITEM 2. ADOPTION OF AGENDA

2. The meeting adopted the provisional agenda set forth in document SREP/SC.10/1/Rev.1.

AGENDA ITEM 3. SREP SEMI-ANNUAL OPERATIONAL REPORT

3. The SREP Sub-Committee reviewed document SREP/SC.10/3, *SREP Semi-Annual Operational Report*, and takes note of the steps that have been made to advance work in the SREP pilot and reserve countries. The Sub-Committee urges the MDBs to work closely with governments and other stakeholders in the pilot countries to expedite the preparation and implementation of SREP-funded projects and programs.

AGENDA ITEM 4. SREP INVESTMENT PLAN FOR LIBERIA

4. The SREP Sub-Committee, having reviewed document SREP/SC.10/4, *SREP Investment Plan for Liberia*:

- a) endorses the investment plan as a basis for the further development of the projects and programs foreseen in the plan and takes note of the request for USD 50 million in SREP funding. The Sub-Committee requests the Government of Liberia, in the further development of the proposed projects and programs, to take into account comments made at the meeting and any additional written comments submitted by Sub-Committee members by November 15, 2013, and to respond in writing to questions raised during the meeting and the written comments;
- b) re-confirms its decision on the allocation of resources, adopted at its meeting in November 2010, that all allocation amounts are indicative for planning purposes and that approval of funding will be on the basis of high quality investment plans and projects;
- c) approves a total of USD 2,500,000 in SREP funding as preparation grants for the following projects to be developed under the investment plan:
 - i. USD 1,000,000 for the project entitled, *Renewable Energy for Electrification in North and Center Liberia Project* (World Bank); and
 - ii. USD 1,500,000 for the project entitled, *Renewable Energy for Electrification in Eastern Liberia Project* (AfDB).
- d) takes note of the estimated budget of USD 690,000 for MDB project preparation

and supervision services for the project entitled, *Renewable Energy for Electrification in North and Center Liberia Project* (World Bank) and approves USD 340,000 as a first tranche of funding for such services.

- e) further takes note of the estimated budget of USD 450,000 for MDB project preparation and supervision services for the project entitled, *Renewable Energy for Electrification in Eastern Liberia Project* (AfDB), and approves USD 225,000 as a first tranche of funding for such services;

5. The Sub-Committee takes note of the request by the Government of Liberia to receive all indicative allocation in the form of grants. Recalling its decision at the Sub-Committee meeting in November 2011 that for pilot countries with a low risk of debt distress, no more than 70 percent of the indicative funding agreed to by the Sub-Committee should be drawn from the grant contributions and recognizing that Liberia has a low risk of debt distress, the Sub-Committee requests that should grant financing be deemed appropriate in accordance with the approved *SREP Financing Modalities*, the Government of Liberia and the MDBs should provide sufficient justification for grant financing when submitting the project proposals to the Sub-Committee for approval of SREP funding. The Sub-Committee will decide at that time whether funding should be provided in the form of a grant.

AGENDA ITEM 5. PROPOSAL FOR ENHANCING SREP PIPELINE MANAGEMENT

6. The SREP Sub-Committee reviewed document SREP/SC.10/6, *Proposal for Enhancing SREP Pipeline Management*, and welcomes the measures proposed, including readiness-based pipeline management and over-programming.

7. The Sub-Committee:

- a) agrees that an over-programming of up to 30 percent may be applied to the SREP, recognizing the need to safeguard the minimum allocation agreed for the pilot countries, in particular least developed countries and fragile states;
- b) recognizes that there is a risk that over-programming could disadvantage low-income countries, particularly least developed countries and fragile states, and requests the CIF Administrative Unit to monitor this risk and report on this issue in the semi-annual operational reports so that the Sub-Committee can take appropriate action to mitigate any such risk;
- c) taking into account the Sub-Committee's decision in March 2012 regarding prioritization of SREP reserve countries and the original recommendations of the expert group concerning potential pilot countries considered at the Sub-Committee meeting in June 2010, and recognizing that the criteria used to establish a priority order was designed to allocate indicative funds, rather than priorities, and that circumstances have changed, the Sub-Committee agrees to include in the list of pilot countries any reserve country whose investment plan is endorsed, provided that the requested funding does not exceed the available funds

and an over-programming allowance of up to 30 percent. There should be no change in the previously agreed amount of indicative allocations; and

- d) will take stock at its next meeting of progress made in preparing and endorsing the investment plans of the reserve countries and ascertain at that meeting whether there are unallocated funds that could usefully be allocated to another round of the set-aside or to new countries.

AGENDA ITEM 6. REVIEW AND SELECTION OF CONCEPTS TO BE FINANCED FROM THE SREP PRIVATE SECTOR SET ASIDE

8. The SREP Sub-Committee reviewed the document, SREP/SC.10/7, *Review and Selection of Concepts to Be Financed from the SREP Private Sector Set Aside*, and notes with appreciation the work of the expert group.

