Evaluation of SREP:
Findings, Lessons, and Recommendations

26 January 2022

Evaluation Team: Jessica Kyle, Matthew Savage, Anne-Marie Verbeken, Richard Hansen, Howard Marano

Purpose

Identify relevant lessons and good practices to:

- Strengthen existing investments
- Inform the design of new CIF programs

Objectives

Stocktaking of early investments

Retrospective analysis of program design and evolution

Challenges and achievements (and why)

OECD/DAC Criteria

Focus on relevance, coherence, efficiency, and effectiveness

Impact and sustainability more indicative

Evaluation Purpose and Objectives

Utilization-focused, multi-level, mixed methods approach

Document and data analysis

- Document and literature review
- Timeline analysis of program design, implementation, and evolution
- Portfolio analysis
- Benchmarking analysis for cost-effectiveness, efficiency

Semi-structured interviews

200 stakeholders:
SREP Committee members and observers, CIF AU, MDBs, government officials, CSOs, private sector, other development partners, and international experts

Case-based analysis

- Five country case studies in Bangladesh, Honduras, Liberia, Maldives, Mali
- Three thematic case studies on geothermal, mini-grids, and off grid solar PV

Evaluation Approach and Methods

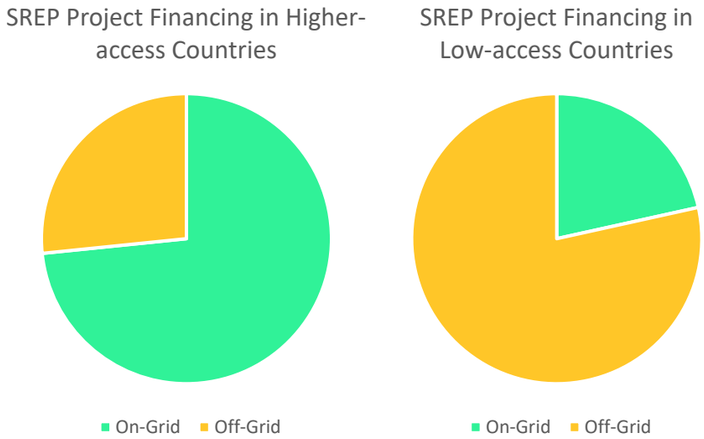
Findings and Conclusions

SREP occupies an important and ambitious niche in the global climate finance landscape

- Only global fund dedicated to sustainable energy transition in low-income countries
- SREP countries underserved by concessional finance for sustainable energy
- SREP pursued pioneering and risky investments at scale

SREP projects highly relevant to country needs, priorities, and opportunities

- High relevance in 8 SREP country studies
- Priorities in SREP IPs have carried forward into NDCs



SREP projects largely coherent with sector institutions, policies, and markets

- Synergies between projects and policy and institutional evolution demonstrate buy-in
- Lack of strategic sector planning and frameworks was challenging
- Strong external coherence with other development partners

SREP Relevance, Coherence, and Value Addition

SREP was well-designed to address program goals to pilot and demonstrate viability of RE development and initiate processes toward transformational change in low-income countries

- Programmatic approach created momentum around renewable energy
- Focus on both investment and technical assistance supported progress
- Country resource allocations were generally right-sized

While SREP struggled to develop an attractive funding channel for private sector projects, the portfolio still shows substantial focus on overcoming barriers to scaling up private investment

- Challenges with IP process and PSSA design
- Still, significant engagement of private sector in public sector portfolio:
  - More than half of SREP projects expect to mobilize private capital
  - Most projects have private sector implementation role
- MDBs have also capitalized on CTF DPSP to scale up efforts in SREP countries

Program Design and Delivery

Strategy of supporting IP development without certainty of resource availability has not worked well

- MDBs perceived reputational risk in preparing investment plans without available funding
- GCF funding did not materialize to fill the resource gap
- Programs have not meaningfully advanced in about half of 14 expansion countries

When the scale and certainty of funding eroded, the SREP program model became constraining, contributing to a reduction in program momentum

- With resources dwindling, sealed/reserve pipeline approach has contributed to a stagnating pipeline
- MDBs are less willing to revise investment plans
- MDBs call for more flexibility in resource reallocation for end-of-program

"The SREP capitalization issue meant that the certainty [of projects being funded] disappeared over time, and this decreased hope and confidence in SREP as a program."

