

TERMS OF REFERENCE

Scaling-up Renewable Energy Program (SREP)

Joint Mission

September 27-29, 2017

Lesotho

SUMMARY

1. *Mission objectives.* The main objective of the Joint Mission (“the Mission”) is to discuss with the new elected Government of Lesotho the priority investments that were identified in the draft SREP Investment Plan (IP) and to finalize the IP. In consultation with stakeholders, the Mission will: review and validated the investment priority areas with DoE following the comments received and discussions with stakeholders during the joint mission in May 2017; and (ii) discussed the measures that the GoL needs to implement to allow the timely submission of the SREP IP to the SREP Sub-Committee.
2. *Dates of the Mission.* The proposed dates for the Joint Mission is from September 27 to 29, 2017.
3. *MDB Mission Team.* Representatives from Multilateral Development Banks (MDBs), including the World Bank (WB) and the African Development Bank (AfDB) will participate in the proposed Mission.
4. *SREP Focal Point from Government.* The SREP Focal Point in Lesotho is Mr. Jerry Seithleko, Deputy Director of Energy, in the Ministry of Energy and Meteorology.
5. *SREP Focal Point from MDBs:*
 - WB: Gevorg Sargsyan (gsargsyan@worldbank.org)
 - IFC: Joyita M. Mukherjee (jmukherjee1@ifc.org)
 - AfDB: Leandro Azevedo (l.azevedo@afdb.org)
6. *Activities to be undertaken during the Mission.* The mission will meet with the Principal Secretary of the Ministry of Energy and Meteorology; the Principal Secretary of the Ministry of Finance; the Director of the Department of Energy (DoE) and team; the SREP Focal Point; and the Director of the Bureau of Statistics and team to assist the GoL (i) to validate the investment priorities of the IP; and (ii) to finalize the program/project concept notes that will lead to the implementation of the SREP IP under Phase 2.
7. *Expected Results and Outcomes.* The main deliverables for the Mission include: (i) the investment priorities discussed and agreed upon with the new elected Government; (ii) the IP substantially completed and action plan to be implemented to finalize the IP and submit it to SREP Sub-Committee by the deadline; and (iii) an *aide memoire* highlighting key findings and recommendations of the Mission as well as agreed next steps for SREP Lesotho.

CONTEXT OF THE MISSION

8. The Climate Investment Funds (CIF) was established in 2008 with the goal of promoting international cooperation on climate change issues, and supporting the mitigation and adaptation efforts of low income countries. SREP was developed under the CIF umbrella that was approved in 2009 to demonstrate the social, economic, and environmental viability of low carbon development pathways in the energy sector. It seeks to create new economic opportunities and increase energy access through the production and use of renewable energy.

9. In June 2014, the SREP Sub-Committee approved the selection of 14 new SREP pilot countries, including Lesotho, expanding to 27 the number of countries participating in the SREP program. In September 2014, the Government of Lesotho was invited to take a leadership role in working with the MDBs to develop a full SREP IP. In January 2015, the SREP sub-committee agreed on an indicative allocation of up to USD30 million for Lesotho, of which a maximum of 45 percent can be provided as grant resources considering Lesotho's low risk of debt distress. The indicative allocation includes a USD 300,000 grant available for IP preparation.

10. SREP will support investments to scale-up renewable energy generation in Lesotho, and facilitate the development of the country's sustainable energy agenda. Lesotho engagement in SREP activities is expected to result in:

- Development of a clean energy IP for the first five years that would help Lesotho to scale up RE and move towards low carbon development;
- Improved investment climate for private sector participation in the renewable energy sector;
- Enhanced legal and regulatory frameworks in the renewable energy sector.

11. During Phase 1 of the implementation of the SREP IP, the AfDB and the WB, including IFC, have been supporting the Government of Lesotho and other relevant stakeholders - United Nations Organizations, bilateral partners, private sector companies, non-governmental organizations and civil society organizations - in developing the SREP IP. GoL requested the WB to be the "lead MDB" and therefore coordinate the joint effort of the MDBs in the country. The finalization and endorsement of the IP by the SREP Sub-Committee will mark the beginning of implementation (Phase 2).

PREPARATORY ACTIVITIES

12. Since Lesotho was selected as a pilot country for the SREP, the Government has undertaken a number of preparatory activities with support from MDBs, including: (i) the completion of a Scoping Mission containing consultations with various national stakeholders; (ii) the request of \$300,000 grant resources to support IP preparatory activities; and (iii) the appointment of a firm consultant to support the technical team hosted in the Ministry of Energy and Meteorology (MEM) with the preparation of the SREP IP.

