

TERMS OF REFERENCE

Scaling-up Renewable Energy Program (SREP)

Joint Mission

April 24-28, 2017

Lesotho

SUMMARY

1. *Mission objectives.* The main objective of the Joint Mission (“the Mission”) is to support the Government of Lesotho in designing the SREP Investment Plan (IP). In consultation with stakeholders, the Mission will: (i) review and validate the suggested investment priorities; (ii) collect all the necessary elements to ensure the finalization of the Investment Plan; and (iii) develop investment concept briefs of the projects that will enable the implementation of the Investment Plan under Phase 2.
2. *Dates of the Mission.* The proposed dates for the Joint Mission is from April 24 to 28, 2017.
3. *MDB Mission Team.* Representatives from Multilateral Development Banks (MDBs), including the World Bank (WB), the International Finance Corporation (IFC), and the African Development Bank (AfDB) will participate in the proposed Mission.
4. *SREP Focal Point from Government.* The SREP Focal Point in Lesotho is Mr. Jerry Seithleko, Deputy Director of Energy, in the Ministry of Energy and Meteorology.
5. SREP Focal Point from MDBs:
 - WB: Gevorg Sargsyan (gsargsyan@worldbank.org)
 - IFC: Joyita M. Mukherjee (jmukherjee1@ifc.org)
 - AfDB: Leandro Azevedo (l.azevedo@afdb.org)
6. *Activities to be undertaken during the Mission.* The Mission team will: (i) conduct stakeholder consultations through workshops and meetings to discuss the strategic role of the investment priorities proposed by the Government, and to identify potential co-financiers; (ii) assist the Government in finalizing and validating the identified investment priorities; (iii) support the design of the various program/projects’ concept notes that will lead to the implementation of the SREP IP under Phase 2; and (v) initiate to the extent possible the work related to the IP environmental and social issues, as well as the development of the Monitoring and Evaluation (M&E) framework for the program.
7. *Expected Results and Outcomes.* The main deliverables for the Mission include: (i) the investment priorities discussed and agreed upon with national stakeholders; (ii) based on the discussion with government authorities and stakeholders including NGOs and private sector, investment concept briefs for the implementation of the IP prepared; (iii) the draft IP substantially completed and agreement on how to fill any gaps to finalize the same; and (iv) an *aide memoire* describing key findings and recommendations of the Mission as well as agreed next steps for SREP Lesotho.

CONTEXT OF THE MISSION

8. The Climate Investment Funds (CIF) was established in 2008 with the goal of promoting international cooperation on climate change issues, and supporting the mitigation and adaptation efforts of low income countries. SREP was developed under the CIF umbrella that was approved in 2009 to demonstrate the social, economic, and environmental viability of low carbon development pathways in the

energy sector. It seeks to create new economic opportunities and increase energy access through the production and use of renewable energy.

9. In June 2014, the SREP Sub-Committee approved the selection of 14 new SREP pilot countries, including Lesotho, expanding to 27 the number of countries participating in the SREP program. In September 2014, the Government of Lesotho was invited to take a leadership role in working with the MDBs to develop a full SREP IP. In January 2015, the SREP sub-committee agreed on an indicative allocation of up to USD30 million for Lesotho, of which a maximum of 45 percent can be provided as grant resources considering Lesotho's low risk of debt distress. The indicative allocation includes a USD 300,000 grant available for IP preparation.

10. SREP will support investments to scale-up renewable energy generation in Lesotho, and facilitate the development of the country's sustainable energy agenda. Lesotho engagement in SREP activities is expected to result in:

- Development of a clean energy IP for the first five years that would help Lesotho to scale up RE and move towards low carbon development;
- Improved investment climate for private sector participation in the renewable energy sector;
- Enhanced legal and regulatory frameworks in the renewable energy sector.

11. During Phase 1 of the implementation of the SREP IP, the AfDB) and the WB, including IFC, have been supporting the Government of Lesotho and other relevant stakeholders - United Nations Organizations, bilateral partners, private sector companies, non-governmental organizations and civil society organizations - in developing the SREP IP. GoL requested the WB to be the "lead MDB" and therefore coordinate the joint effort of the MDBs in the country. The finalization and endorsement of the IP by the SREP Sub-Committee will mark the beginning of implementation (Phase 2).

PREPARATORY ACTIVITIES

12. Since Lesotho was selected as a pilot country for the SREP, the Government has undertaken a number of preparatory activities with support from MDBs, including: (i) the completion of a Scoping Mission containing consultations with various national stakeholders; (ii) the request of \$300,000 grant resources to support IP preparatory activities; and (iii) the appointment of a firm consultant to support the technical team hosted in the Ministry of Energy and Meteorology (MEM) with the preparation of the SREP IP.

