

CLIMATE INVESTMENT FUNDS

SREP/SC.11/3
May 30, 2014

Meeting of the SREP Sub-Committee
Montego Bay, Jamaica
June 27, 2014

Agenda Item 3

SREP SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.11/3, *SREP Semi-Annual Operational Report*, and takes note of the progress that has 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 SREP countries to expedite the preparation and implementation of SREP-funded projects and programs.

1. As of March 31, 2014, the SREP Sub-Committee has endorsed investment plans from eight pilot countries for a total indicative allocation of USD 340 million in SREP funding. Four additional countries are in the process of developing, finalizing, or have just submitted their investment plans for endorsement.
2. During the current reporting period, funding for five projects was approved by the SREP Sub-Committee. In total, funding for nine SREP projects has been approved by the Sub-Committee, for USD 74.65 million in SREP funding. Of these, four have been approved by the respective MDB board, and four more are expected prior to the June 2014 meeting.
3. Kenya and Nepal have reached or exceeded 50 percent of funding approval rates, followed by the Mali at 47 percent. Low approval rates for Liberia and Tanzania reflect the recent endorsement of their investment plans. Funding approval rates for other pilot countries are below 16 percent. Funding approval has reached 26 percent as of March 31, 2014. The MDBs have proposed 17 projects, totaling USD 197.83 million in SREP funding, to be submitted to the Sub-Committee for funding approval during FY15
4. Geothermal still comprises the largest share of SREP funding, while solar has increased. By region, 59 percent of the project funding approved so far is in Africa (Ethiopia, Kenya, and Mali), 37 percent in Asia (Nepal), and 4 percent in Latin America (Honduras).
5. For the nine projects for which funding has been approved by the Sub-Committee, the total amount of expected co-financing amounts to USD 636.2 million, giving an overall SREP to co-financing ratio of 1:8.5. Four of five investment projects dropped in expected co-financing from investment plan preparation to Sub-Committee submission for funding approval. However, the *Aluto Langano Geothermal Project* in Ethiopia saw a substantial increase in expected co-financing from USD 207 million to USD 301 million between investment plan preparation and project submission.
6. Interest in the SREP continues to grow. The CIF Administrative Unit, in collaboration with the MDBs, invited 55 countries eligible for SREP funding to submit an expression of interest to participate in the SREP. The response from the eligible countries was overwhelming: 40 countries submitted expressions of interest. An expert group met in Washington, D.C. to review the expressions and submit a report with their findings and recommendations.
7. The CIF Administrative Unit organized the a second round for the SREP private sector set-aside , and three concept proposals were submitted for USD 32.8 million in SREP funding.
8. Progress with the implementation of SREP programs on the ground has been steady, albeit somewhat slower than anticipated. For most pilot countries, the SREP has become a platform to enable a launch in renewable energy related activities, including policy and regulatory frameworks and private sector investments. New projects from the governments, development partners, and the private sector are developed continuously and frequently, presenting leverage opportunities for the SREP, but also requiring adapting SREP activities and coordination at the country level.

9. The political situations in some of the SREP countries, such as in Mali and Honduras, have caused earlier delays, but project preparation in these countries has been back on track. Moreover, due to the introduction of relatively new technologies and limited technical and institutional capacity in the pilot countries, developing SREP programs and projects that aim to contribute to a transformational change has proven to require considerable time to carry out resource assessment, technical feasibility, and regulatory and financing arrangements. The MDBs are engaging with policy makers and working on regulation as well as providing technical assistance and capacity building first before investments can happen.

10. In February 2014, the CIF Administrative Unit, in collaboration with the MDBs, produced a toolkit for SREP monitoring and reporting. The toolkit, based on the revised SREP results framework, provides guidance on the SREP's three core indicators, and will be used for SREP results monitoring and reporting starting in 2014. The toolkit will help MDBs and country teams provide consistent, accurate data and information on the projected results and actual achievements of SREP projects which have already been approved by the respective MDBs. The toolkit is available on the CIF website:

https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SREP_M&R_Toolkit_2014_01_31.pdf

11. The proposal for reporting on enabling environment for promoting energy investment in SREP countries has been renamed Readiness for Investment in Sustainable Energy (RISE). The pilot implementation has been launched in 17 countries, including 13 SREP countries and four other countries (Chile, Denmark, India, and the United States) for comparison. Data have been collected through local capacities, and validation and analysis of the data has been completed. The preliminary results will be presented at the CIF 2014 Partnership Forum, and the final report will be launched shortly thereafter. It is worth noting that significant resources have been mobilized for global scale-up.