

**SCALING-UP RENEWABLE ENERGY PROGRAM IN HAITI
(SREP-HAITI)**

TERMS OF REFERENCE FOR THE JOINT MISSION

February 9-13, 2015



WORLD BANK GROUP



Inter-American Development Bank

*EXECUTIVE SUMMARY***Objective and the Scope of the Joint Mission:**

1. The main objective of the Joint Mission (“the Mission”) is to support the Government of Haiti (GoH) in designing the SREP Investment Plan for Renewable Energies (IP). In consultation with stakeholders, the Mission will:
 - (i) discuss potential renewable energy investment types and their scale up potential
 - (ii) agree on the prioritization process
 - (iii) collect all the necessary elements to ensure the finalization of the IP; and
 - (iv) develop investment concept briefs of the projects that will enable the implementation of the IP.

Dates of the Mission: The proposed dates for the Joint Mission are February 9-13, 2015.

The Mission Composition: The Mission Team will comprise representatives from Multilateral Development Banks (MDBs), namely the World Bank (WB), the Inter-American Development Bank (IADB), and the International Finance Corporation (IFC).

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Activities to be undertaken during the Joint Mission

2. The main activities of the Joint Mission will be to:
 - (i) discuss with the Government the key stakeholders a list of identified potential renewable energy investments and agree on the prioritization process (within and beyond SREP)
 - (ii) conduct stakeholder consultations through workshops and meetings to seek inputs into the prioritization process
 - (iii) support the design of the various program/projects' concept notes that will lead to the implementation of the SREP IP; and
 - (v) initiate 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.

Activities in the Mission will be conducted in a participatory and consultative manner, so that all stakeholders have an opportunity to indicate how SREP resources can be utilized to assist the GoH in the scaling-up of renewable energy investments in the country.

Expected Results and Outcomes:

3. The main deliverables for the Mission are: (i) the investment priorities are discussed and agreed on 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) identification of gaps needed to finalize the IP and agreement on how they will be filled in; (iv) an Aide Memoire describing key findings and recommendations coming out of the Mission, as well as agreed next steps for SREP in Haiti.

CONTEXT OF THE JOINT MISSION

4. The SREP Sub-Committee approved Haiti as the eighth SREP pilot country in January 2013, indicating a tentative allocation of about USD30 million to support the implementation of renewable energy investments in the country.
5. SREP operates under the Strategic Climate Fund (SCF) that supports programs with potential for scaled-up, transformational action aimed at a specific climate change challenge or sectorial response. SCF is part of the Climate Investment Funds (CIF), which promote international cooperation on climate change and support developing countries as they move towards a low-carbon economy and adapt to climate change. CIF resources are available through Multilateral Development Banks (MDBs), and in case of the SREP program for Haiti, the IADB and the WBG, including the International Finance Corporation (IFC), will jointly manage the SREP program, with the World Bank (WB) as the lead institution.
6. The SREP aims 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. The SREP program will enable Haiti to initiate the process to achieve a transformational change that will lead the country towards a low GHG emission development and expanded access to modern energy services.

7. The private sector, as the basis for economic growth, has an important role to play in promoting renewable energy development and increased electricity access. By opting for an Investment Plan that combines public sector and private sector interventions, the SREP will work to remove economic barriers (among others) and increase private investments in support of achieving the objectives of the SREP. Improved regulatory, market and financial conditions, as well as strengthening of investors' confidence, could facilitate a low carbon energy pathway by stimulating public and private investments in renewable energy projects.
8. Financing from SREP is guided by a number of design principles. The financing will:
 - be country-led;
 - take a programmatic and outcome-focused approach;
 - target proven renewable energy technologies;
 - leverage significant additional financing from MDBs, bilateral agencies/banks, and from other public and private sources;
 - encourage private sector investments;
 - target the entire value chain by working with private sector and civil society groups;
 - seek wider economic, social and environmental co-benefits;
 - be designed and implemented in a participatory manner; and
 - seek to build on synergies with other programs by development partners.
9. The SREP program will support several types of activities under a SREP Investment Plan prepared for each pilot country, based on the specific requirements of the country. An Investment Plan can include capacity building and advisory services to support delivery and results, and investment leading to deployment of different renewable energy technologies. The Investment Plan will seek to:
 - demonstrate transformative impact;
 - strengthen enabling environment for scaling-up renewable energy;
 - build implementation capacity;
 - catalyze increased investments in renewable energy;
 - improve the long-term economic viability of the renewable energy sector; and
 - increase energy access.

