

CLIMATE INVESTMENT FUNDS

April 18, 2012

Summary of the Co-Chairs
Intersessional Meeting of the SREP Sub-Committee
Nairobi, Kenya
March 8-9, 2012

Co-Chairs

Evelyn Bautista, Honduras
Greg Briffa, United Kingdom

OPENING OF THE MEETING

1. The meeting was opened by the Co-Chairs, Minister Evelyn Bautista, Sub-Committee Member from Honduras, and Mr. Greg Briffa, Sub-Committee Member from the United Kingdom.
2. The Co-Chairs thanked the Government of Kenya for generously hosting the pilot country meeting that preceded the Sub-Committee meeting.

ADOPTION OF THE AGENDA

3. Prior to the adoption of the provisional agenda contained in document SREP/SC.IS.2/1/Rev.2, the delegate from Nepal requested to move agenda item 7, “Update on the Investment Plan for Nepal”, to follow agenda item 3, “Clarification of SREP Investment Criteria”. The meeting agreed, and adopted the provisional agenda with this change.

CLARIFICATION OF SREP INVESTMENT CRITERIA

4. The Committee reconfirms that the principal goal of the SREP is to initiate transformational change in the use of renewable energy and to ensure value-added of SREP investments. This transformational change is to be defined at the country level through a consultative process, and the results framework should address this understanding.
5. The Sub-Committee confirms the SREP criteria set forth in the *SREP Design Document and SREP Programming Modalities and Operational Guidelines*, recognizing the criteria’s emphasis on productive use of renewable energy, and noting that the criteria do not exclude investing in renewable energy for basic use at the household level, particularly recognizing the positive impact that such projects may have on women, in order to have balanced investment plans.
6. The Sub-Committee further recognizes that the investment plans that have been endorsed to date have achieved a good balance among the proposed investments, and it anticipates a similar balance being achieved in future investment plans.

UPDATE ON THE INVESTMENT PLAN FOR NEPAL

7. The Sub-Committee, having reviewed the *Investment Plan for Nepal* (document SREP/SC.6/8/Rev.2), and the *Note on Proposed Revision to the Investment Plan for Nepal* (document SREP/SC.IS.2/Inf.3),
 - a) confirms its endorsement of the investment plan as a basis for the further development of the projects foreseen in the revised plan;
 - b) requests the Government of Nepal, in the further development of the proposed projects, to take into account comments provided during the meeting and subsequent written comments submitted by Sub-Committee members by April 2, 2012;

- c) requests the Government and MDBs, in the further development and implementation of the investment plan, to align the SREP investments with renewable energy initiatives and activities supported by other multilateral and bilateral institutions in the country.

SREP INVESTMENT PLAN FOR ETHIOPIA

8. The SREP Sub-Committee, having reviewed the *Investment Plan for Ethiopia* (document SREP/SC.IS.2/4),

- a) endorses the investment plan in principle as a basis for the further development of the projects foreseen in the plan and takes note of the requested funding of USD 50 million in SREP funding;¹
- b) requests the Government of Ethiopia and the MDBs to prepare for consideration by the Sub-Committee at its meeting during the week of April 30, 2012, responses to questions raised by the members of the Sub-Committee during the meeting and any subsequent comments and questions submitted in writing by March 16, 2012;
- c) approves a total of USD 3,000,000 in SREP funding as preparation grants for the following projects to be developed under the investment plan,
 - i. USD 900,000 for the project “Aluto Langanu Geothermal Field (Phase II)” (AfDB);
 - ii. USD 1,700,000 for the project “Assela Wind Farm Project” (AfDB); and
 - iii. USD 400,000 for the project “Clean Energy SMEs Capacity Building and Investment Facility” (IFC);
- d) takes note of the estimated budget for MDB project preparation and supervision services for projects included in the investment plan, and approves USD 600,000 as a first tranche of funding for the MDB preparation and supervision services as follows:
 - i. USD 200,000 for “Component I: Aluto Langanu Geothermal Power Generation Project” (IBRD);
 - ii. USD 100,000 for “Component II: Ethiopia Geothermal Sector Development Strategy” (IFC);
 - iii. USD 200,000 for “Assela Wind Farm Project” (AfDB); and
 - iv. USD 100,000 for “Clean Energy SMEs Capacity Building and Investment Facility” (IFC).

UPDATE ON THE INVESTMENT PLAN FOR MALDIVES

¹ The Investment Plan for Ethiopia also includes a request for funding from the SREP reserve for an additional USD 19.5 million.

9. The Sub-Committee welcomes the presentation from the Government of Maldives on the development of its SREP investment plan and requests the Government and MDBs to take into account comments provided by members of the Sub-Committee in the further development of the program.

10. The Committee notes that it looks forward to the investment plan from Maldives as an example of what can be achieved in scaling up renewable energy in small island developing states.

