

Concept Evaluation Criteria for SREP Set Aside

1. Concept proposals will be submitted to the CIF Administrative Unit by the MDBs using the template provided in Annex I. SREP funds will be primarily provided as concessional reimbursable resources in the form of loans, guarantees, equity etc. for projects financed under the set aside. However, concept proposals which require grants may be considered on an exceptional basis if sufficiently justified.
2. Each concept proposal should specify how the concept meets the following minimum eligibility criteria:
 - a) consistency with SREP program objectives, principles and investment criteria, (see SREP design document and investment criteria for guidance), and
 - b) alignment with the objective of the country investment plan (see country investment plans).
3. If a concept does not provide sufficient evidence as to how it will meet both requirements, the expert group will not score the proposal.
4. The expert group will review and prioritize the project concepts based on the following criteria and weighting. Each criterion will be rated by the expert group from 1 (low) to 5 (high). After the weighting is applied for each criterion, the scores will be totaled to reach a final composite rating. Proposals will be shortlisted on this basis for recommendation to the SREP Sub-Committee. The review criteria are as follows:
 - a) *level of innovation* (25% weighting): this may include market creation, innovative financing structures, pilot testing of new business models, and new partnerships;
 - b) *projected leverage ratio* (15% weighting): expected ratio of SREP funds to total project amount. Recognizing that projects with significant levels of private sector financing should receive a higher appreciation over all.
 - c) *Increased supply of renewable energy or increased access to modern energy services, as applicable* (30% weighting): one of the following two criteria should be used, depending on the main objective of project. However, where projects are able to address both supply and access this should be noted. These projects could receive a higher appreciation over all.
 - i. *Increased supply of renewable energy (30%)*: this will be measured through two ratios (with the total score resulting by adding up the scores under each of them):
 - a) MWh¹ per annum per US\$ of SREP funds requested (15%)

¹ For consistency across proposals, we suggest that we stipulate the assumption regarding average capacity factors for each RE technology; e.g., 30% for wind, 20% for solar PV; 85% for geothermal; 50% for hydro; 60-80% for biomass. (xx MW installed X 8760 hours X capacity factor = annual MWh). For those projects which are technology agnostic, the MDB team will assume the capacity factor based on the expected mix of technologies in an hypothetical portfolio. If the project is able to offer hard evidence of a different capacity factor due to data collected at an exceptional site,

- b) New MW installed from renewable energy as a percentage of total energy generating capacity in a country (15%)
- ii. *Energy access (30%)*: increased number of women and men, businesses and community connections to modern sources of energy, inclusive of grid and off-grid connections and other non-power modern energy services/ technologies, per US\$ of SREP funds requested. This indicator should be total women and men, businesses and community services² with connections estimated over the life of the project.
- d) *readiness* (15% weighting): projects are expected to be approved by MDBs within 12 months from the endorsement of the project concepts by the Sub-Committee. Assessment of readiness may include regulatory framework, institutional capacity, project ownership, implementation risk, or project design clarity; and
- e) *commercial sustainability* (15% weighting): the likelihood of a project being able to stand alone in subsequent iterations or on a larger scale, without the need for additional concessional funding.

that this data could be used if accepted by the expert committee.

² In line with the SREP Revised Results Framework approved in June 2012 if households are counted instead of people, the assumptions about household size should be stated in the document.

Timeline for the Delivery of the Second Round of Proposals under the SREP Private Sector Set-Asides

End November 2013

Agree procedures, criteria, timeline, and common format. Circulate revised procedures and criteria for Sub-Committee review and approval by mail by end of November 2013.

December 2013

Confirm participation of expert group from first round.

MDBs and CIF Administrative Unit to make available publicly through various channels, as appropriate, procedures, timeline and a common format as well as relevant background information. This will include revisions to dedicated pages on the CIF and MDB websites (as appropriate) as well as on websites in the countries and other communication means.

Immediately upon approval of the procedures by the Sub-Committee, the pilot countries and other proponents to work with MDBs to generate project/program ideas to be submitted as a concept note using the common format.

End March 2014

Deadline for submission of concept proposals (MDBs and project proponents).

Proposals compiled for review by the expert group (CIF AU).

Mid April 2014

Expert group meets to review and score all eligible proposed concept proposals and agree on recommendations to be submitted to the Sub-Committee.

End April 2014

Circulation of the expert group report to the Sub-Committee for review and endorsement of project concepts through a decision by mail.

Mid May 2014

Endorsement by the Sub-Committee of concepts to be developed further.

