

RESPONSE TO INDEPENDENT TECHNICAL REVIEW OF THE REI INVESTMENT PLAN FOR COLOMBIA (IPCOL)

	Independent reviewer comment/recommendation	Response
1	<p><b>On flexible approach implications.</b></p> <p>...“The wide spectrum of projects allowed appropriately reflects the maturity of the energy system, the current stage of its energy transition and the primacy of private sector initiative in Colombia, all of which anticipate an appetite for financing but at the Investment Plan level require flexibility in the possible uses of funding. However, this also implies more stringent checks at the project stage of awarding REI Program funds, to make sure that the Program’s objectives are met.”</p>	<p>We agree with the Independent Reviewer (IR) comment regarding the rationale behind the flexibility that was provided at IP level, as well as the recommendation that at the project level the eligibility criteria for projects that could be co-financed with CIF-REI resources has to be clearly defined to ensure that the Program’s objectives are met. We confirm that during the preparation of the projects with Bancoldex and Financiera de Desarrollo Nacional (FDN), criteria for project eligibility will be included as an integral part of the projects and part of the corresponding Operation’s Manuals.</p>
2	<p><b>On support to GH2.</b></p> <p>“The smaller and narrower Component 2 focuses on TA for long-term, innovative pilot projects in GH2 to build capacity.”</p> <p>“GH2 is explicitly eligible for CIF REI funding under the REI Program Design. This Reviewer agrees with the REI IEG Report in that GH2, although potentially game-changing in the broader long-term energy transition picture, has little potential to aid in the integration of RE in the short to medium term.”</p>	<p>Colombia is currently undergoing the development of more than 3.6 GW of PV and Wind projects that will increase the share of variable generation in the matrix of the country by 10% by 2026 (and 17% by 2030). This will especially concern La Guajira, where hydrogen energy storage could play a strategic role in the medium to long-term by providing storage capabilities for intermittent generation as well as other services to the grid. Even though large green energy storage hydrogen projects are not expected to be developed in the country in the short-term, there is potential/interest to develop small scale projects in the next couple of years. In addition, there are various pre-feasibility and feasibility studies being prepared for the development of e-fuels including green hydrogen for the transportation sector that could also be potentially supported by the CIF-REI funds. IDB financed Colombia’s Hydrogen Roadmap in 2021 (through a technical cooperation from the UK-SIP program) and it shows the potential of the country for green hydrogen in the transport and industry sectors and for energy storage in the medium to long term.</p>
3	<p><b>On “Key-Log” recommendation.</b></p> <p>“The IPCOL argues that the wide range of possible projects is convenient at this stage, so as to be flexible when projects arise, but this review does recommend specific “key-log” conditions for some types of projects anticipated.”</p>	<p>We agree with reviewer’s opinion that “at this stage it would be difficult to tailor key-log criteria and use them for a more detailed prioritization” but that it should be done at project level. We can confirm that specific “key-log” conditions for anticipated types of projects, will be included in the projects under component 1 to be applied by IEs for project eligibility. As mentioned by the IR in his report, we agree this shall also be carried</p>

	<p>...“Given the wide spectrum of eligible projects, at this stage it would be difficult to tailor key-log criteria and use them for a more detailed prioritization, other than the general REI criteria already included.”</p> <p>...“The downside of this flexibility is the more detailed key-log conditions should be added at the project level that guarantee that the funding specifically impacts actions that eliminate critical barriers and unlock REI, rather than simply adding marginally to the necessarily large pool of project funding.”</p> <p>...“Specific key-log criteria to be included at the project level may be:...”</p>	<p>out in order to guarantee that the funding specifically impact actions that eliminate critical barriers and unlock REI.</p>
4	<p><b>On social and gender impact criteria and targets.</b>  “The IPCOL generally states that the criteria already included will be complemented with criteria for social and gender impact, environmental considerations and co-beneficiaries. Again, it may not make sense at this stage to make these more concrete and specific, but care has to be taken at the project-level;...”</p> <p>...“The data disaggregation is as required for REI and CIF gender and social goals, although more specific detail is advisable.”</p>	<p>Agreed. During project preparation, gender impacts, specific activities to support gender equality and specific targets will be included.</p>
5	<p><b>On MDB financing complementing CIF-REI’s.</b>  “The IPCOL does describe how other MDB investments complement REI Program funding in other areas of REI. No specific mention of wider MDB financing like country PBL is in the IPCOL.”</p>	<p>Agreed. During the preparation of the IP, we requested MDBs and other development partners to provide a description of their activities/support to Colombia in the CIF-REI relevant sectors. The IP includes the information provided by them but unfortunately some key projects such as the policy support type of loans were not included in the list.</p> <p>For example, the WB recently approved and disbursed a Development Policy Loan (DPL) that includes relevant energy sector actions/policies/regulations that have already been adopted, developed or implemented by the country. We can confirm that most of the activities included in the policy matrix for the energy sector have also been supported by the IDB. During the preparation of the projects with Bancoldex and FDN a detailed review of MDBs</p>

