

# CLIMATE INVESTMENT FUNDS

SREP/SC.20/2

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Meeting of the SREP Sub-Committee  
Ouarzazate, Morocco  
Friday, February 1, 2019

**Questions from Switzerland related to SREP Operational and Results Report - Matrix of responses**

Questions/comments from Switzerland	Responses	
	From	Response
<b>Question (1):</b> Has the additional contribution of Norway announced during the last SC meeting been included in available resources?	Trustee	No, it was received after 30 September, so it will be reflected in the Trustee reports as of 31 December 2018.
<b>Question (2):</b> To what extent are the in the SREP sealed pipeline anticipated releases of currency risk reserves affected by the evolution of the GBP/USD exchange rate in Q4/2018?	CIF AU  Trustee	The sealed pipeline takes anticipated release of currency risk reserves into account.  The currency risk reserve has been only slightly impacted: it was USD 30.8 million at 30 Sept 2018 and USD 30.2 million at 31 December 2018
<b>Comment (3):</b> Given that the major currency risk (with likelihood of a deterioration) is related to an event (Brexit) that can be precisely determined in time (31 March), we recommend that the Trustee hedges this risk over the said time period.	Trustee	Hedging of donor contribution receivables (including encashment of Promissory Notes) has not been authorized by the CIF Trust Fund Committees nor possible by the Trustee under the Bank's authorizing environment. You may be aware the Trustee presented an analysis of this issue to GEF donors in the context of the GEF-7 replenishment and they decided not to pursue hedging. The analysis remains relevant to CIFs and other trust funds; please see following link for further background (starting on page 14): <a href="https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Additional%20Information%20on%20Financial%20Structure%20-%20GEF_R.7_07.pdf">https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Additional%20Information%20on%20Financial%20Structure%20-%20GEF_R.7_07.pdf</a> .
<b>Comment (4):</b> According to a decision made during the SREP SC meeting of December 2017, the pilot countries had until this meeting (foreseen in December	CIF AU	We have received a letter from the Minister of Energy of Sierra Leone requesting an extension of the deadline for submitting the SREP investment plan. The letter will be shared with the Sub-Committee members.

<p>2018) to submit their investment plans for endorsement. Since only Kiribati and Zambia respected that deadline, we should assume that the unused provisions for PPGs could be released during the upcoming SC meeting. The March 2019 deadline for submission is misleading.</p>		<p>The March 2019 date for the PPGs for remaining SREP countries in Annex 2 (SREP pipelines) is simply a placeholder. It does not imply a deadline for IP/PPG submission.</p>
<p><b>Question (5):</b> What other additional resources can be expected e.g. from:</p> <p>a.Unused Project Preparation Grants : MDBs to report</p>	<p>MDBs</p>	<p><b>ADB:</b> All PPGs have been processed. For Bangladesh and Cambodia, unused PPGs were requested to be transferred to investment projects. For PPTAs that were reported financially closed, there is a total savings of \$333,044 (see Annex 1 for more details)</p> <p><b>AfDB:</b> The majority of our grants have been approved by our Board of Directors meaning they are under implementation. In some cases, despite the slow pace in disbursement, any cancelation would be done in line with our cancelation rules.</p> <p>That said, there are two grants that could be canceled in the near future. One is the Investment Plan Preparation Grant (USD 300.000) for Malawi, and the second is the SREP Mali PPG Solar PV project (USD 900.000). This last grant has not yet been approved internally after a number of attempts with the local authorities. We are having a supervision mission in Bamako in early February and will raise this issue again. If no quick plan is devised to implement these grants we will proceed to its cancelation and give back these resources to the Trustee.</p> <p><b>WB:</b> The World Bank has an amount of US\$ 839,626 of unused project preparation grants (PPGs) and investment plan project preparation grant (IPPGs) for which the grant agreements have not been signed within 6 months of approval of the funds or the grant closing date is in the past (see table below). The World Bank will return these funds to Trustee. (See Annex 2 for more details).</p>
<p>b. Cancellations of projects (e.g. Armenia Geothermal Development \$1.7 million; Nepal Biogas</p>	<p>WB</p>	<p><b>Armenia geothermal exploration drilling project (SREP: US\$8.55 million).</b> The project’s objective was to assess whether the geothermal resource at the Karkar site is suitable for power generation and, if confirmed, to involve the private sector in the development of a geothermal power plant. As the exploration</p>

