

**Annex I – Format for Requesting Advance of the Investment Preparation Grant or
Investment Preparation Grant for Phase 1 Activities**

Scaling Up Renewable Energy in Low Income Countries			
Summary – Preparation Grant Proposal for the Development of the Investment Plan			
1. Country/Region:	Pacific Region	2. CIF Project ID#:	(Trustee will assign ID)
3. Date of the Scoping Mission (if applicable)	Not applicable		
4. Date of the First Joint Mission (if applicable):	Not applicable		
5. Funding Request (USD):	100,000	MDB: Asian Development Bank	
6. Type of request	<i>Advance preparation grant: Yes</i>		
	<i>Full preparation grant: No If yes, please indicate the amount and date of the previous requests for the preparation grant:</i>		
7. MDB SREP Focal Point and Project/Program Task Team Leader (TTL):	<i>Headquarters-SREP Focal Point:</i>		<i>TTL:</i>
	Jiwan Acharya (ADB) Joyita Mukherjee (IFC) Gevorg Sargsyan (WB)		Martina Tonizzo (ADB) Roberto Aiello (WB)
8. Regional Implementing Agency:	ADB in consultation with the WBG will be the implementing agency and will work closely with the countries in the region.		

9. Description of activities covered by the preparation grant:

At its meeting in March 2012, the SREP Sub-Committee invited the Solomon Islands and Vanuatu to participate in a Pacific regional program and to prepare country investment plans. The Sub-Committee further invited the preparation of a small and “light” regional component for knowledge sharing and some capacity building in the Pacific countries. The development and implementation of a Pacific regional program should build upon, coordinate with, and draw lessons from existing renewable energy initiatives and activities in the region supported by other multilateral and bilateral institutions.

The objective of the Preparation Grant for the Pacific regional component is to review existing credit facilities for the expansion of utility- and household-scale renewable energy and energy efficiency, and design a technical assistance project to improve regional credit facility. The concept was developed in consultation with SREP’s implementing agencies (Multilateral Development Banks – MDBs) active in the Pacific Region.

The study will build on MDB’s experience with credit facilities in the region. For instance, in 2007, the World Bank approved the Sustainable Energy Financing Project (SEFP) covering Fiji, Papua New Guinea, and Solomon Islands. The SEFP comprises \$9.5 million GEF financing, and local banks. The main component of SEFP is a risk-sharing fund (\$5.2 million) for investment in sustainable energy (\$10.4 million). SEFP has an implementation period of 10 years. As of November 2012, the SEFP was going under restructuring for moderately unsatisfactory implementation due to low disbursement in all but one country.

Between 2005 and 2010, the European Investment Banks approved two Pacific Islands Financing Credit Facilities for the expansion of small and medium enterprises in Cook Islands, Fiji, Niue, Palau, Samoa, and Tonga. The first facility was a total credit line of €13 million, while the second one has a total value of €19 million. A complete review of the Facility is currently ongoing and will assess the success and shortcomings of the approach.

The key activities to be carried out under the regional component are:

- Review of the current MDB’s credit facilities in the Pacific, with a focus on renewable energy investments
- Identify lessons learned from existing experience, in particular features that worked and constraints to implementation and disbursements. The lessons will clearly identify the most successful client class and technologies financed by the facilities. In particular, the review will assess if the offered technologies and financial products were adequate to respond to the needs of the covered countries.
- Assess the capacity building gaps needed to strengthen existing credit facilities or to create a new credit facility for renewable energy and energy efficiency
- Propose design options for an innovative regional facility to support renewable energy and energy efficiency investment
- Explore potential for private sector and donors’ co-financing
- Design technical assistance project to build capacity and share knowledge on use of credit facility to promote renewable energy

10. Expected outcomes:

The expected outcome of the activities identified above would include

- Lessons learned from past and on-going experience with credit facilities in the Pacific.
- Identification of countries within the region that would benefit the most of credit facilities for utility-scale and household-scale renewable energy financing.
- Capacity building need assessment to strengthen existing and new credit facilities for renewable energy and energy efficiency financing.
- Design of a technical assistance to develop a regional credit facility to support renewable energy investments through a mix of public- and private- sector financing and support associated capacity building and knowledge sharing efforts.

11. Deliverables and timeframe:

- Consultants fielded by July 2013
- Draft study for public consultations and external reviewers by 30 November 2013
- SREP Pacific regional plan by January 2014

12. Budget (indicative):

Expenditures ¹	Amount (USD) - estimates
Consultants	70,000
Equipment	-
Workshops/seminars	-
Travel/transportation	20,000
Others (admin costs/operational costs)	5,000
Contingencies (max. 10%)	5,000
Total Cost	100,000
Other contributions:	
• Government	-
• MDB	-
• Private Sector	-
Total – Other contributions:	-

13. Timeframe (tentative) –milestones

Draft Terms of Reference for consultants: May 2013

Consultant Engagement: July 2013

Inception report: August 2013

Draft final report: October 2013

Final report (Draft study for consultation): November 2013

14. Other Partners involved in the Investment Plan design and implementation:

Inputs from Council of Regional Organizations of the Pacific (CROP) members, regional governments, other development partners/donors and UN Agencies would be sought during the preparation and implementation of the study.

15. If applicable, explanation for why the grant is MDB executed:

Past experience shows that recruitment of suitable international and national consultants within the short time frame can be carried out only if it is executed through an MDB.

¹ These expenditure categories may be adjusted during project preparation according to emerging needs.

16. **Implementation Arrangements** (incl. procurement of goods and services):
ADB's procurement rule will apply.