SUMMARY BRIEF

EVALUATION OF THE SCALING UP RENEWABLE ENERGY PROGRAM IN LOW-INCOME COUNTRIES

// June 2022

Access the full study here

EVALUATION AND LEARNING SERIES //

CIF Program: Scaling up Renewable Energy Program in Low-income Countries (SREP)

TOPICS

- Energy access
- Renewable energy
- Evaluation

EVALUATION FIRM:
ICF

COUNTRIES:
All SREP countries;
5 country-specific case studies (Bangladesh, Honduras, Liberia, Maldives, and Mali)

OBJECTIVE

The Scaling up Renewable Energy Program in Low-income Countries (SREP) is a program of the Climate Investment Funds (CIF) that aims to create new economic opportunities, increase energy supply, and enhance energy access through the use of renewable energy. The CIF Evaluation and Learning Initiative commissioned an independent evaluation to take stock of SREP's challenges and achievements to date—in terms of program design and delivery as well as progress toward results from its investments—and identify lessons for new CIF programs and other climate finance facilities.

CONTEXT

SREP was designed to demonstrate the economic, social, and environmental viability of low-carbon development pathways in the energy sector, with a focus on low-income countries. SREP was launched as a pilot program in 2010 with approximately US$300 million in pledges and contributions for six pilot countries; the program has since grown to US$780 million and 27 eligible countries.

KEY FINDINGS

1 **SREP occupies a highly relevant and ambitious niche in the global climate finance landscape.** The program has contributed to pioneering renewable energy and energy access projects in low-income countries that have been underserved in terms of concessional finance for sustainable energy. At the country level, the objectives and design of SREP projects have been highly relevant to country needs, priorities, and opportunities.

2 **On balance, many of SREP's original design elements were aligned with its program goals to pilot and demonstrate the viability of renewable energy development and initiate processes toward transformational change in lower-income countries.** These elements include the programmatic approach; a focus on both investment and technical assistance; right-sized country allocations; and a willingness to take on technology approaches that carry significant financial or business model risks. While SREP struggled to develop an attractive separate funding channel for private-sector projects, the overall portfolio still shows considerable focus on overcoming barriers to scaling up private investment.

3 **Over time, program funding commitments did not grow to match the resource needs associated with adding 14 eligible countries—contributing to a slowing interest in SREP among countries and MDBs.** MDBs perceived reputational risk in preparing investment plans without available funding, and GCF funding did not materialize to fill the resource gap. Funder expectations of the program also evolved to become more ambitious over time without sufficient associated additional funding.

4 **SREP was launched at a time when renewable energy development was in the early stages in most of its countries, and the program has been able to develop early-mover or first-of-a-kind projects in challenging contexts.** This level of ambition, often pursuing technology approaches that carried significant financial or business model risks, has had implications for the speed and scale of delivery.

5 **More limited progress has been made against the core outcome indicators, although progress is accelerating, including in terms of enabling environment, pipeline development, and investment mobilization.** While less than 10 percent of expected energy generation and access results have been delivered to date, an increasing number of projects are now at a more advanced implementation stage. SREP implementation timelines are largely in line with MDB delivery in similar non-SREP projects and contexts.

6 **SREP's "light-touch" monitoring and reporting system—designed to allow for differences among the MDBs in methods used to measure indicators and define project boundaries—has presented challenges at times for the interpretation of aggregate results.** Additionally, some elements of the M&R system have not yet been operationalized, in particular the national participatory stakeholder workshops for investment plan-level reporting.

7 **SREP contributions to strengthening enabling environments for clean energy access, alongside the value of demonstration effect, have had some transformative impacts in a few countries.** However, it is too early in the program lifecycle to capture widescale impacts or long-term sustainability across the portfolio. SREP has also had more limited influence and profile within the MDBs due to its operations in lower-income countries and a lack of higher-profile champion projects. SREP has however, informed the development of some country strategies and complemented projects financed through the CTF.

8 **SREP has not fully leveraged its potential to cross fertilize-learning across the MDBs or with other partners to influence wider technology or sub-sectoral development approaches.** As the program moves further into implementation, there are opportunities to harvest lessons learned that might be useful for other climate finance facilities or new CIF programs.

RECOMMENDATIONS:

Bearing in mind that most SREP funds have already been allocated, recommendations for SREP are:

- **Apply more flexibility to end-of-program pipeline management:** The CIF AU and MDBs should revisit outstanding SREP fund allocations and sealed/reserve pipeline opportunities with MDBs and Committee members to identify which projects remain realistic and which should be potentially withdrawn to release funds for other project opportunities. The CIF AU and MDBs should also discuss a more flexible/realistic way forward on unallocated funds, such as reallocating resources among countries and MDBs where high-impact opportunities exist, without revising investment plans.
- **Operationalize investment plan reporting:** The CIF AU and MDBs, working with the country focal points, should operationalize required investment plan reporting processes, to encourage improved energy access reporting, to collect and report evidence of impact and transformational change, and to share lessons learned and identify solutions to challenges.
- **Revitalize targeted knowledge-sharing to inform project implementation and design:** The CIF AU, MDBs, and countries should, where project opportunities still remain, ensure that best practices from SREP and other centers of expertise are drawn upon to inform design. Knowledge-sharing events and workshops could be revitalized around targeted areas of SREP thematic and geographic expertise to share experiences, access promising practices, and generate lessons for future programming.

LESSONS FROM SREP FOR FUTURE PROGRAMMING ARE:

1. **Country and thematic structure:** Right-size country allocations to the threshold of MDB and political interest, country absorption capacity, and scale of the opportunity.

2. **Programmatic ambition:** Have a clear line of sight around program objectives and expectations of transformational impact, grounded in a realistic understanding of resource allocation and availability, with appropriate results measurement frameworks. Greater realism may be warranted around outcome timescales in lower-income countries with weak governance and markets.

3. **Policy and planning:** When sector frameworks and strategies are missing, allocate appropriate funding for relevant policy and regulatory support, or work more narrowly within the confines to enable project development.

4. **Incentives:** Provide more certainty for resource allocation before inviting countries to prepare investment plans. Provide enough certainty in pipeline management (in terms of funding and timescales) to underpin the credibility of the programmatic approach, while signaling that if endorsed projects do not progress in a reasonable timeframe, funds will be reallocated.

5. **Private Sector:** Develop a separate private-sector funding window with flexibility in terms of timing, geographic, and sectoral considerations.

THE CLIMATE INVESTMENT FUNDS

The Climate Investment Funds (CIF) is one of the largest multilateral climate funds in the world. It was established in 2008 to mobilize finance for low-carbon, climate-resilient development at scale in developing countries. 14 contributor countries have pledged over US$10 billion to the funds. To date CIF committed capital has mobilized more than $62 billion in additional financing, particularly from the private sector, in 72 countries. CIF's large-scale, low-cost, long-term financing lowers the risk and cost of climate financing. It tests new business models, builds track records in unproven markets, and boosts investor confidence to unlock additional sources of finance.

CIF CLIMATE INVESTMENT FUNDS

The Climate Investment Funds
c/o The World Bank Group
1818 H Street NW, Washington, D.C. 20433 USA

Telephone: +1 (202) 458-1801
Internet: www.climateinvestmentfunds.org

@CIF_action
CIFaction
CIFaction
CIFaction
CIFaction
@CIF_action