

CLIMATE INVESTMENT FUNDS

January 4, 2011

Summary of the Co-Chairs Meeting of the SREP Sub-Committee

November 8, 2010

Co-Chairs

Adrine Ter-Grigoryan, Armenia
Brigitte Cuendet, Switzerland

INTRODUCTION TO THE SUMMARY

1. As provided in the rules of procedure for the SCF Trust Fund Committee, the following Co-Chairs' summary records the conclusions of, and decisions reached, at the meeting.

OPENING OF THE MEETING

2. The meeting was opened by the Co-Chair, Ms. Brigitte Cuendet (Sub-Committee Member from Switzerland). It was noted that Ms. Cuendet would chair discussions on agenda items 1-5, and Ms. Adrine Ter-Grigoryan (Sub-Committee Member from Armenia) would chair agenda items 6-10.

3. The representative from Spain announced her government's contribution of €3million to the SREP from its Fast Start Finance for 2010.

ADOPTION OF THE AGENDA

4. The meeting adopted the provisional agenda set forth in document SREP/SC.4/1.

SREP PROGRAMMING MODALITIES AND OPERATIONAL GUIDELINES

5. The SREP Sub-Committee reviewed document SREP/SC.3/3/Rev.2, *SREP Programming Modalities and Operational Guidelines*, and approves the document, subject to the changes agreed by the Sub-Committee.^{1 2} The Sub-Committee requests the CIF Administrative Unit to translate the approved document into French and Spanish and to post it on the website.

SREP FINANCING MODALITIES

6. The SREP Sub-Committee reviewed document SREP/SC.3/5/Rev.2, *SREP Financing Modalities*, and approves the document, subject to the changes agreed by the Sub-Committee.³ The Sub-Committee requests the CIF Administrative Unit to translate the approved document into French and Spanish and to post it on the website.

¹ Consistent with paragraph 34 of the *Rule and Procedures for SCF Trust Fund Committee Meetings*, which apply *mutatis mutandis* to meetings of the SCF Sub-Committees, the Sub-Committee Member from Solomon Islands, while not blocking a consensus decision, objected to the approval of the programming modalities. He expressed concern that the programming paper does not sufficiently support LDCs and SIDs, as called for in the Bali Action Plan.

² The observer from the International Hydropower Association expressed concern with the footnote to paragraph 20 which indicates that the definition of "new" renewable energy technologies used by SREP was defined by the International Renewable Energies Conference held in Bonn, Germany, in June 2004. The observer indicated that he would send a note to the Co-Chairs to substantiate his view.

³ The Sub-Committee Member from Solomon Islands, while not blocking a consensus decision, objected to the approval of the financing modalities.

PROPOSAL FOR THE ALLOCATION OF SREP RESOURCES TO PILOTS

7. The Sub-Committee, having reviewed document SREP/SC.4/5, *Proposal for the Allocation of Resources to the SREP Pilots*, agrees that the following principles should guide the allocation of resources under the SREP:

- a) All allocation amounts are indicative for planning purposes. Approval of funding will be on the basis of high quality investment plans and projects.
- b) A reserve of the current pledges to the SREP should be established initially (USD 60 million)⁴.
- c) Each pilot country may develop a SREP investment plan taking into account a minimum of USD 25 million for its investment plan.
- d) Based on the quantitative index presented in document SREP/SC.4/5 that examines country size, potential for achieving results, and country development challenges, the following three ranges of funding are agreed:
 - i. Honduras and Maldives USD 25 million – 30 million
 - ii. Mali and Nepal USD 25 million – 40 million
 - iii. Ethiopia and Kenya USD 25 million – 50 million
- e) Countries may program beyond these ranges with a view to encouraging funding from other development partners to support their investment plans and to seeking additional SREP resources from the reserve.
- f) Funding from the reserve may be allocated to projects in the investment plans once the investment plans for all six pilots have been endorsed.
- g) The Administrative Unit and the MDB Committee are requested to propose, for review and approval by the Sub-Committee at its next meeting, criteria for allocating the reserve amount.

⁴ The amount of the reserve is initially established at USD 60 million based on current pledges to the SREP. The reserve amount may change due to, among other things: (a) additional pledges and commitments, (b) investment income or exchange rates, and (c) return of unused funds to the program trust fund from funds previously allocated to projects. With respect to the latter, the Sub-Committee will agree on criteria for pipeline management at a future meeting.