- *Completion of Scoping Mission.* Representatives from the MDBs (AfDB, WB, IFC) visited Lesotho to support the government with the preparation of the IP from June, 17 to 19 2015. The Scoping Mission was completed under the leadership of the SREP focal point for Lesotho during the period July, 19 to 20 2016. The objectives of the Mission were to (i) reintroduce key features of the SREP program to relevant government ministries, development partners, and key stakeholders who are expected to contribute to the development of the IP; (ii) hold preliminary consultations with key stakeholders; (iii) assess the need for technical assistance and resources to develop the IP based on the country readiness and available relevant studies

and documents; and (iv) agree on next steps and develop a detailed timeline for the preparation of the IP. During the Scoping Mission, the Mission team introduced the objectives, scope and type of investments supported under the SREP program to various stakeholders. Preliminary consultations were held with government agencies, including the Ministry of Energy and Meteorology (MEM), and the Ministry of Development Planning, and Ministry of Finance. Besides potential areas of engagement for SREP, the Government and MDBs agreed on key considerations and road map leading to the submission of the Lesotho IP for SREP sub-committee approval in June 2017: (i) Propose investments for SREP funding under the IP which are aligned with the country priorities; (ii) Design the IP to enhance private sector engagement and investments, especially in the off-grid energy sector. The Government agreed to (iii) initiate selection of the Consultant to assist the Government with development of the IP.

- *Approval of IP preparation grant.* The SREP MDB Committee approved the request for USD 300,000 grant resources to support of IP preparatory activities. The GoL invited the WB to execute the grant on its behalf. The management of the WB approved that the preparation grant is executed by the WB on behalf of the GoL. The Grant was released in October 2016. A firm consultant was hired to assist the GoL with the preparation of the IP.
- *Appointment of a firm consultant.* The consultant began the assignment and hold in-country meetings during the periods January 9-18, 2017. During the visit, the consultant together with the SREP focal point met with key actors in the energy sector from various government departments, NGOs and civil society representatives, international and local private sector companies, finance organizations and development partners. In February 2017, the consultant delivered an inception report which, inter-alia, identifies opportunities for renewable energy investments and summarizes the policy, legal, and regulatory environment for renewable energy development in Lesotho.

JOINT MISSION ACTIVITIES

13. *Objectives of the Joint Mission.* The objective of the Mission is to support the GoL in designing the SREP IP. In consultation with stakeholders, the Mission will: (i) review and validate the suggested investment priorities; (ii) collect all the necessary elements to ensure the finalization of an advanced draft of the of the Investment Plan; (iv) work on M&E, environmental and social safeguards, and knowledge management aspects, and (iv) develop investment concept briefs of the projects that will enable the implementation of the Investment Plan under Phase 2. The focus will be to facilitate the development of renewable energy projects that would not materialize without SREP involvement, thereby promoting investment in innovative renewable energy technologies and the participation of the private sector.

14. *Scope of the Joint Mission.* The Mission will collectively validate the strategic investment priorities for the scaling-up of renewable energy in Lesotho. As part of the Mission, and during the various consultations, the GoL will present the proposed investment priorities and captures views and opinions from stakeholders. Consultation workshops as well as a series of meetings will be organized as part of the Mission to identify and validate concrete opportunities for investment that could lead to large-scale

development of renewables. Consultations with stakeholders, already initiated during the Scoping Mission, should help strengthen national ownership, mobilize co-financing for SREP investments, harmonize support to public policies and promote complementarity with ongoing or planned activities. A tentative list of stakeholders the Mission endeavors to consult is included in Annex 1.

15. During and after the completion of the Mission, the MDBs will support the Government in drafting an advanced draft of the IP. The MDBs will also support the Government in designing program/projects' concept notes which will lead to the implementation of the IP under Phase 2. The concept notes should address the SREP investment criteria as stipulated in the *SREP Programming Modalities and Operational Guidelines*.¹

16. *Expected Results and Outcomes.* The main deliverables for the Mission are: (i) the investment priorities discussed and agreed upon with national stakeholders; (ii) based on the discussion with government authorities and stakeholders including NGOs and private sector, investment concept briefs for the implementation of the IP prepared; (iii) the draft IP substantially completed and agreement on how to fill any gaps to finalize the same; and (iv) an *aide memoire* describing key findings and recommendations of the Mission as well as agreed next steps for SREP Lesotho.