PREPARATORY ACTIVITIES

10. Since Haiti was elected as a potential pilot country under the SREP, the GoH with support from MDBs, has undertaken a number of preparatory including (i) the MDB Scoping Mission in Haiti in October 2014 during which the responsible agency for SREP programming was identified, and consultations with national stakeholders were initiated; and (ii) organization of a comprehensive stakeholder workshop in November 2014, in which Government, private sector and civil society discussed the experiences up to date and the potential for the scale up of renewable energies in rural areas of Haiti. On this basis the preparation of Haiti SREP IP has been already initiated. .
11. From October 23-26, 2014, a Scoping Mission with representatives from WB, IADB, and IFC visited Haiti. The objectives of the Scoping Mission were as follows: (i) identify an agree with Government of Haiti regarding the task force responsible for preparing the SREP investment plan; (ii) identify relevant government counterparts, development partners and stakeholders for the proposed SREP

activities; (iii) hold discussions about the objectives of the SREP program, its benefits and the modalities of its implementation in Haiti to ensure a common understanding by all stakeholders; (iv) undertake a stocktake of existing activities and documentation available on a range of analytical, strategic and programming activities related to renewable energy, which are considered important aspects of preparing the investment plan; (v) agree on the scope and outline of the SREP investment plan; (vi) agree on the timeline as well as financial and human resources required to prepare the SREP investment plan; and (vii) agree on the terms of reference for the next MDB Joint Mission

12. During the Scoping Mission, the Mission Team had extensive discussions with the GoH, including representatives from the Ministry of Transport, Public Works, Energy and Communications (MTPTEC) – Energy Cell and Bureau of Mines and Energy, Multi-Ministry Agency for Rural Development (CIAT), and Electricity of Haiti (EDH). The Mission also benefited from the consultations it had with private sector organizations and civil society organizations, including Soleo Energies, Enersa, NRECA and representatives of financial institutions. The Mission also engaged with development partners involved in the energy sector, including UNDP and UNEP.
13. The Mission Team agreed with the GoH, among others, (i) the institutional arrangements for preparing the IP, and (ii) an indicative schedule and key actions that need to be taken. The responsible lead agency for SREP engagement is MTPTEC, which would work with the support of Electricite de Haiti and the Agency for Rural Development (CIAT), which is also CIF Focal Point, closely collaborating also with representatives of the private sector, financial institutions and civil society
14. From November 24-25, 2014, a Rural Energy Forum was held, which gathered approximately 200 of the key governmental, private and NGO stakeholders involved in the planning, financing and provision of rural energy services. During two days, the Forum highlighted first positive experiences from private sector and donors with Rural Electrification projects in Haiti. As a result, the participants agreed on main solutions that are needed in order to support replication and scaling up of rural energy activities in the country, including (i) establish a conducive regulatory framework and an institutional set-up with clear roles and responsibilities for rural energy; (ii) facilitate access to ‘less risk-averse’ and commercial finance; (iii) Make necessary ‘doing business’ information publicly available, and (iv) strengthen local capacities.

JOINT MISSION ACTIVITIES

Objective of the Joint Mission

The **main objectives of the Joint Mission** are:

- (i) validate potential renewable energy investment types, business plans and their scale up potential and agree the prioritization process
- (iii) advance preparation of the IP; and identify remaining gaps and the process to fill them in the coming weeks
- (iv) develop investment concept briefs of the projects that will enable the implementation of the IP.

