

March 13, 2013

**Comments from the United States on Approval by Mail: Procedures for Allocating
SREP Resources on a Competitive Basis from a Set Aside**

Dear Colleagues,

The United States has no objections to the Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside. We look forward to moving ahead with the set aside and competitive selection process.

Best,

Abby Demopoulos

March 14, 2013

Comments from Australia on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Patricia

Thank you for the opportunity to comment on the SREP reserve procedures. We appreciate it is relatively straight forward and is broadly consistent with the other SCF sub-funds. Overall, we have no objections but would offer the following comments:

We acknowledge the usefulness of having concept proposals of a common format (para 11 refers) and wonder if a similar approach to the review group's recommendations be of similar usefulness – that is, for the review group to use a common format to enable ease of comparability and demonstrate consistent application of criteria. To this end, I suggest rewording the last sentence of paragraph 6 to, for example, "In proposing the list of concepts, the review group should include a qualitative explanation against criteria for its recommendations and prioritisation, in a common format of presentation."

In addition, I have one question relating to SREP funding and pipeline. This \$50 million set aside (and up to \$90 million), together with the four reserve list countries still awaiting SREP funding (Yemen, Armenia, Pacific region and Mongolia) means there are now two competing tracks for funding under SREP. Paragraph 1(c) states "contributors may choose to indicate new funding to be added to this set aside..." but how will non-earmarked funding to SREP be prioritised against these two tracks? Sincere apologies if this was discussed at the last meeting – please jog my memory if so.

Regards

John

John Anakotta

Policy Manager | Global Funds & Finance Branch | AusAID

March 14, 2013

Comments from Switzerland on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Patricia,

Thank you for circulating the paper on “Procedures for Allocating SREP Resources on a competitive basis from a Set Aside”.

We basically support this proposal.

There are a few open questions though:

1. What “additional funding” does paragraph 14 refer to? Is this the up to USD 40 million, which are foreseen as possible increases of the Set Aside under 1c)?
2. We understood that the planned additional contribution by DFID would essentially exhaust this possible increase? Is this so? Has the DFID contribution been confirmed and pledged towards the Set Aside?
3. If the Set Aside is increased to USD 90 million and restrained to the first six SREP pilot countries and rule b) applies (i.e. no more than 1 project by country), then each of the first six pilot countries could get one additional project. This would however put in question the concept of competition and result orientation, intended by the Set Aside. It is unclear whether in such case (of additional funding) the countries having already benefitted of an additional projects are yet another time eligible. This should be clarified.
4. There is still the question of equal treatment of new and old pilot countries. What about Tanzania, Liberia and the countries that will join the SREP in the (near) future? The conditions of eligibility of these/additional countries should also be clarified in a way.

Thank you for taking into account these questions.

Best regards

Daniel

Daniel Menebhi

Program Manager

Federal Department of Economic Affairs, Education and Research EAER

State Secretariat for Economic Affairs SECO

Infrastructure Financing

March 14, 2013

Comments from the United Kingdom on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Patricia,

The UK welcomes overall the Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside, and is happy to approve them, with the following comments for further consideration:

- With regard to the criteria for selection, we would value a criterion linked to demonstrated private sector support and engagement on the concept. This may be indicated by evidence of consultation with the (wider) private sector as well as demonstrated private investment intention – while recognising that the potential private sector leverage may vary between countries so the absolute figure on leverage would not be the only test.
- Although we recognise the value of a qualitative assessment against the criteria, this would make it difficult to demonstrate that the criteria have been applied objectively and consistently, and we wonder why the scoring system was dropped? Is it not possible to retain some kind of scoring system, which is also calibrated through discussion amongst the expert review group?
- It is not completely clear on what the application process for a private sector led concept would be – it is mentioned that the template and procedures are to be made available publically, but that MDBs will present the concepts. We would welcome confirmation when available of some more detail of the proposed application process and timeline up to the November 2013 submission of a final prioritised list of concepts to the Sub-Committee.

Best wishes,

Steven

Steven Hunt | Energy Advisor | Low Carbon Development Team | Climate and Environment Department | Department for International Development

March 14, 2013

Comments from the Netherlands on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Patricia,

Thank you for this proposal. We are happy to see the private sector set aside move forward but have some worries in relation to the proposed text.

