

CLIMATE INVESTMENT FUNDS

SREP/SC.9/3
April 11, 2013

Meeting of the SREP Sub-Committee
Washington D.C.
May 1, 2013

Agenda Item 4

SREP SEMI-ANNUAL OPERATIONAL REPORT

(SUMMARY)

PROPOSED DECISION

The SREP Sub-Committee reviewed document SREP/SC.9/3, *SREP Semi-Annual Operational Report*, and takes note of the progress that has been made in advancing the work of the SREP in the pilot as well as reserve countries.

The Sub-Committee welcomes the information provided by the Government of Mali, the African Development Bank, and the World Bank on the status of the Mali Investment Plan, and takes note of their assurances that project development is proceeding. The Sub-Committee requests that the government and the MDBs keep it informed if any further delays should arise.

The Sub-Committee notes that a significant number of projects scheduled for submission to the Sub-Committee during FY13 were not submitted as proposed. The Sub-Committee further notes the project approval calendar for FY14 and urges the MDBs to work closely with the countries to expedite the preparation of the projects and to submit the project proposals to the Sub-Committee for funding approval in the proposed timeframes.

I. INTRODUCTION

1. The purpose of this report is to provide the SREP Sub-Committee with an overview of the state of the program for the SREP pilot countries and reserve countries. In addition, the report summarizes funding approvals for projects, outlines approval calendar proposed by the MDBs for FY14, analyzes the status of projects at various stages in meeting the milestones using the traffic light system and captures the progress made with respect to results measurement and reporting. The report covers the period September 15, 2012 to March 15, 2013.

II. STATE OF THE SREP

Pilot Countries

2. With the acceptance of Liberia as the newest pilot country in February 2013, SREP now has eight pilot countries. To date, six pilot country investment plans (Ethiopia, Honduras, Kenya, Maldives, Mali, and Nepal) have been endorsed by the Sub-Committee, with a total allocation of USD 240 million in SREP funding. The most recent one – the Investment Plan for Maldives – was endorsed at the last Sub-Committee meeting in October 2012.

3. Programming activities in Tanzania and Liberia are well under way. Tanzania plans to submit its investment plan to the Sub-Committee for endorsement in June 2013, and Liberia in November 2013.

Reserve Countries

4. To date, except for Mongolia, countries/program on the SREP reserve list, including (in the order of priority) Yemen, Armenia, and the Pacific Program (involving Solomon Islands and Vanuatu), have initiated the preparation of their investment plans with SREP funding and MDB support. Scoping missions were carried out in Yemen, Armenia, and Solomon Islands from July to October 2012. A scoping mission to Vanuatu was carried out from February 11-14, 2013. The MDBs are also initiating work on the regional component for the Pacific regional program.

5. Looking ahead, it is expected that four investment plans (Armenia, Yemen, Solomon Islands, and Vanuatu) will be submitted to the Sub-Committee for endorsement in FY14, with the remaining investment plan for Mongolia to be delivered in FY15

III. STATUS OF FUNDING APPROVALS

Project Approvals

6. As of March 15, 2013, four SREP projects have been approved by the Sub-Committee for a total of USD 45.9 million, or 19 percent of the allocations for the six endorsed investment plans.

7. The FY13 proposed approval calendar envisaged 18 proposals to be submitted to the Sub-Committee for funding approval during FY13. Three projects have been submitted and

approved as of March 15. During the recent pipeline updates, all remaining projects except for one have shifted the expected delivery date to FY14.

Project Preparation Grants

8. Since October 2012, the SREP Sub-Committee has approved three project preparation grants totaling USD 1.82 million and as of as of March 15, 2013, USD 9.7 million in SREP funding has been approved by the Sub-Committee for project preparation.

Investment Plan Preparation Grants

9. As of March 2013, a total of USD 2.37 million in SREP funding has been approved by the MDB Committee for the preparation of investment plans in eight SREP pilot and reserve countries.

IV. PROPOSED APPROVAL CALENDAR FOR FY14

10. Moving forward, the MDBs have proposed 14 projects, totaling USD 127.7 million in SREP funding, to be submitted to Sub-Committee during FY14.

V. ANALYSIS OF THE PIPELINE

11. The current SREP pipeline consists of 23 projects identified under the six endorsed investment plans for a total of USD 240 million in SREP funding. These projects are expected to leverage an additional USD 1.74 billion in co-financing from the governments, bilateral agencies, the private sector, and the MDBs.

Activities Supported by SREP

12. SREP projects focus on four types of activities: a) investment in renewable electricity generation; b) investment in renewable energy enabling infrastructure, such as transmission lines and mini-grids; c) policy support; and d) capacity building.

13. Under the current SREP portfolio of USD 240 million, 77 percent of the SREP funding will be used to finance investment activities directed toward expansion of renewable energy electricity generation in the pilot countries. About 16 percent of the SREP funding will go to investment in renewable energy enabling infrastructure such as building transmission lines and mini-grid systems. Policy support and capacity building will make up approximately 6 percent and 1 percent, respectively.

Technologies Supported by SREP

14. For SREP projects that focus on expansion of electricity generation from renewable energy, a total of 583 MW of installed capacity is expected to be built with SREP support. The technologies to be supported include geothermal (47 percent), wind (17 percent), small hydropower (11 percent), and solar photovoltaic (6 percent).

VI. TRACKING PROJECT DELIVERY

15. Of the 23 projects in the current SREP pipeline, 17 are included in the traffic light system. Among the 17 projects being tracked, two projects (jointly submitted by ADB private sector and IFC as one program – Nepal: Small Hydropower Development) has been approved by the Sub-Committee but is awaiting MDB approval. The traffic light has turned yellow for both projects in meeting the milestone of MDB approval.

16. For the 15 projects that have yet to be submitted to the Sub-Committee for funding approval, the traffic light is green for two projects, yellow for nine projects, and red for four projects.

VII. PROGRESS ON RESULTS MEASUREMENTS

17. At its October 31, 2012 meeting the SREP Sub-Committee, requested that reports on “enabling environment for promoting investments in renewable energy” begin in November 2013 and that the frequency of reporting be agreed in May 2013 and that an outline of the content of such a report, together with proposals for a timetable and funding requirements be presented to the Sub-Committee in May 2013.

18. Document SREP/SC.9/4 providing an outline of a report responding to the above decision has been prepared for consideration by the Sub-Committee.

19. With respect to the integrate of the revised SREP results framework into the national M&E systems and linkage between individual project/program interventions with SREP program outcomes at the country level, a preliminary assessment suggests that the SREP investment plans are broadly consistent with approved results framework, and further work will be carried out as the implementation of investment plans and preparation of the projects have become more advanced.

VIII. STATUS OF SREP SET-ASIDE

20. For SREP, USD 90 million has been set-side to support innovative projects that expand the boundaries and depth of the current project pipelines by financing project approaches on a competitive basis. The procedures for allocating SREP resources on a competitive basis from a set-aside were approved by the Sub-Committee in early April 2013 through decision by mail, and work is under way to initiate the first round of proposals under the set-aside.

21. MDBs have agreed on a timeline and “common format” template for the submission of project and program proposals and this is now publicly available on the CIF website as a dedicated webpage. MDBs can submit proposals to the CIF Administrative Unit until August 15, 2013. An expert review group is expected to shortlist prioritized projects for consideration by the SREP Sub-Committee in November 2013.