Program Design, Delivery, and Efficiency

Expectations of SREP have evolved to be more ambitious over time, without associated funding

- Shifting toward sector transformation and scaling
- Results framework indicators carry implicit expectations of scale

Program has been successful in developing early-mover projects in challenging contexts

- Technology choices often conveyed financial or business model risks, with implications for delivery

Results against program core indicators are limited so far, but other signals of progress emerging

- Less than 10% of expected results delivered for energy generation and improved access so far
- Signals stronger in enabling environment, pipeline development, installed capacity, and investment mobilized
- Outcomes expected to emerge at enhanced pace in short- to medium-term

Results framework does not fully capture progress being made

- Structural lags in reporting
- Some inconsistencies in quality and boundary of indicator reporting
- Access indicator does not distinguish tiers of improvement

Early and Emerging Results

Delivery of SREP outcomes is slower than expected, due to a range of challenges

- Political/social instability, weak regulatory environment, investor risk perceptions, natural disasters, conflict, COVID-19
- Targeting complex sub-sectors (mini grids, geothermal) in rapidly evolving contexts

Nonetheless, SREP implementation speed and quality are in line with MDB comparator projects

- MDBs report frequent delays in non-SREP energy projects, with poorer performance in low-access countries
- SREP World Bank implementation progress ratings similar to those for comparable non-SREP projects

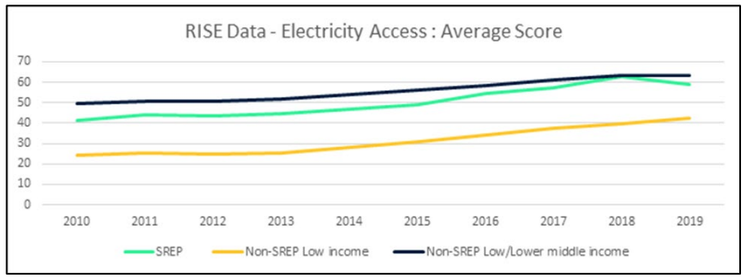
Cost effectiveness is relatively robust

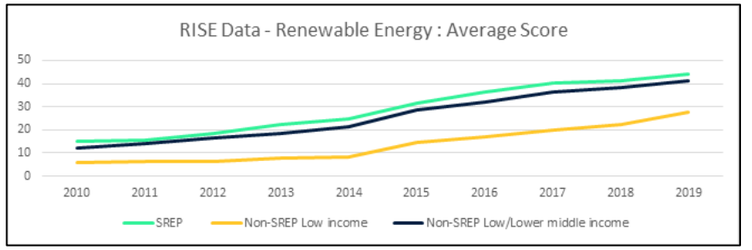
- Wide variability in cost-effectiveness (access, generation), reflecting dual access/energy objectives, project scale, market development, and country context
- Cost-effectiveness considered broadly in line with comparable non-SREP projects

Timeliness and Cost Effectiveness

SREP contributions to enabling environments combined with demonstration effect have had some transformative impacts

- Some programs contributing to initiating transformational change (e.g., Maldives, Mali PV, Bangladesh rooftop solar, Liberia off-grid markets); other private sector actors entering the market
- Little evidence of enabling environment outperformance of SREP vs. non-SREP countries at national scale in RISE indicators
- Too early overall to observe widescale impacts and long-term sustainability
- Ongoing concessionality and capacity support will be required





SREP has had more limited influence and profile within MDBs

- Focus on smaller, more challenging countries limited MDB management attention
- Some projects have influenced MDB country or regional operations
- Several examples of follow-on scaling for larger MDB investment projects (e.g., Maldives, Mali, Ethiopia, Liberia) and GCF follow-on

SREP has not fully leveraged its potential to cross-fertilize learning for wider influence

Impact, Sustainability, and Transformational Change

Lessons and Recommendations

On pipeline and funding expectation management

- Revisit pipeline to identify which projects remain realistic without restructuring
- Find a more flexible way forward on unallocated funds without revising IPs

On M&E frameworks and reporting

- Assess SREP results beyond core indicators, including a transformational change narrative
- Be more robust in reviewing the consistency of MDB-reported project data
- Consider revisiting the access indicator to show tier of improvement

On lesson learning and knowledge management

- For remaining project opportunities, ensure that best practices from other centers of expertise are drawn upon to inform design
- Consider revitalizing knowledge-sharing events and workshops around targeted areas of SREP thematic and geographic expertise
- Explore how SREP experience might inform REI, ACT, and other programs

Recommendations for SREP

Country and thematic structure

- Important to right-size country allocations to scale of opportunity, threshold of political interest, and absorption capacity
- Balance country-led programing with pro-active thematic focus

Incentives

- Certainty and scale of resource are important to engage MDB interest
- Pipeline management needs enough certainty to make programmatic approach credible, but with strong signals of “use it or lose it”

Programmatic Ambition

- Need for clear line of sight around objectives, associated resource allocations, and results measurement
- Maximize alignment or synergies around sector or sub-sectoral priorities, enhancing MDB cooperation

Policy and planning

- Programmatic TA can facilitate investment pathways, but is no substitute for robust power sector frameworks and roadmaps

Private sector

- Private and public sector operations and timescales do not easily align
- Having a flexible private-sector window open alongside the investment planning process can support public-private engagement and scaling
- Maximizing private sector participation at all levels provides significant opportunity for market development

Lessons for Future Programming