

Liberia Renewable Energy Access Project (P149683)

World Bank Responses to Comments from the Swiss Delegation to the SREP Subcommittee provided on November 19, 2015

Washington, D.C., December 1st, 2015

The World Bank team has noted the input of the Government of Switzerland, and appreciates the bilateral discussions that have occurred. The Bank team has also shared Switzerland's concerns and the Bank's responses with the Government of Liberia. The Liberian authorities have played a leading role in the definition and preparation of this project and have communicated their strong ownership of the activity. Decisions about the project's objectives, scope and design reflect the priorities of the Government and the results of the studies, which have been led and validated by these authorities and by the World Bank team.

As the SREP Sub-Committee is aware, Liberia is only just recovering from the Ebola epidemic, which has understandably been a priority use of constrained IDA resources. Given Liberia's low electrification rate and high cost of electricity, it is our goal to support the Government of Liberia expand opportunities for Liberians to enjoy greater energy access and more affordable services by fostering the use of renewable sources of energy. In this regard, the World Bank is continuously looking at scale up options of successful models, including potential use of IDA and other sources, but cannot make any formal commitment due to the nature of the IDA allocation mechanism. We will also continue to liaise with other donors in Liberia, several of which have shown an interest into additional financing now in the SREP initiative. For instance, Norway has financed the prefeasibility and feasibility studies of a hydropower site (Kaiha 2) and is assessing the way to invest in the project, USAID through NRCA is financing a feasibility study, and AFD has expressed interest in investing available resources in further scaling up rural electrification in Lofa County.

Various supply options are being assessed as part of project preparation at the pre-feasibility stage, to define the optimal technology mix for the project. The option of integrating solar PV with/without battery storage in the technology mix for the electrification of Lofa County has been evaluated as part this prefeasibility analysis, which assessed the likely technical and economic viability of different technology mix options (e.g., hydro-solar, hydro-solar-diesel, solar-diesel, etc.). The next step is to undertake the feasibility study only for the technology mix to be implemented, selected based on the conclusions of the pre-feasibility study. It is to be noted that the design of the mini-grid remains the same regardless of the source of electricity generation. Therefore, the final choice of the optimal generation mix today (e.g. hydro-diesel) does not have any impact on the design of the associated mini-grid and does not preclude that, if demand growth requires additional generation in the future, another type of generation mix can be utilized (hydro-PV, or biomass-wind, or any other deemed appropriate) to supply additional electricity to that mini-grid.

As per CIF policies, processing of programs and projects follows the MDB's policies and procedures for appraisal, approval and supervision. After consideration and approval of the project by the SREP Committee, the project is to be submitted to the IDA Board of Directors. Once the project has been approved by the SREP Committee and the World Bank Board of Directors, project

supervision and implementation support is the responsibility of the World Bank team, as per the corresponding World Bank policies. It is only in the event that a project restructuring involves a modification of the original Project's development objectives or a change in safeguard category— from a lesser category to a Category A or the trigger of a safeguard policy not triggered originally by the Project , that the team would have to submit the proposed restructuring for consideration by the the IDA Board of Directors, and hence also from SREP's subcommittee.

The WB's standard practice with contingencies, if they are not used to finance unanticipated cost, is for any remaining funds at project closing to be returned to SREP unless they can be used to finance additional activities consistent with the project objectives taking into account lessons learned and emerging solutions. Consequently, the project team fully agrees with the recommendations made by Switzerland that unused funds available at the mid-term review could be considered to be used either to finance additional renewable energy, expand the number of connections, or a combination of both. Either of these choices would contribute to fulfill the project's dual development objectives of expanding access to electricity services and fostering the use of renewable sources of energy.

As Switzerland has expressed interest in following the project during its implementation and in particular during the evaluation at mid-term review, the World Bank team confirmed that Switzerland and all the SREP donors will be informed of the progress of this project in Liberia through periodic SREP reports prepared by the CIF AU. Furthermore, the project team also shared that there is very active coordination and exchange of information among all the donors supporting the energy sector in Liberia. In this context, the team welcomes the participation of Switzerland in periodic donor coordination meetings including a meeting that would take place at the mid-term review of the project to exchange information and discuss project progress. Switzerland is also welcome to participate in the upcoming round tables on mini-grids to be organized jointly by CIF and ESMAP.