9. The Sub-Committee endorses the following project concepts to be further developed for SREP funding approval:

- a) *Strengthening of the ADERC H-REFF* in Honduras (IDB);
- b) *Scatec Solar PV 33 MW* in Mali (AfDB);
- c) *Kopere Solar Park* in Kenya (AfDB); and
- d) *ABC Business Models for Off-Grid Energy Access* in Nepal (IBRD).

10. The Sub-Committee requests the CIF Administrative Unit and the MDB Committee to review and revise the criteria used for reviewing project concepts for funding from the set aside, based on the criteria agreed by the expert group and taking into account the comments of the Sub-Committee and the expert group and lessons learned from the process to date. The CIF Administrative Unit is requested to circulate the revised criteria for Sub-Committee review and approval by mail by the end of November.

11. The Sub-Committee agrees that a second round for endorsing project concepts to be developed further for funding under the SREP set aside should be organized after the approval of the revised criteria. The CIF Administrative Unit is requested to organize the second round in accordance with the procedures agreed in April 2013, with the clarification that project concepts may be proposed in any of the eight pilot countries with an endorsed investment plan, and with a view to a decision by mail by mid-April 2014. The expert group may consider during this second round the project concepts submitted for the first round or any revision of those concepts together with any new proposals submitted by the end of February 2014. The Sub-Committee notes that at least USD 30 million, primarily in concessional lending, is available for the second round. The Sub-Committee agrees that funding may be provided in the form of grant on an exceptional basis when sufficiently justified.

12. The Sub-Committee requests the CIF Administrative Unit, in collaboration with the MDBs, to further analyze the effectiveness and value-added of the SREP private sector set aside.

The Sub-Committee requests the CIF Administrative Unit to share this analysis with the SREP Sub-Committee and interested stakeholders.

AGENDA ITEM 7. APPROACHES AND CRITERIA FOR CONSIDERING POTENTIAL NEW PILOT COUNTRIES

13. The SREP Sub-Committee welcomes document SREP/SC.10/8, *Approaches and Criteria for Considering Potential New Pilot Countries*, and takes note of the proposed options that could guide the Committee to select new countries to receive funding under the SREP should additional resources be made available, either through over-programming or new contributions.

14. The Sub-Committee agrees in principle to open the SREP to new countries while recognizing that funds could also usefully be utilized to deepen programs in existing pilot countries or to expand the SREP set aside for enhancing engagement with the private sector.

15. The Sub-Committee also agrees that, in order to advance consideration of new countries:

- a) the CIF Administrative Unit should invite countries eligible for SREP funding to submit an expression of interest in participating in the SREP, based on a template to be prepared by the CIF Administrative Unit in collaboration with the MDBs;
- b) an expert group should be established as soon as possible thereafter to review the expressions of interest and recommend new countries, using the previously agreed selection criteria and process as a basis;
- c) the expert group is invited to identify up to 12 new countries that could benefit from the SREP program while contributing to the overall programmatic objectives of SREP;
- d) countries selected by the Sub-Committee would be provided with initial funding to prepare their full investment plans; and
- e) in selecting new countries, (i) focus should be given to energy access, noting the particular low level of energy access in Africa, and (ii) allocation of indicative resources should be based on country characteristics.

16. The Sub-Committee further agrees that should funds be allocated to new countries, priority should be given to reserve countries, without necessarily prohibiting new countries from moving forward.

AGENDA ITEM 8. OTHER BUSINESS

17. The Sub-Committee welcomes the announcement from Norway that they would consider to potentially pledge additional resources to SREP. Norway's intention is that these funds would be used primarily for new countries, with an emphasis on countries with low energy access, noting the particular low level of energy access in Africa.

18. Regarding the investment plans from Armenia and Solomon Islands, the Sub-Committee agrees that once the plans become available, they can be submitted to the Sub-Committee for review and comment. Based on the feedback from Sub-Committee members, the Co-Chairs will decide whether those investment plans should be endorsed through decision by mail or an intersessional meeting of the Sub-Committee should be organized through a video conference to endorse the plans.

19. The Sub-Committee took note of the suggestion that, recognizing the long distance that some members must travel, the CIF Administrative Unit should explore opportunities, consistent with the administrative requirements governing travel, for making travel arrangements more comfortable. The CIF Administrative Unit could consider how to take up suggestions from the updated “Measures to Increase the Efficiency of CIF Committees” (once approved by the joint meeting of the CTF and SCF Trust Fund Committees), such as facilitating telephone conferences ahead of meetings, to support all members to attend meetings and participate fully.

20. The Co-Chairs noted that several members were unable to attend the Sub-Committee meeting and informed the meeting that they, in close consultation with the CIF Administrative Unit, would approach the members concerned to encourage their active participation in the Sub-Committee meetings.

AGENDA ITEM 9. CLOSING

21. The meeting was closed on October 31, 2013.