		and bilateral donors will be carried-out to ensure that the projects build on the support provided by other initiatives and to avoid overlaps.
6	<p><b>On project level leverage and cost effectiveness.</b></p> <p>...“There is however no explicit description in the IPCOL of how the FDN and Bancoldex will implement their credit lines, other than to set explicit requirements that meet CIF REI Program criteria. At least a minimum threshold for leveraged funding should be included at the project level.”</p> <p>“The IPCOL does explain that these planning instruments adopt investment initiatives based on B/C analyses. No additional explicit analysis of the cost effectiveness of the eligible types of projects is in the IPCOL directly.”</p>	<p>Regarding the recommendation that minimum thresholds for co-financing are established at the project level, we confirm that these leveraging thresholds are an integral part of any IDB co-financed project and will be agreed during project preparation. In the case of specific projects to be supported by the Bancoldex and FDN projects, a minimum co-financing thresholds will be included for each type of eligible type of projects prioritized under this IP (while some type of projects, such as those of distributed generation in non-interconnected areas, could have lower co-financing needs, other eligible type of projects in electrification of transport, transmission or energy storage could have much larger leverage requirements).</p> <p>We also confirm that during project preparation, cost effectiveness analysis of the eligible projects is carried-out (this is a requirement for any IDB financed or co-financed project).</p>
7	<p><b>On social and justice goals alignment.</b></p> <p>“The IPCOL shows a strong commitment to popular economies, a concept that appears in Colombia’s Bases for the NDP 2022-2026 and is associated with energy communities in the new government’s Roadmap for a Just Energy Transition.” ...</p> <p>“Prima facie, at the Plan level, both concepts are aligned with CIF REI requirements. However, for their effective application, ME&amp;L, they need to be defined in more detail, or at least criteria to identify their ingredients in individual projects.”...</p> <p>“The timing of the IPCOL, if approved, may even prove a powerful advantage for advancement of the gender and social inclusion agendas of the CIF in Colombia. It is likely that the REI Program projects would pioneer and thus modulate the operationalization of both concepts on the ground. In any case, it is necessary that at the project stage</p>	<p>In terms of social and justice goals, we agree with the Independent Reviewer that the development of the concepts of popular economies and energy communities from the Government side will be a pre-requisite for the development and fast deployment of those types of projects. The IDB has offered its support to the Ministry of Energy and Mines and sector agencies for the definition of those key concepts.</p> <p>We also agree with the comment regarding the key role that the CIF-REI program could play in advancing the gender and social inclusion agenda in the energy sector and confirm that the projects with Bancoldex, FDN and FENOGÉ will incorporate specific criteria regarding popular economies and just transition as well as their links to REI IRF and Theory of Change.</p>

	of the IPCOL, these criteria be clearly stated, along with their links to REI IRF and Theory of Change.”	
8	<p><b>On Stakeholders consultations.</b></p> <p>“The IPCOL did carry out a systematic stakeholder consultation process. However, and again in line with the wide spectrum of eligible projects, an in particular with the difficulty to anticipate their geographical influence, consultations with local actors and organizations was limited. This avoids creating expectations in communities that later go unfulfilled and generate alienation. However, at the project level care has to be taken to conduct the relevant consultations and impact analyses.”</p>	<p>During the preparation of the IPCOL, stakeholder consultations were held with different associations, MDBs, bilateral agencies, and relevant NGOs (specific sessions were organized during the two joint missions and other specific consultations were also carried out for specific technical issues). The Ministry of Energy and Mines also published the IP on its website for comments. The comments were incorporated in the IP submitted by the GoC.</p> <p>As mentioned by the Independent Reviewer, consultations with local communities and actors were not carried-out during the preparation of the IP to avoid raising expectations with communities that once the specific projects are prepared, could not benefit from the investments. During the preparation of the projects under Component 1, stakeholder consultations will be carried-out in accordance with IDB’s and CIF’s environmental and social guidelines.</p>