

CLIMATE INVESTMENT FUNDS

SREP/SC.12/3
October 23, 2014

Meeting of the SREP Sub-Committee
Washington, D.C.
November 18, 2014

Agenda Item 3

SREP SEMI-ANNUAL OPERATIONAL REPORT (SUMMARY)

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.12/3, *SREP Semi-Annual Operational Report*, and takes note of the progress that has been made to advance work in the SREP pilot 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.

Furthermore, the Sub-Committee requests the MDBs to step up efforts in supporting the governments of the new pilot countries to develop their investment plans for submission and endorsement by the Sub-Committee.

I. INTRODUCTION

1. This report provides an update to the SREP Sub-Committee on the status of operations under the Program for Scaling up Renewable Energy in Low Income Countries (SREP). The report covers the period from April 1 to September 30, 2014.

II. STRATEGIC OVERVIEW OF SREP

Program Overview

2. As of September 30, 2014, the SREP Sub-Committee has endorsed investment plans from 10 pilot countries for a total indicative allocation of USD 394 million in SREP funding for 35 projects and programs. Additionally, the Sub-Committee has endorsed seven project concepts under the private sector set-aside, totaling USD 92.4 million in SREP funding. The Sub-Committee has approved a total of USD 154.22 million for SREP activities, which accounts for more than 39 percent of the total SREP indicative allocation under the endorsed investment plans. As of September 30, 2014, the Sub-Committee has approved funding for 14 projects/programs for a total of USD 136 million. For the 14 projects/programs for which funding has been approved by the Sub-Committee (USD 136 million), the total amount of expected co-financing amounts to USD 1.13 billion, giving an overall SREP to co-financing ratio of 1:8.

3. Since the last semi-annual operational report, the Sub-Committee has approved five new projects (USD 61.29 million), five new project preparation grants (USD 3.8 million) under the investment plans for Armenia and Solomon Islands, and one investment plan preparation grant (USD 300,000) for Mongolia. Among the 10 pilot countries with endorsed investment plans, Nepal has reached 100 percent approval of the allocated funding while Ethiopia, Kenya, Maldives, and Mali have also reached between 50 and 87 percent of funding approval. The low approval rates for Armenia, Liberia, Solomon Islands, and Tanzania reflect the fact that the investment plans for these four countries were endorsed fairly recently. Funding approval for Honduras is 16 percent, which is the lowest among the countries with an investment plan endorsed in 2011.

4. Despite recent progress in funding approvals, the SREP pipeline continues to move more slowly than expected. The circumstances in most SREP pilot countries have proven to be quite challenging, from unexpected political events to outbreak of disease, evolving regulatory environments, and operational complexities during project implementation. According to the revised FY15 calendar for project submission, the submission dates have been delayed for most projects in Honduras, Kenya, Nepal, and Tanzania, from two to nine months. For the nine projects that have been approved by the MDBs, all moved quickly from Sub-Committee approval to MDB approval.

Disbursements

5. As of June 2014, actual cumulative disbursements of SREP reached USD 10.5 million, an increase of USD 6.3 million from December 2013. The USD 10.5 million disbursements represent 7.5 percent of funding approved by the Trust Fund Committee and 10.2 percent of funding for the projects approved by the MDBs. Most of the disbursements, as well as the

increase in disbursement during the second half of FY14, came from the Kenya's Menengai Geothermal Project, which has disbursed a total of USD 5.24 million (USD 1.72 million in loan and USD 3.52 million in grant). The Menengai project was the first that received funding approval by the SPEP Sub-Committee and the only project that has disbursed funds.

Results Reporting

6. The CIF Administrative Unit in collaboration with the MDBs launched the annual results monitoring and reporting in 2014. Due to the early stage of implementation of the programs, only one project—*ERUS Clean Cookstoves* in Honduras—has reported results on increased public and private investments.

7. For the nine projects already approved by the MDBs (totaling USD 102.56 million in SREP funding), expected results include: increasing public and private investments in renewable energy in these countries by USD 1.01 billion, expanding energy access to nearly 5 million people and 300,000 businesses in these countries, and supplying 682,283 MWh electricity annually from renewable energy. In Kenya, the Menengai project is expected to support the development of 400 MW of geothermal capacity, an increase of 60 percent of the current level. In Ethiopia, the SREP geothermal investments are expected to catalyze the development of 70 MW of geothermal renewable energy. In the Maldives, the two MDB-approved SREP projects (POISED and ASPIRE) are expected to improve renewable energy access to over 60,000 people, or 18 percent of the country's population

New Pilot Countries

8. At the last meeting in June 2014, the SREP Sub-Committee approved 14 countries to be selected as new SREP pilot countries, and agreed that up to USD 300,000 may be provided to each of the selected countries to enable them to take a leadership role in working with the MDBs to develop their full investment plans. The MDBs have initiated the process of scoping missions for Haiti and Nicaragua. Discussions by the CIF Administrative Unit and the MDBs are underway as to how best to support these countries. As there are currently no new funds available to support the investment plans for these new countries, there is a need to determine how best to structure the preparation of country investment plans.

Knowledge Management

9. In December 2014, the CIF, in partnership with the World Bank's e-Institute, will launch an online course on Low Emissions Investment Planning. The course is targeted toward government policy-makers and planners and provides practical guidance on how to plan, develop, and implement a low emissions investment plan based on the experience of CTF and SREP countries. The first facilitated online course offering from December 1-12, 2014 will be targeted toward officials from the 14 new countries invited to prepare SREP investment plans. The CIF Administrative Unit and MDBs are also exploring the possibility of organizing a workshop, possibly in conjunction with an SREP pilot countries meeting, for representatives from these 14 countries in early 2015 to introduce them to the process of developing SREP investment plans.