Scope of the Joint Mission

15. **Validation of the potential Investment Priorities and prioritization process.** The Mission will collectively validate the long list of potential investment priorities – the universe of the potential on-grid and off-grid investments which could be piloted and/or scaled up with the support of SREP funding. Each of the investment type will be associated with potential business model/s and existing cases in Haiti or in other comparable countries. The discussion will include summary of key barriers and opportunities to the scale up in Haiti. . This work will be done through the following steps:

- Before the Mission, the GoH with a close collaboration with MDBs will prepare the first draft of the IP, focusing primarily: (i) assessment of the renewable energy potential and costs and demand and supply assessment; (ii) identification of potential projects briefs.
- During the Mission, a series of participatory and consultative meetings will be held to discuss with stakeholders the long list of potential investments, establish a consensus on the prioritization process and pre-identify projects for which project briefs will be developed.

16. **Preparation of an advanced draft of the IP for Haiti.** The GoH with support from MDBs will develop a draft IP. For this purpose, a small group composed of key members from the GoH and MDBs staff will work together to draft the document, in parallel with other mission activities. The result of this work will be a more complete draft and an identification of the remaining gaps, which will be filled in the coming weeks. The drafting of the document will be continued during the weeks following the Mission by the same group with assistance from additional MDB specialists or consultants as needed. In accordance with the “SREP Programming Modalities and Operational Guidelines,” a suggested structure of the IP is as per Annex 1.
17. **Development of Investment Concept Briefs.** The IP will need to include investment concept briefs on individual projects, which will be prioritized during the mission - to be proposed for SREP funding under Phase 2. The investment proposals should address the criteria in Annex 2 as appropriate. A suggested outline for an investment concept brief is attached in Annex 3.

Roles and Responsibilities of the Government and the MDBs

18. The Joint Mission will be led and hosted by the GoH under the leadership of the Ministry of Transport, Public Works, Energy and Communications (MTPTEC). . The GoH has decided to share the tasks among the members of the SREP Task Force as in the Table 1 below.

Table 1: Role and Responsibilities

Task 1: Preparation of the Joint Mission	MDBs
Task 2: First draft of the IP ready at one week in advance to the Joint Mission	MTPTEC with support of the World Bank
Task.3: Mobilization of the Private Sector	MTPTEC with support of IFC
Task 4: Reporting for the workshop	World Bank/IADB
Task 5: Assessment of social and environmental work	World Bank and IADB
Task 6: Definition of the M&E work	World Bank and IADB
Task 7: Produce advance draft of IPRE, including investment concept briefs	MTPTEC and MDBs
Task 8: Write Up of the Mission Aide Memoire	WB/IADB/IFC

19. Representatives from MDBs will participate in the Joint Mission. The WB is responsible for the Mission, with support from the IADB and IFC. Following discussions between the two organizations, it was agreed that the responsibilities would be shared as mentioned in Annex 5. The needs (country readiness) and availabilities of experts will be reassessed prior to the Mission to ensure adequate technical assistance.

Consultations with Stakeholders

20. During the Mission, consultations with key stakeholders in the country will be held, including national institutions/authorities, development partners, CSOs, local communities and the private sector.
21. Consultations with stakeholders, already initiated during the scoping mission and technical 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.
22. The Mission will consult the following stakeholders, either through meetings (group or bilateral), or as part of the planned technical workshop:

National Institutions:

- Ministry of Transport, Public Works, Energy and Communications (MTPTEC), including the Energy Cell and the Bureau of Mines and Energy; Ministry of Finance; Multi-Ministry Agency for Rural Development (CIAT), Electricity of Haiti (EDH)

Private Sector Organizations:

Representatives of renewable energy (on-grid and off-grid companies) and financial institutions

Civil Society Organisations:

- Worldwatch Institute, National Rural Electricity Cooperatives Association (NRECA), EathSpark, other NGOs involved in rural/renewable energy

Development Partners:

- European Union, Government of France, Government of Germany, Government of Norway, , the United Nations Development Programme (UNDP), The United Environmental Programme (UNEP), the US Agency for International Development (USAID)

COMPOSITION OF THE MISSION

23. The mission will consist of experts from the WB and the IADB supported by a few consultants supporting the Phase 1 activities. The areas of expertise include:

- Renewable Energy Expert
- Power Engineer
- Regulatory Economist
- Energy Economist
- Country Economist
- CIF/SREP coordinator
- Climate Change specialist
- Environmental specialist
- Social/gender Specialist
- Financial specialist

The detailed roles of the Mission participants, including the GoH, are available in Annex 4. Some mission members will participate via VC.