SUPPLEMENTAL REPORT OF THE SREP EXPERT GROUP

8. The Sub-Committee welcomes the supplemental report of the SREP Expert Group (SREP/SC.4/6) and expresses its appreciation for the additional work that has been carried out by the group. Recalling its earlier decision that the list of six alternate pilots was to be prepared for consideration should funding become available for additional programs, the Sub-Committee requests the CIF Administrative Unit and the MDBs to seek to mobilize additional resources for the SREP so that the Sub-Committee may consider including additional pilots in the program.

9. The Sub-Committee notes SREP/SC.4/CRP.1, *Letter from the Government of Mongolia regarding the Selection of SREP Pilots*, and SREP/SC.4/CRP.2, *Letter from the Government of Djibouti regarding the Selection of SREP Pilots*.

10. The Sub-Committee approves⁵ ⁶the following list, in alphabetical order, of alternate pilots that could be considered should funding become available for additional pilot programs:

- a) Armenia
- b) Liberia
- c) Mongolia
- d) Pacific regional program
- e) Tanzania
- f) Yemen

11. The Sub-Committee approves this list recognizing that it might be preferable to streamline the Pacific regional program. The Sub-Committee agrees that a decision on which countries should be invited to participate in a Pacific regional program should be determined in the future.

12. The Expert Group Report describes in detail the process whereby the Group reached its recommendations and presented a summary of each of the additional pilot's policy and regulatory frameworks, status and opportunities for renewable energy as well as public and private capacity for SREP implementation. The report does not provide cross-country comparative analysis. Some Members of the Sub-Committee note that such analysis would have been useful particularly for the purpose of transparency. Other Members recall that neither the

⁵ The Sub-Committee Member from the Netherlands did not approve the list of alternate pilot countries but did not wish to block the decision of the Sub-Committee. She expressed concern that information had not been provided by the Expert Group on the rationale for not including those countries that had not been recommended on the list of six alternates. The Sub-Committee Member further underlined the importance of transparency especially in the context of the CIF where transparency in the decision making processes is crucial.

⁶ The representative of the African Development Bank conveyed the institution's view that it would be rather important to have the SREP Expert Group include additional information in the Supplemental Report of the SREP Expert Group with the Recommendation on the Selection of Additional Pilot Countries regarding why the countries identified as best suited to become the additional pilot countries in the SREP reserve list are better prepared in relative terms to implement SREP and other renewable energy programs when compared to the other countries which have also submitted Expressions of Interest but that were not recommended to become additional pilots.

approved criteria nor the terms of reference of the Expert Group requested that this analysis be provided in the report. The meeting requests the CIF Administrative Unit to facilitate bilateral information sessions between any Sub-Committee Member that so requests and experts from the group to allow for a more in-depth exchange of information. The Sub-Committee Member from the Netherlands indicated that she was interested in participating in a bilateral session with the Expert Group.

13. The CIF Administrative Unit was requested to prepare a letter informing those countries that were not included on the list of the Sub-Committee's decision. The CIF Administrative Unit is requested to submit a draft letter to the Co-Chairs for their review.

SREP RESULTS FRAMEWORK

14. The Sub-Committee reviewed and commented on document SREP/SC.4/7, *SREP Results Framework*, and invites the Administrative Unit to forward its comments to the SCF Trust Fund Committee for consideration in its review of the results framework.

ELECTION OF CO-CHAIRS

15. The Sub-Committee elected Mr. Colin Beck, Solomon Islands, and re-elected Ms. Brigitte Cuendet, Switzerland, to serve as Co-Chairs of the SREP Sub-Committee from the end of the meeting through the end of the SREP Sub-Committee meeting in June 2011.

16. The Sub-Committee elected Mr. Colin Beck, the Sub-Committee Member from the Solomon Islands, as the Co-Chair from recipient countries for the next six month term. The Co-Chair, Ms. Adrine Ter-Grigoryan, informed the Committee that based on consultations with Sub-Committee Members from recipient countries, they had agreed that the position of Co-Chair should normally be rotated among recipient country Members every six months. Such rotation will allow more recipient countries to take a lead during discussions of the Sub-Committee.

OTHER BUSINESS

17. The SREP Sub-Committee agrees to recommend to the SCF Trust Fund Committee that paragraph 41 of the *SCF Rules of Procedure for Trust Fund Committee Meetings* be amended so that Members representing countries which are eligible to borrow from IDA or a regional development bank's equivalent are eligible for reimbursement of reasonable travel and accommodation expenses incurred from attending any SCF Trust Fund Committee or Sub-Committee meeting.

CLOSING

18. The meeting was closed on November 8, 2010.