Extended Program on the risk list)		<p>drilling process were not conclusive and given the limited interest from private developers, the World Bank and the government of Armenia have agreed to close the project. A formal letter to that effect is expected from the government. <b>The World Bank will cancel the balance of the funds (US\$1.7 million) on or before May 31, 2019, when the grant agreement expires.</b></p> <p><b>Nepal extended biogas program (SREP: US\$ 7.9 million).</b> The project aims to promote large off-grid biogas energy generation in Nepal. The bulk of the funding (US\$ 6.9 million) is disbursed to provide subsidies for completed and commissioned sub-projects, following an independent assessment. The disbursement rate has been slow (17% as of January 29, 2019) due to delays in approving the sub-projects and the complexity of the verification processes. Specific actions have been put in place to address these shortcomings including: 1) technical assistance to guide the decision process and enhance the ability of the stakeholders to assess and develop projects, and 2) streamlining to the approval and verification procedures. The project will be restructured to allow it to meet its development objective. <b>There is no plan to cancel any portion of the funding.</b></p>
c. Reduction of provision made for administrative costs (following the SCF Trust Fund Committee meeting of Jan 10, 2019)	CIF AU	There was no decision and further analysis will be needed, so there are no implications at this point.

#### Annex 1 – ADB details on savings

Country	PPG	Savings	Status
BAN	\$950,000	\$124,215.48	<p>A total of \$728,000 were MDB approved for two PPTAs. One TA is already financially closed with savings of \$124,215.48.</p> <p>For the remaining \$222,000, ADB submitted a request to CIF AU reallocate it to the solar irrigation project to support the implementation of gender-related action plan.</p>
CAM	\$1,700,000		In Dec 2018, the Subcommittee approved the request to reallocate the \$1.7 million PPG to the National Solar Park Project to support the inclusion

			of a lithium-ion battery storage system with target capacity of 10 MW/20 megawatt-hours of output (or 2 hours of energy storage).
MON	\$1,500,000		TA completed as of Dec 2018.
MLD	\$700,000	\$7,144.2	Financially closed in January 2016 (reported in Annex K)
NEP	\$580,000	\$142,003.34	Financially closed in June 2015 (reported in Annex K)
SOL	\$500,000	\$59,681.42	Financially closed in September 2016 (reported in Annex K)

## Annex 2 – WB Unused Investment Project Preparation Grants and Investment Plan Project Preparation Grants

Country	CIF Project ID	Project Title	IPPG/PPG Approval	IPPG/PPG Approved (US\$)	Grant Agreement signing date	Grant Number	Grant Closing Date	Unused funds (US\$)
Tanzania	XSRET028 A	Rural Electrification Expansion Project	7/25/2013	800,000	8/11/2015	TF019390	6/30/2017	173,131
Lesotho	XSRELS082 A	Distributed RE Solutions	12/14/2017	900,000	tbd	tbd	tbd	900,000
Rwanda	XSRERW05 8A	Renewable Energy Fund	11/11/2015	800,000	7/14/2015	TF0A2975	6/30/2018	470,226
Rwanda	n.a.	IPPG	2/2/2015	260,000	-	TF019009	1/1/2017	11,018
Kiribati	n.a.	IPPG	6/27/2017	300,000	10/24/2017	TF0A5646	12/31/2018	80,074
Zambia	n.a.	IPPG	12/8/2015	300,000	12/23/2016	TF0A2840	6/18/2018	218,700
Lesotho	n.a.	IPPG	11/21/2016	300,000	12/21/2016	TF0A3630	10/4/2018	10,485
Madagascar	n.a.	IPPG	10/22/2015	300,000	8/1/2016	TF0A2324	12/31/2018	25,865
Yemen	n.a.	IPPG	8/20/2013	300,000	8/20/2013	TF014632	4/12/2015	241,958
Total								<b>1,739,626</b>
Funds to be programmed <sup>(1)</sup>								<b>(900,000)</b>
Unused funds to return to Trustee								<b>839,626</b>

Note:

- (1) This relates to the Lesotho Project Preparation Grant (PPG). The signing of the grant agreement is delayed because the Lesotho was conducting a hydropower resource screening at the time the PPG was approved and the government intended to use the outcome of this work to prepare feasibility studies on selected mini-hydro sites, using the PPG funds. The grant agreement is expected to be signed by March 15, 2019 at the latest.