MISSION TEAM COMPOSITION and AGENDA

17. The Mission Team will consist of experts from the WB/IFC and AfDB, supported by consultant(s) supporting the Phase 1 activities. Participation in the Mission will be limited to a small number of individuals, whereas others experts will contribute to the Mission from their respective headquarters. The areas of expertise include: (i) Energy / Renewable Energy Specialist, (ii) Energy Economist, (iii) CIF/SREP Coordinator, (iv) Private Sector Specialists, (v) Climate Finance Specialist, (vi) Policy Specialist; (vii) Country Economist, (viii) Power Engineer, (ix) Social Development / Gender Specialist, (x) Monitoring and Evaluation Specialist, and (x) Financial Specialist.

18. Below is the **tentative** agenda for the Joint Mission.

¹

http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/SREP_Programming_Modalities_and_Operational_Guidelines_final.pdf

| <i>Time</i> | <i>Meeting</i> | <i>Participants</i> | <i>Venue</i> |
|-----------------------|--|--|--------------|
| <i>April 24, 2017</i> | | | |
| 10am:12pm | Internal MDB meeting | WB/IFC/AfDB | WB office |
| 2:30 – 4:00pm | Kick-off meeting with SREP Focal Point and MEM about priority areas of engagement, finalization of mission schedule and logistics for the consultations. | SREP focal point and MEM, MDBs, Consultant | TBC |
| 4:30 – 5:30pm | Meeting with MEM | SREP focal point and MEM, MDBs, , Consultant | TBC |
| <i>April 25, 2017</i> | | | |
| 9:00-10:30am | Consultation with private sector stakeholders (small-hydro, solar, biogas, cookstoves, etc.). | SREP focal point and technical team, MDBs, private sector stakeholders, , Consultant | TBC |
| 11: 00 – 12:00 pm | Consultation with EU | SREP focal point and technical team, MDBs, Consultant | TBC |
| 2:00 – 3:30 pm | Consultation with Energy Sector Group, including Government and relevant stakeholders from private sector and development partners | SREP focal point and technical team, MDBs, Energy Sector Group, Consultant | TBC |
| 4:00 – 5:30pm | Consultation with CSOs/NGOs | SREP focal point and technical team, MDBs, CSO/NGOs, Consultant | |
| <i>April 26, 2017</i> | | | |
| 09:00 – 10:30am | Meeting with Minister in charge of Water | SREP focal point and technical team, MDBs, Ministry in charge of water, Consultant | TBC |
| 11:00 am-12pm | Consultation with UNDP | SREP focal point and technical team, MDBs, Consultant | TBC |
| 2:00-3:00pm | Meeting with Minister in charge of Environment | SREP focal point and technical team, MDBs, | TBC |

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| | | Ministry in charge of environment, Consultant | |
| 3:30 – 4:30 pm | Meeting with Ministry of Development Planning | SREP focal point and technical team, MDBs, Ministry of Development Planning, Consultant | TBC |
| 5:00-6:00pm | Meeting with LEWA | SREP focal point and technical team, MDBs, Consultant, LEWA | TBC |
| <i>April 27, 2017</i> | | | |
| 09:00 – 10:00am | Meeting with Minister in charge of Agriculture | SREP focal point and technical team, MDBs, Ministry in charge of Agriculture, Consultant | TBC |
| 10:30am – 12:00pm | Meeting with the Entity in charge of Rural Electrification | SREP focal point and technical team, MDBs, entity in charge of Rural Electrification, Consultant | TBC |
| 2:00 – 3:00pm | Meeting with LEC | SREP focal point and technical team, MDBs, LEC, Consultant | TBC |
| 3:30-5:30pm | Discussion about outcome of consultations. Validate priority areas of engagement. | SREP focal point, MEM, MDBs, Consultant | TBC |
| <i>April 28, 2017</i> | | | |
| 09:00 – 11:00am | Wrap-up discussions and follow-up actions. | SREP focal point, MDBs, MEM, MDP, Consultant | TBC |

ANNEX 1: LIST OF STAKEHOLDERS

| Government | | |
|---|--|--|
| Ministry of Development Planning | | |
| Ministry of Energy and Meteorology | | |
| Ministry in charge of Water | | |
| Ministry in charge of Environment | | |
| Lesotho Electricity Company (LEC) | | |
| Lesotho Electricity and Water Authority (LEWA) | | |
| Ministry of Finance | | |
| Lesotho Highland Development Authority (LHDA) | | |
| Lesotho Bureau of Statistics | | |
| Rural Electrification Unit | | |
| United Nations Agency | | |
| UNDP | | |
| Private Sector and NGOs | | |
| Civil Society Organizations | | |
| Non-Governmental Organizations | | |
| Private Sectors involved in RE development | | |
| Multilateral Development Banks (MDBs) and Multilateral Organizations | | |
| World Bank | | |
| African Development Bank | | |
| IFC | | |
| European Union | | |
| Bilateral Organizations | | |

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