24. In addition to MDBs experts and GoH staff, the mission will be based on the broad participation of national stakeholders. This broad participation is designed to ensure ownership of the program and support its implementation by the GoH, national stakeholders and development partners.

MISSION SCHEDULE

25. A preliminary schedule is proposed in Table 2 below for the mission activities. This calendar will be further refined in the coming weeks and specific agendas will be developed for the workshop, working groups, various meetings.

Table 2: Preliminary Schedule of the Joint Mission

	Day 1	Day 2	Day 3	Day 4	Day 5	Weekend	Weekend
<i>AM</i>	<p>Meeting of the mission MDB Core Team</p> <p>Meeting MTPTEC (focal point) with MDBs</p>	<p>Consultations with key stakeholders:</p> <ul style="list-style-type: none"> •Opening •Update on SREP IP drafting •Presentation of the key chapters of SREP IP •Presentation of a long list of possible investments and prioritization criteria •Remarks from stakeholders and discussion 	Working session with development partners	Working session with private sector	Finalization of the mission with the MTPTEC and key Government partners		
<i>PM</i>	Kick-off meeting with key government agencies organized by MTPTEC	<p>Consultations with key stakeholders:</p> <ul style="list-style-type: none"> • Civil Society • Private Sector • Development partners 	Working session with social and environmental aspects with civil society	Drafting of the mission Aide Memoire	Working session to include findings and agreements on the SREP IP including the outlines of investment concept briefs		
7:00	<i>Meeting of the Mission Core Team</i>	<i>Meeting of the Mission Core Team</i>	<i>Meeting of the Mission Core Team/ Write Up</i>	<i>Meeting of the Mission Core Team /Write Up</i>	<i>Meeting of the Mission Core Team /Write Up</i>		

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PROPOSED TIME TABLE FOR IP DEVELOPMENT

Milestone	From
Technical mission to advance the identification of the potential renewable energy investment types and business models	January 2015
Joint Mission to validate IP with key stakeholders	February 9-13, 2015
Technical mission to validate project concepts and finalize IP	Early March, 2015
Submit IP for Public consultation & Independent technical review	March 20, 2015
MDB internal quality review of IP	March 30, 2015
Submit IP for endorsement by SREP Sub-Committee	April 13, 2015

Annex 1: Suggested Structure for the Investment Plan

I. Proposal Summary (2 pages)

- Objectives
- Expected outcomes
- Program criteria, priorities and budget

II. Country Context (3-4 pages)

- Energy sector description (market structure, demand supply, and dispatch composition, electricity cost and pricing) incl. renewable energy status
- Gap/barrier analysis; needs assessment

III. Renewable Energy Sector Context (3-4 pages)

- Analysis of RE options (technology, cost, mitigation potential, barriers)
- Government plans or strategy for the sector (willingness to move towards renewable energy investments, existing or envisioned policy, regulation, plans, and resource allocation)
- Institutional structure and capacity (technical, operational, financial, equipment supply, information)
- Role of private sector and leverage of resources
- Ongoing/planned investment by other development partners

IV. Contribution to National Energy Roadmap (2 pages)

- Likely development impacts and co-benefits of SREP investment
- How SREP investment will initiate a process leading towards transformational low carbon growth

V. Program Description (6-8 pages)

- Capacity building and advisory services
- Investment preparation activities
- Technology deployment investments

- Parallel activities to be funded by other development partners
- Environmental, social and gender co-benefits

VI. Financing Plan and Instruments (3-4 pages)

- Budget envelop for investments
- Costs and sources of funding
- SREP assistance (grant, concessional debt, etc.)
- Recipients of funding

VII. Additional Development Activities (2-3 pages)

- Leverage complementary co-financing with other development partners such as bilaterals, private sector, and financial institutions

VIII. Implementation Potential with Risk Assessment (2 pages)

- Country/regional risks - institutional, technology, environmental, social, financial
- Absorptive capacity for SREP and leveraged resources