REVIEW OF ADDITIONAL INFORMATION ON INVESTMENT PLAN FOR MALI

11. The SREP Sub-Committee, having reviewed the *Investment Plan for Mali* (document SREP/SC.6.7) and the *Review of Additional Information on Investment Plan for Mali* (document SREP/SC.IS.2/5),

- a) confirms its endorsement of the investment plan as a basis for the further development of the projects foreseen in the plan;
- b) and recalling its approval in November 2011 of USD 1.48 million in SREP funding as a first tranche of partial funding for the preparation grants for the project concepts outlined in the investment plan, approves the additional SREP funding listed below for the preparation grants for the following projects to be developed under the investment plan:
 - i. USD 455,000 for the project “Solar PV IPP” (AfDB);
 - ii. USD 1,465,000 for the project “Development of Micro/mini Hydroelectricity for Rural Electrification in Mali (PDM-Hydro)” (AfDB); and
 - iii. USD 250,000 for the project “Rural Electrification Hybrid Systems” (World Bank);
- c) takes note of the project proposal, “SREP-Mali Program Strategic Coordination” (AfDB), proposed in the *Review of Additional Information on Investment Plan for Mali* (document SREP/SC.IS.2/5), and approves USD 150,000 as a first tranche of funding for MDB preparation and supervision services for the project.

PRESENTATION BY ENERGY+

12. At the request of the Sub-Committee member from Norway, a representative from Energy+ partnership made a presentation to the Sub-Committee on this initiative. The Sub-Committee welcomes the Energy+ partnership and the potential synergies between Energy+ and SREP.

PRIORITIZATION OF PILOTS ON THE SREP RESERVE LIST

13. The Sub-Committee reviewed document SREP/SC.IS.2/6, *Prioritization of Pilots on the SREP Reserve List*, and agrees:

- a) to accept the prioritization of the reserve list countries that results from applying the indicators that were previously applied to guide the allocation of resources to the initial SREP pilot countries, recognizing that the indicators could be improved but noting that the results were largely the same even when some of the indicators were not used or different weightings were applied;
- b) that, when available, SREP funding to finance the implementation of the investment plans should be provided to countries, in the priority order and with the indicative allocations below, consistent with the indicative allocations that were determined for the initial six pilot countries:
 1. Tanzania USD 25 – 50 million
 2. Liberia USD 25 – 50 million
 3. Yemen USD 25 – 40 million
 4. Armenia USD 25 – 40 million
 5. Pacific region USD 25 – 30 million
 6. Mongolia USD 25 – 30 million
- c) recalling its decision authorizing funding for the preparation of investment plans by countries on the reserve list, to review proposed investment plans from the countries on the reserve list at the first Sub-Committee meeting after a plan is available with a view to endorsing it as a basis for the further development of projects in the investment plan pending availability of resources;
- d) that further development of projects in an endorsed investment plan will be authorized, in the priority order listed in sub-paragraph (b) above, provided that sufficient funds are pledged to the SREP to cover the full funding of each investment plan up to the maximum indicative allocation;
- e) that it would be useful if additional funds could be mobilized for funding a “challenge” reserve to finance projects and programs above the indicative allocations in sub-paragraph (b) in accordance with criteria agreed by the Sub-Committee;
- f) approves and welcomes Tanzania as the seventh SREP pilot country, and notes that once the investment plan for Tanzania is endorsed, the Government of Tanzania and the MDBs may initiate work to develop the projects foreseen in the investment plan, recognizing that SREP currently has over USD 60 million in pledged funds that have not yet been allocated to existing pilots or other activities in addition to the reserve fund already set aside; and
- g) that the CIF Administrative Unit should prepare, in consultation with the MDB Committee, a proposal for the management of the SREP pipeline in such a way as to ensure the effective and efficient use of SREP resources for review at the next Sub-Committee meeting during the week of April 30, 2012.

PROPOSAL FOR THE SCOPE OF A PACIFIC REGIONAL PROGRAM UNDER SREP

14. The Sub-Committee reviewed document SREP/SC.IS.2/7, *Proposal for the Scope of a Pacific Regional Program under the SREP*, and agrees that:

- a) Solomon Islands and Vanuatu should be invited to participate in a Pacific regional program and to prepare country investment plans. The CIF Administrative Unit is requested to invite the two countries to reconfirm their interest in participating in SREP and to nominate a focal point;
- b) the Asian Development Bank and the World Bank are requested to contact the focal points of the Solomon Islands and Vanuatu to initiate the preparation of their investment plans once they have reconfirmed their interest in participating in SREP;
- c) a small and “light” regional component for knowledge sharing and some capacity building in the other countries in the region may be proposed to the Sub-Committee for approval if, based on consultations among the two countries, the Asian Development Bank and the World Bank Group, it is agreed among them that such a component would have a clear value-added to achieving the objectives of SREP;
- d) funding requested for any regional component from the indicative allocation for the pilot program should be minimal in view of its limited purpose; and
- e) development and implementation of a Pacific regional program should build upon, coordinate with, and draw lessons from existing renewable energy initiatives and activities in the region supported by other multilateral and bilateral institutions.

PROPOSAL FOR REVISED SREP RESULTS FRAMEWORK

15. The Sub-Committee reviewed the document, *Proposal for Revised SREP Results Framework*, and welcomes the simplification in order to have smaller number but more focused indicators. The Sub-Committee requests the CIF Administrative Unit to take the Sub-Committee’s comments regarding investments, CO₂ emissions, and employment into account in proposing a revised SREP results framework to be circulated to the Sub-Committee for approval by mail before the end of March. Thereafter, if approved by the Sub-Committee, the revised SREP results framework should be submitted for consideration and approval by the SCF Trust Fund Committee at its meeting during the week of April 30, 2012.

CLOSING

16. The meeting was closed on March 9, 2012.