

Summary of the Co-Chairs

Meeting of the SREP Sub-Committee
October 31, 2012

Co-Chairs

Evelyn Bautista, Honduras
David Kuijper, Netherlands

OPENING

1. The meeting was opened by the Co-Chairs of the SREP Sub-Committee, Evelyn Bautista, SREP member from Honduras, and David Kuijper, SREP member from the Netherlands.

ADOPTION OF AGENDA

2. The Sub-Committee reviewed and approved the provisional agenda set forth in document SREP/SC.8/1/Rev.1 with a change in the sequence of agenda items.

3. The meeting welcomed the announcement by the Sub-Committee member from Switzerland of his government's additional contribution of USD 6 million to the SREP.

SREP SEMI-ANNUAL OPERATIONAL REPORT

4. The Sub-Committee reviewed document SREP/SC.8/3, *SREP Semi-Annual Operational Report*, and takes note of the progress that has been made in advancing the work of the SREP in the pilot countries. The Sub-Committee welcomes the use of the traffic light system as a tool to monitor the delivery of projects and requests the countries and the MDBs to provide, through future reports, more detailed information and comments on each project's development and implementation, including information on: (i) progress being made, (ii) expected results, and (iii) co-financing. The Sub-Committee also requests that the report include more information on the highlights of scoping missions as well as information from the Trustee on the status of funding for the SREP.

REPORT ON SREP PILOT COUNTRIES MEETING

5. The Sub-Committee welcomed the presentation by Tamara Babayan from Armenia on the outcomes of the SREP Pilot Countries Meeting that took place on October 30, 2012. The Sub-Committee takes note of the discussions of the meeting on the enhancement of the SREP activities at the country level.

SREP INVESTMENT PLAN FOR MALDIVES

6. The SREP Sub-Committee, having reviewed document SREP/SC.8/5, *Investment Plan for Maldives*:

- 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 30 million in SREP funding from the initial allocation to Maldives. The Sub-Committee requests the Government of Maldives, 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 16, 2012.
- b) reconfirms 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 1,700,000 in SREP funding as preparation grants for the following projects to be developed under the investment plan:
 - i. USD 700,000 for the project entitled, *Preparing Outer Islands for Sustainable Energy Development Program (POISED)* (ADB); and
 - ii. USD 1,000,000 for the project entitled, *Accelerating Sustainable Private Investments in Renewable Energy Program (ASPIRE)* (World Bank).
- d) takes note of the estimated budget for MDB project preparation and supervision services for the project entitled, *Accelerating Sustainable Private Investments in Renewable Energy Programme (ASPIRE)*” (World Bank) and approves USD 214,000 as a first tranche of funding for such services.

FOLLOW-UP TO SREP REVISED RESULTS FRAMEWORK

7. The SREP Sub-Committee, having reviewed document SREP/SC.8/4, *Follow-up to SREP Revised Results Framework*, agrees, with respect to measuring avoided GHG emissions, that:

- a) SREP projects will use a simple, common, and transparent proxy-based method (emission equivalent based on diesel-generated electricity, as adopted by the ADB: 793.7 tons CO₂eq per GWh) to measure the co-benefit of avoided GHG emissions; and
- b) if and when a pilot country and the MDBs are of the opinion that reliable and sufficient data are available to enable estimation of avoided GHG emissions for SREP projects using country-specific baselines, this method may be used when the SREP pilot country chooses to do so. The SREP Sub-Committee encourages the pilot countries to start this process as soon as feasible.

8. Additionally, the Sub-Committee requests the MDBs, with regard to reporting on the enabling environment for promoting investments in renewable energy, to provide reports to it starting in November 2013 on progress in strengthening the institutional setting and enabling environment for renewable energy in all SREP pilot countries.

9. The Sub-Committee also agrees to further discuss the frequency and the extent of reporting at the next meeting in May 2013. For this purpose, the Sub-Committee requests the CIF Administrative Unit to prepare, in collaboration with the MDB Committee, an outline of the content of such a report, together with proposals for a timetable, funding requirements, and suggestions for how reports produced in other fora could be used to monitor progress on the enabling environment in SREP countries.

PROPOSAL FOR ALLOCATION OF SREP RESOURCES

10. The SREP Sub-Committee, having reviewed document SREP/SC.8/6, *Proposal for Allocation of SREP Resources*, agrees that:

- a) USD 50 million in SREP resources should be set aside for allocation to programs and projects, selected on a competitive basis, that support in the first six SREP pilot countries programs/projects beyond those to be financed with the indicative allocation that was confirmed when the investment plan was endorsed;
- b) these funds should be used to finance no more than three programs/projects, and that there should be a maximum of one program/project in any country receiving financing from these resources;
- c) contributors may choose to indicate new funding to be added to this set aside, provided that the total financing for this initial set aside should not exceed USD 90 million without further approval of the Sub-Committee;
- d) other programs/projects beyond the three referred to in (b) above may be selected for funding when a minimum of USD 15 million in additional funding is made available to the set aside; and
- e) when the USD 90 million set aside limit is reached, contributor countries are invited to give priority to funding new SREP pilot countries.

11. The SREP Sub-Committee agrees further that resources from the set aside may be provided to either:

- a) private sector clients working through MDB private sector arms, or
- b) public sector entities which would in turn channel all funds to private sector recipients, through innovative, competitive mechanisms such as competitive allocation of subsidies to private sector entities, public-private partnerships, or results-based financing.

12. A minimum of 60 percent of the set aside resources will be allocated to private sector clients working through MDB private sector arms.

13. The SREP Sub-Committee agrees that the proposed procedures to be followed to select the programs/projects to be funded from the set aside will be revised, taking into account the comments made during the Sub-Committee meeting. The CIF Administrative Unit is requested to prepare a revised proposal in collaboration with the MDB Committee and to circulate, no later than end November 2012, a revised proposal for approval by mail.

OTHER BUSINESS

14. The Sub-Committee welcomed the presentation from the Government of Tanzania on the development of its SREP investment plan.

15. The Sub-Committee reviewed the proposed decision to approve SREP funding for the program entitled, *Nepal SREP Small Hydropower Finance Program* which was distributed for decision by mail on October 11, 2012, and approves the following decision, on the understanding that written replies to the questions raised by the member from the United Kingdom will be responded to in writing:

- a) The SREP Sub-Committee approves USD 20 million in SREP funding (USD 1 million in grant funding and USD 19 million in other concessional funding) for the project, *Nepal SREP Small Hydropower Finance Program* (project numbers. PSREN020A (ADB)/PSREN019A (IFC)), submitted jointly by ADB and IFC. This includes an allocation of USD 10 million (USD 500,000 in grant funding and USD 9.5 million in other concessional funding) to ADB, and an allocation of USD 10 million (USD 500,000 in grant funding and USD 9.5 million in other concessional funding) to IFC.
- b) The Sub-Committee also (a) notes ADB's final estimate of USD 434,000 for project implementation and supervision services and approves USD 64,000 for the final tranche of funding for such costs for ADB and (b) notes IFC's final estimate of USD 400,000 for project implementation and supervision services and approves USD 400,000 for such costs for IFC.
- c) The Sub-Committee requests IFC and ADB to take into account comments submitted by Sub-Committee members in the further development and implementation of the project.

CLOSING

16. The meeting was closed on October 31, 2012.