IX. Monitoring and Evaluation (1/2 page)

- Results framework table
- Process for information sharing and lessons learnt (new requirement from SREP donors)

Annexes

Information should be included in annexes on the following areas:

- assessment of country's absorptive capacity
- stakeholder consultations
- co benefits
- existing activities in the field of renewable energy, particularly activities of other development partners

Annex 2: Criteria for the Sub-Committee to Assess the Investment Plan

- a) **Increased installed capacity from renewable energy sources:** A high priority for most low income countries is expanding their generation capacity in order to ramp up modern energy use and energy access. Therefore, SREP-funded investments should result in increased MW from renewable energy, as well as increased energy (GWh) per capita in the country.
- b) **Increased access to energy through renewable energy sources:** SREP may support grid extensions and decentralized energy systems with a view to expanding the percentage of the population with access to non-fossil-fueled electricity. Investment proposals should demonstrate how the investments are part of the Government's long term commitment to increasing energy access.
- c) **Low Emission Development:** SREP may support the use of renewable energy technologies for electricity generation and services to replace fossil fuel technologies that would be deployed in a business-as-usual scenario aimed at substantially increasing commercial energy use in low income countries. In particular, benefits from SREP investments will often arise from “leap-frogging” technologies, in which low income countries will be assisted to mainstream renewable energy technologies into the overall energy system.
- d) **Affordability and competitiveness of renewable sources:** Affordability is essential for increasing access and for ensuring the long term renewable energy market development. SREP funding should address clearly-defined cost barriers to adoption of renewable energy technologies, such as connection costs for rural consumers, higher capital costs of new technologies, transmission costs related to grid-connected renewables, and risk adjusted rates of return sought by investors.
- e) **Productive use of energy:** SREP programs should promote the generation and productive use of energy.
- f) **Economic, social and environmental development impact:** Investment proposals for SREP financing should demonstrate the generation of economic, social and environmental benefits.
- g) **Economic and financial viability:** Investment proposals should demonstrate the economic viability of investments and the financial viability with the inclusion of time bound SREP resources.
- h) **Leveraging of additional resources:** Activities should maximize the leverage of funds from other partners.
- i) **Gender:** SREP investments should seek to strengthen the capacity of women to be active participants in the economic sector and avoid negative impacts on women.
- j) **Co-benefits of renewable energy scale-up:** SREP investments should include decreased air pollutants from energy production and consumption as well as the potential to reduce stress on forest resources. Investments and activities should elaborate on the potential positive effects on air quality and natural resource management through the adoption of renewable energy technologies.

Annex 3: Suggested Outline for an Investment Concept Brief

For each project to be implemented under the Investment Plan, an investment concept brief (maximum two pages) will be prepared as part of the Annex to the Investment Plan.

A suggested outline of an Investment Concept Brief includes:

- Problem statement (1-2 paragraphs)
- Proposed contribution to initiating transformation (1-2 paragraphs)
- Implementation readiness (1-2 paragraphs)
- Rationale for SREP financing (1-2 paragraphs)
- Results indicators
- Financing plan
- Project preparation timetable
- Requests, if any, for investment preparation funding

Annex 4: SREP Government core team and Joint-Mission MDB Team Composition

Note: Not all MDB experts will attend the mission at the same time – and some will contribute from HQ through video-conference; areas of expertise will be used at best to complement each other. It is understood that the Government is leading the mission and that the MDBs and other development partners will provide support.

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Annex 5: Roles and Responsibilities of MDBs for the Joint Mission

WB	IADB/IFC
<ul style="list-style-type: none"> - Prepare the Mission overall – the workshop, plus the series of meetings and reporting; - Lead the support to the Government on drafting the IP - Lead the coordination of SREP Activities in Haiti with donors - Lead the write-up of the Aide Memoire from the Mission 	<ul style="list-style-type: none"> - Support the preparation of the Mission - Contribute technical inputs to the IP - Contribute to the write up of the IP - Contribute to the Mission Aide Memoire
<p>ALL: Ensure linkages with ongoing or planned energy projects in Haiti</p>	