

IFC's Response to the Comments from Switzerland to the IFC-SREP Tanzania Mini-Grids Project
May 2015

Switzerland Comments	IFC Response
<p>Under component 1.2 it is mentioned that two specific pilot mini-grid projects shall receive advisory support going as far as the financial closing. Have these “specific” projects already been identified and if yes, which are these projects and how have they been selected among possible candidates?</p>	<p>Specific projects have not been determined yet, but there is a long list of potential projects that has been analyzed by the IFC team. The specific criteria and process for selection projects has not been developed, as the team prefers to do this with the key partners in the country (REA, TIB, etc.). This will happen following SREP Sub-Committee approval and MDB approval of the project. It is expected that the criteria would consider such variables as reach (number of potential customers, distance from the grid (considering a minimum distance to avoid potential for grid expansion), overall costs, whether it is a proven technology, among others.</p>
<p>It is noted that under component 2.1 (development of a transaction advisory services facility) the activities do not cover the financial closing, unlike under component 1.2 (support to selected pilot mini-grid projects). Why is this? To what extent has the consideration of also providing advisory services linked to the financial closing been considered in the project?</p>	<p>Indeed, transaction advisory support for project developers includes financial closing, <u>both</u> in component 1.2 and in component 2.1. There an oversight in describing this in the program proposal. The first component is focused on broader market development and in supporting an initial group of project developers as pilot experiences to confirm the best approach to support them. The second component aims to scale up this support to project developers to include a larger number of mini-grid projects.</p>
<p>What proportion of SREP grant and capital is foreseen and to what component(s) is the capital contribution allocated? Is it foreseen that the capital is flowing back to the Transaction Advisory Services Facility, e.g. from successfully closed projects?</p>	<p>IFC would like to clarify that this program is seeking grant funds only and no capital contributions. This request is indicated in section 6 of the program proposal. This program does not include any capital contributions for investments in mini-grid projects, but rather is focused on advisory services (technical assistance).</p>
<p>In order to actually generate the expected 20-25 investments, we believe that the proposed facility for transaction advisory services is underfunded. We would recommend to consider an increase of the budget for of the latter, for instance through an investment from</p>	<p>As mentioned above, this program does not include resources for investments, but rather is focused on providing advisory services (technical assistance). The program expects to attract and leverage financing from a variety of sources including IFC, DfID/Sida, Tanzania</p>

<p>the IFC or from other development partners.</p>	<p>Investment Bank (TIB), and from local financial institutions.</p>
<p>What is the scope, content and objectives of the monitoring & evaluation activities justifying the \$450,000 budget.</p>	<p>The estimated general breakdown for this particular line item is as follows:</p> <ol style="list-style-type: none"> 1. Mid-term evaluation, if needed (US\$100k) – This activity is to carry out an evaluation at the mid-point of the program to assess what, if any, changes need to be made, particularly related to the transaction advisory support; 2. Post-implementation monitoring (US\$200k) – This is to continue to monitor the results of the project after the end of implementation to understand the continuity of activities such as the uptake of standards, web portal use, etc. and to understand the impacts, particularly among project developers that received transaction advisory services; 3. Final evaluation (US\$150k) – In order to assess the overall benefits and lessons of this program, a final evaluation would be carried out. This would help ascertain the broader impacts of the program and will extract and distill important lessons that could be applied to other programs in emerging markets that focus on mini-grids. <p>The results of the monitoring and evaluation activities will be shared as appropriate to disseminate lessons learned across similar projects in Tanzania or elsewhere.</p>