Annex I: Common Format for Project/Program Concept Note for Applying Resources from the SREP Competitive Set-Aside (Round II)

1. Country/Region:		2. CIF Project ID#:	
3. Project/Program Title:			
4. Date of Endorsement of the Investment Plan:			
5. Funding Request (in million USD equivalent):	<i>Grant:</i>	<i>Non-Grant (loan, equity, guarantee, etc.):</i>	
6. Implementing MDB(s):		<input type="checkbox"/> Private sector arm <input type="checkbox"/> Public sector arm	
7. Executing Agency:			
8. MDB Focal Point and Project/Program Task Team Leader (TTL):	<i>Headquarters- Focal Point:</i>	<i>TTL:</i>	

- I. General Project/Program Description:** Provide a summary description of the project, objectives, and expected outcomes. Which sectors would be targeted? Also, provide information whether this will be a solely private sector project, a PPP, or a public sector project financing private sector entities
- II. Context and market:** Provide brief explanation of country/sector context and an overview of the market (product nature, supply and demand status, prices, and competition. In the absence of other comparable products, provide a brief explanation on how the proposed product will substitute for existing products and the benefits from a climate standpoint, and the prospects of commercial viability. If proposing a new business model, provide information of comparable to business as usual). Also, provide an overview of current **market barriers** and how will they be reversed by the proposed project.
- III. Detailed Project description and Innovation:**
- a. Innovation** - how the project is innovative in terms of business model, financial instruments or structure, market creation, and/or new partnerships, and how the innovation will add value to the project
 - b. Technology, Product, and/or Business Model:** Provide description of the technology, the technology provider if identified, whether it has been tested, commercialized and viable commercially. If the project does not involve a technology, provide a description of the business model and its structure.
 - c. Increased supply of renewable energy or increased access to modern energy services, as applicable:** report on one of the following, depending on the main objective of project.
 - i.** Increased supply of renewable energy. Provide calculation of newly installed capacity (MW) and power generated (MWh/yr) from renewable energy sources³
 - ii.** Increased access to modern energy services. Provide calculation of increased number of women and men, businesses and community services connections to modern sources of energy, inclusive of grid and off-grid connections, and other non-power modern energy services/technologies, per US\$ of SREP funds requested.

³ For consistency across proposals, we suggest that we stipulate the assumption regarding average capacity factors for each RE technology; e.g., 30% for wind, 20% for solar PV; 85% for geothermal; 50% for hydro; 60-80% for biomass. (xx MW installed X 8760 hours X capacity factor = annual MWh)

This indicator should be total women and men, businesses and community services⁴ with connections estimated over the life of the project

- d. **Increased supply of renewable energy:** provide calculation of new MW produced from renewable energy as a percentage of total energy available in a country;
- e. **Commercial sustainability:** Provide an overview of how the plan will be able to stand alone in subsequent iterations or on a larger scale, without the need for additional concessional funding.
- f. **Other benefits:** Describe gender impact, an indication of GHG co-benefits, and other development co-benefits as appropriate.

IV. Rationale for SREP funding: Provide an explanation as to why the idea should receive the funding and how it would further advance the objectives of the endorsed investment plan.

V. Consistency with Investment Criteria: Provide information how the proposed project meets the investment criteria for the SREP Investment Program, including:

- Increased installed capacity from renewable energy sources
 - Increased access to energy through renewable energy sources
 - Low emission development
 - Affordability and competitiveness of renewable sources
 - Productive use of energy
 - Economic, social and environmental development impact
 - Economic and financial viability
 - Leveraging of additional resources
 - Gender considerations
 - Co-benefits of renewable energy scale-up

VI. Financial Plan (Indicative):

Source of Funding	Amount (USD million equivalent)	Type of instrument (equity, debt, guarantee, grants, credit lines, etc.)	Percentage (%)
Project developer			
MDBs			
SREP			
Local banks			
Other investors			
Bilaterals			
Others			
TOTAL			100

VII. Implementation Feasibility: Provide information on the implementation feasibility of the proposed project and an estimated timeline for project approval (SREP Sub-Committee and MDB), implementation and completion. Demonstrating readiness includes: in place regulatory framework, evident institutional capacity, clear project ownership, implementation risk, or project design clarity.

⁴ In line with the SREP Revised Results Framework approved in June 2012 if households are counted instead of people, the assumptions about household size should be stated in the document.

VIII. Potential Risks and Mitigation Measures: What are the risks that might prevent the project development outcome(s) from being realized, including but not limited to, political, policy-related, social/stakeholder-related, macro-economic, or financial?