I would like to share the following remarks from our side:

1. (par1) We would appreciate clarity on the current status of additional funding to the private sector set-aside. Are we launching the process for 50 Million USD or 90 Million USD?
2. (par4) We observe that it will be up to MDBs and pilot countries to develop concept proposals. We have earlier indicated our preference to invite the private sector to submit proposals. Our worry is that the proposed approach has little or no added value over the already existing SREP program modalities (which already invite pilot countries with MDBs to put forward private sector oriented projects) and the existing investment plans.
3. (par5b) We would like to see reflected in the wording that innovation refers to innovative project approaches and innovative financing models, and not to innovative technology. SREP should maintain its focus on proven technology.
4. (par 13) We would like to underline that it is important to reflect upon the effectiveness of the supported private sector projects in the context of the SREP results frameworks. We request a specific assessment of the contribution to transformative change (measured using scaled up private sector investment and improved enabling market framework).
5. (par14) We do not know what this paragraph refers to. Maybe you can explain?

With kind regards,

Frank van der Vleuten

Sr policy adviser renewable energy

MINISTRY OF FOREIGN AFFAIRS OF THE NETHERLANDS

Climate, Energy, Environment and Water Department | Climate and Energy Division (DME/KE)

March 19, 2013

Comments from Norway on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Patricia,

This seems to be very much what we agreed on in Istanbul.

Just a few comments:

- What happens if there is not sufficient good projects (need min. three project from three different pilot countries/max one project in each country)? Will we then just finance one at a time, in a phased approach?
- The same goes for 8); it could be that deciding on projects in Nov. 2013 is too early, and that one would need more time to develop/mature good projects. If so, ref above, it could be considered to elect projects in a phased approach in case there is not sufficiently good projects presented to the SREP meeting in Nov.

Best regards,

Bente Weisser and Børge Sivertsen

Norway

March 21, 2013

Response of CIF AU to Australia on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear John,

Thank you for your comments on the SREP set aside procedures. We have received several other comments and we will revise the paper to reflect these comments. Responses to your specific questions are provided below:

1. We agree that paragraph 6 should be re-worded as proposed.
2. Regarding the "two tracks" of SREP funding, unless a contributor country specifically indicates a preference on the use of donor funds, the pledge will stay in the "general pool" of SREP funding.
3. In terms of prioritization of the reserve countries, the SREP Sub-Committee reached a decision at the intersessional meeting in March 2012 as follows:

"...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

Since then, with the availability of additional resources, Tanzania and Liberia have been accepted as pilot countries, leaving Yemen, Armenia, Pacific region, and Mongolia on the reserve list, in that priority order.

I hope this answers your question. Thank you again for your comments and suggestions.

Best regards,

Patricia Bliss-Guest
Program Manager

March 21, 2013

Response of CIF AU to Switzerland on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Daniel,

Thank you for your comments on the SREP set aside procedures. We have received several other comments and we will revise the paper to reflect these comments. Responses to your specific questions are provided below:

1. "Additional funding" in para. 14 refers to the scenario when the sub-committee may agree in the future that the set aside has produced successful results and they may decide that it should continue beyond the current amount of \$USD 90 million.
2. Yes, the UK has already contributed additional 25 million pounds to the set-aside, and the set-aside is now \$90 million (the amount fluctuates based on the exchange rate).
3. Regarding rule (b) of no more than three programs/projects and maximum of one program/project per country, it came from a prior decision by the Sub-Committee when the set-aside was \$50 million. Since the set-aside has since increased to \$90 million, that rule does not seem to apply (strictly) any more.
4. You will recall that the issue of equal treatment of new and old pilot countries was discussed at the Sub-Committee last November, and it was agreed that only the first six pilot countries are eligible to compete for the set-aside (now \$90 million). Beyond that agreement, it will be necessary to come back to the sub-committee for further discussion.

Hope this answers your questions.

Best regards,

Patricia Bliss-Guest
Program Manager

March 21, 2013

Response of CIF AU to United Kingdom on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Steven,

Thank you for your comments on the SREP set aside procedures. We have received several other comments and we will revise the paper to reflect these comments. Responses to your specific questions are provided below:

1. We agree with your proposal with respect to the selection criteria, and we will add another criterion, which will read: "demonstration of private sector support and engagement on the concept".
2. Regarding the use of a scoring system for selecting projects, in fact, the experts to be tasked to review the concepts will be requested to provide a description of the methodology used for scoring the concepts, along with a qualitative explanation for the recommendations and prioritization.
3. For the application process, once the procedures for allocating the set aside are approved by the Sub-Committees, the CIF Administrative Unit will disseminate a detailed a timeline and a common format for preparing proposals.