- *Completion of Scoping Mission.* Representatives from the MDBs (AfDB, WB, IFC) visited Lesotho to support the government with the preparation of the IP from June, 17 to 19 2015. The Scoping Mission was completed under the leadership of the SREP focal point for Lesotho during the period July, 19 to 20 2016. The objectives of the Mission were to (i) reintroduce key features of the SREP program to relevant government ministries, development partners, and key stakeholders who are expected to contribute to the development of the IP; (ii) hold preliminary consultations with key stakeholders; (iii) assess the need for technical assistance and resources to develop the IP based on the country readiness and available relevant studies and documents; and (iv) agree on next steps and develop a detailed timeline for the preparation of the IP. During the Scoping Mission, the Mission team introduced the objectives, scope and

type of investments supported under the SREP program to various stakeholders. Preliminary consultations were held with government agencies, including the Ministry of Energy and Meteorology (MEM), and the Ministry of Development Planning, and Ministry of Finance. Besides potential areas of engagement for SREP, the Government and MDBs agreed on key considerations and road map leading to the submission of the Lesotho IP for SREP sub-committee approval in June 2017: (i) Propose investments for SREP funding under the IP which are aligned with the country priorities; (ii) Design the IP to enhance private sector engagement and investments, especially in the off-grid energy sector. The Government agreed to (iii) initiate selection of the Consultant to assist the Government with development of the IP.

- *Approval of IP preparation grant.* The SREP MDB Committee approved the request for USD 300,000 grant resources to support of IP preparatory activities. The GoL invited the WB to execute the grant on its behalf. The management of the WB approved that the preparation grant is executed by the WB on behalf of the GoL. The Grant was released in October 2016. A firm consultant was hired to assist the GoL with the preparation of the IP.
- *Appointment of a firm consultant.* The consultant began the assignment and hold in-country meetings during the periods January 9-18, 2017. During the visit, the consultant together with the SREP focal point met with key actors in the energy sector from various government departments, NGOs and civil society representatives, international and local private sector companies, finance organizations and development partners. In February 2017, the consultant delivered an inception report which, inter-alia, identifies opportunities for renewable energy investments and summarizes the policy, legal, and regulatory environment for renewable energy development in Lesotho.

13. The inception mission was conducted in January 2017 following the hiring of an International Consultant to quick start the preparation of the SREP IP and to set up the National Task Force. The GoL prepared the first draft of the IP in April 2017 with the support of the Consultant. The document was shared with stakeholders and the first joint mission was conducted in May 2017 to discuss the draft IP through a round of consultations. The draft IP was updated to incorporate comments received from stakeholders including private sector, NGOs, and Government Institutions. Another joint mission needs to be conducted in September 2017 following the election of new Government in Lesotho to validate the priority investments and to finalize the IP.

MISSION TEAM COMPOSITION and AGENDA

The Mission Team will consist of experts from the WB/IFC and AfDB, supported by consultant(s) supporting the Phase 1 activities. Participation in the Mission will be limited to a small number of individuals, whereas others experts will contribute to the Mission from their respective headquarters.

14. Below is the **tentative** agenda for the Joint Mission.

Mission Schedules			
<i>Time</i>	<i>Meeting</i>	<i>Participants</i>	<i>Venue</i>
<i>September, 27 2017</i>			
9:00-09:45am	MDB meeting	World Bank, AfDB, Consultants	WB office
10:00 am-12:00pm	Meeting with DoE	World Bank, AfDB, IFC, Consultants, DoE	DoE
2:30 – 3:30 pm	Meeting with PS Finance	World Bank, AfDB, Consultant, Key DoE Staff and Director	MoF
4:00 – 5:00 pm	Meeting with OnePower	World Bank, AfDB, Consultant	WB office
5:00 – 6:30 pm	MDB First day wrap-up	World Bank, AfDB, Consultants	WB office
<i>September,28 2017</i>			
09:30 – 11:00am	Meeting with PS Energy	World Bank, AfDB, Consultants, DoE, SREP focal point	MEM
02:00pm – 4:00pm	Meeting with DoE	World Bank, AfDB, DoE	DoE
4:30 – 6:00pm	MDB Second day wrap-up	World Bank, AfDB, Consultants	WB office
<i>September,29 2017</i>			
09:30 – 11:00am	Meeting with BoS	World Bank, AfDB, Consultants, DoE, SREP focal point	PS Planning
2:30 – 3:30pm	Meeting with PS Planning	World Bank, AfDB, Consultants	BoS
4:00-5:00pm	Mission wrap-up meeting with MEM	World Bank, AfDB, Consultants, SREP Focal point, DoE	MEM
5:30 – 6:30	MDB last day wrap-up	World Bank, AfDB, Consultants	WB office