

January 10, 2014

**Comments from the United Kingdom—Approval by Mail: SREP Ethiopia: Lighting Ethiopia (IFC)**

Dear Patricia,

Thank you for sending the project proposal entitled, *Ethiopia: Lighting Ethiopia*, submitted by the International Finance Corporation (IFC), for approval of an SREP allocation of USD 1.6 million in grant funding. The UK would like to request that some further information is provided on the following points, and that these are updated into the project documents before approval is given.

- As we highlighted at the time of the Investment Plan approval, there is a potential **risk of duplication of this facility with the Climate Innovation Centre** which is shortly to open in Ethiopia funded by the UK and Norway. We have requested information on the co-ordination and respective positioning of these two projects, and IFC has undertaken to provide clarification on this in response to these comments.
- We would appreciate further information on the **rationale for the project to focus just on lighting**, rather than a more comprehensive approach to clean energy SMEs. This could make sense, given the number of other actors in the sector and the potential comparative advantage of IFC - however we would like to see evidence of this thinking and the consultation behind it reflected in the project document. Information on through what means other Clean Energy SMEs might be supported would be useful (given this was the original focus of the IP), as well as how productive uses (a focus for SREP) would be targeted.
- It would be helpful to have some **information on risks**. Although lantern costs at \$10 is very low, this remains not insignificant to a family at the 'bottom of the pyramid' – and further information on safeguards (such as warranties) for poorer consumers would be welcome. Additionally, although the Kenya example is cited as a success, are there any **risks that might apply in the Ethiopian context** that were less prominent in the Kenyan context – for example related to investment conditions or private sector development?
- Building on the point made by the Netherlands, product uptake is put forward as the main indicator of success in Kenya, but is there **more evidence available from Kenya regarding sustained use of solar lights, and whether uptake has had the stated impacts on health, livelihoods etc?** We also believe that M&E on this project when approved should follow through as far as beneficiary feedback on products and the stated impacts.
- There is a reference in the M&E section to geothermal contracts signed which we assume is an error.
- The carbon emission reductions are aligned to **Ethiopia's Climate Resilient Green Economy (CRGE) vision**, but Ethiopia is also keen to access carbon

finance in return for savings made towards CRGE – would there be value in an MRV component to help build evidence for that in future beyond SREP support?

- On coordination with Government, it would be useful to acknowledge the need to align and include relevant lighting strategies into the Government's proposed new **energy policy and other planning processes** (noting also the separate geothermal strategy proposed, and the risk of multiplication of sub-sectoral strategies).
- On **gender**, it seems assumed that a) women should be the ones to benefit from working after hours and b) that they should do so via embroidery and crafts. While gender benefits are important, these should not be assumed and we would appreciate reference to any relevant evidence which has looked at women's needs, priorities, options, and the constraints to opening those opportunities via lighting. It would also be useful to understand the gender strategy for the project.

With best wishes,

Steven

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