Please feel free to contact me if you have any additional questions.

Best regards,

Patricia Bliss-Guest
Program Manager

March 21, 2013

Response of CIF AU to Netherlands on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Frank,

Thank you for your comments on the SREP set aside. We have received several other comments and we will revise the paper to reflect these comments. Responses to your specific questions are provided below:

1. The current level of available funding for the SREP set aside is USD 90 million including recent contributions from the UK. (This amount fluctuates depending on the exchange rate).
2. We did explore the possibility of inviting the private sector to submit proposals, but after consultation with the MDBs, it was decided that this would not be feasible as the MDBs would need be involved directly and follow their own procedures in developing, submitting, and implementing the projects. The rationale for the set aside is to provide not only additional resources but also more flexibility for the MDBs to work more closely with the private sector in developing and implementing more innovative projects.
3. We agree with your proposal to modify the text to reflect that innovation refers to innovative project approaches and innovating financing models, and not to innovative technology. This language is reflected in the revised paper.
4. We agree with your suggestion on paragraph 13, and will add the following sentence to the revised paper: "The lesson-learning process will include assessment of the contribution to transformative change through scaled-up private sector investment and improved enabling market framework."
5. Regarding paragraph 14, as per decision by the Sub-Committee last November, only the first six pilot countries are eligible to compete for the set-aside (now \$90 million). If additional pledges are made to the set-aside (beyond \$90 million), then the Sub-Committee may revisit the procedures and country eligibility.

I hope that with the above clarification and changes to the proposal, you will be in a position to approve the document.

Please let me know if you have additional questions.

Best regards,

Patricia Bliss-Guest
Program Manager

March 21, 2013

Response of CIF AU to Norway on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Bente,

Thank you for your comments on the SREP set aside procedures. We have received several other comments and we will revise the paper to reflect these comments.

Responses to your specific questions are provided below:

1. In the event that there are not sufficient good projects for a decision by the Sub-Committee in November 2013 on the selection of projects using all USD 90 million, we may need to take a phased approach as you suggested.
2. Regarding rule (b) of no more than three programs/projects and maximum of one program/project per country, it came from a prior decision by the Sub-Committee when the set-aside was USD 50 million. Since the set-aside has increased to \$90 million, that rule does not seem to apply (strictly) any more.

Hope this answers your questions.

Best regards,

Patricia Bliss-Guest
Program Manager

April 4, 2013

Comments from the United Kingdom on Approval by Mail: Procedures for Allocating SREP Resources on a Competitive Basis from a Set Aside

Dear Patricia,

Many thanks for this set of responses and updated draft on the Procedures for Allocating SREP Resources on a Competitive Basis from a set-aside. The UK is content to approve these, with the following comments to consider as the process goes forward:

- Para 5 states that MDBs and Pilot Countries are requested to initiate concepts, whereas paras 6 and 7 state that MDBs will present concepts to the Admin Unit. So to be clear, only MDBs can actually propose final concepts, however these may originate from country governments, the private sector, the MDB staff themselves, and/or any other actor who contacts them via the call to be posted on the website (as per para 14)?
- Thank you for the modifications to the para 7 including a scoring system and an emphasis on comparability in adjudication of the concepts and consistency in the application of the criteria. We look forward to further details of the application and adjudication process in due course. We also note the large responsibility which remains on the shoulders of the expert group, and encourage an appropriately robust selection and deliberation process, which avoids any potential conflicts of interest.
- Para 9 seems to respond to Norway's point, which we agree with, that if sufficient good projects are not available by November, then a portion of the fund could be held back for a second round at a later date.
- We welcome the focus on lesson learning in para 15, and would also encourage such lesson learning to take place in project level evaluations, as well as at the level of the set aside mechanism.
- Thank you for the useful clarifications, which we have no objection to, on the revisions to the project numbers and thresholds in paragraphs 17 and 18 in the light of the UK contribution.

Best wishes,

Steven

Steven Hunt | Energy Advisor | Low Carbon Development Team | Climate and Environment Department | Department for International Development