

CLIMATE INVESTMENT FUNDS

May 13, 2015

**APPROVAL BY MAIL: PACIFIC REGIONAL PROGRAM: SUSTAINABLE ENERGY INDUSTRY
DEVELOPMENT PROJECT (SREP)**

World Bank Response to Japan and UK

Pacific Islands: Sustainable Energy Industry Development Project
Scaling-Up Renewable Energy Program (SREP)
Comments from DFID/UK and JICA/Japan - May 2015

Comments	Team Responses
Project Development Objectives and Project Proposal	
<p>We agree with the importance placed in this programme on improved information and institutional capacity in accelerating the adoption of renewable energy sources. (UK)</p> <p>We welcome CIF’s proposal on “Pacific Regional Program: Sustainable Energy Industry Development Project”, since we recognize the enhancement of energy security as one of the most urgent issues in energy sector in the Pacific region. (JICA)</p>	<p>Thank you.</p> <p>Thank you.</p>
Risk Rating	
<p>We also note the Substantial risk rating of this programme, based on the capacity of the partner organisation. The approach to capacity building also seems to largely rely on training, and while we agree that training may have a strong role to play, we consider that a more holistic approach to building capacity and delivery - considering for example also incentives and core competency/outourcing - will be required in order to achieve results now, and sustain those into the future. We would ask that a comprehensive capacity assessment and strategy is conducted at the outset of the programme in order to ensure that as full a picture as possible is in place of capacity needs in relation to purpose, and that appropriate and innovative approaches are adopted to meet these needs. We would also ask that the filling of the three named posts in order to support the implementation (Project Implementation Officer,</p>	<p>On the risk being substantial, this is the first World Bank (WB) project on which the Pacific Power Association (PPA) will be the implementing agency. Therefore, the risk rating captures the fact that PPA does not have experience with implementing WB projects and following WB procedures. The financial management and procurement capacity assessment was completed and included in the project appraisal section, and the proposed project plans to hire a consultant project coordinator, consultant engineer, and consultant procurement advisor. The consultant project coordinator will serve as project implementing officer. We agree to create a condition on further disbursement subject to the hiring of the implementation consultants, as kindly suggested.</p>

<p>Procurement Advisor and Engineering Advisor) are registered in the project workplan, and that these are filled appropriately is a condition for later disbursements under the project.</p> <p>We do not wish to delay the approval decision so if PPA and IBRD are content with these requests then we would be happy to approve the programme. (SF/DFID)</p>	<p>Regarding the comprehensive capacity assessment and strategy, these will be done when the capacity building plan is developed under the Project Development Objective (PDO) Indicator, “Improved technical and institutional capacity of PPA and power utilities”. Appropriate and innovative approaches are definitely sought. For example, as noted in the project proposal, the PPA will seek partnership with universities to participate in job fairs to seek and motivate potential talents and candidates at an early stage, especially with a focus on women.</p> <p>Thank you.</p>
<p>Ensuring Reliable Power Supply and Security</p>	
<p>Especially, taking into consideration the current constraints of these island countries, it is in need to reduce fossil fuel consumption maintaining reliable power supply.</p> <p>The following two approaches can contribute to it:</p> <ol style="list-style-type: none"> 1) renewable energy development within the allowable capacity or with optimal stabilization methods, and; 2) appropriate and efficient operation and maintenance on diesel generation. <p>As the excessive dependency on renewable energy may turn to increase the energy security, we think that the system reliability should be seriously considered in the proposed projects as well. (JICA).</p> <p>For your information, JICA is now formulating a program named “Hybrid Island”, which aims at enhancement of energy security through fossil fuel reduction by the above two methods, targeting 13 countries</p>	<p>Agree. PPA will help Pacific Island countries to find the right balance of technologies, including power storage, communication systems and smart grids, according to financial and human capacity to ensure sustainability.</p> <p>Thank you for the information and your kind offer to provide further information.</p>

<p>(Cook Islands, Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Niue, Palau, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) (details can be found in the attachment). If you have any questions or need further information on this matter, please contact JICA. (JICA)</p>	
<p>Donor Coordination</p>	
<p>Given that those island countries in the region have relatively small grids, the coordination among donors is crucial to avoid any unnecessary duplication of investments and confusion of the recipient countries. Therefore, it would be highly appreciated if you could continue to provide with us the relevant information on projects funded by CIF. (JICA).</p>	<p>We are actively supporting donor coordination in our financed projects in Pacific Island countries as well as providing financing support to regional workshops and conferences to promote sustainable energy where Pacific Island countries and donors, International Finance Institutions (IFIs) and other development partners join force. We can provide the relevant information on projects funded by CIF in Pacific Island countries as much as possible, at least from the World Bank Group side.</p>