

ANNEX A

SUMMARY OF THE CONSULTATIVE GROUP MEETING FOR ENERGY TRUST-FUNDED PROGRAMS

MARCH 31—APRIL 02, 2017

The Consultative Group (CG) meeting for the Energy Sector Management Assistance Program (ESMAP) was held at Washington, DC, during March 31 – April 02, 2017. This summary covers the discussions during the Open Sessions held on March 31 and April 01, 2017.

Mr. Riccardo Puliti, Senior Director for the Energy and Extractives Global Practice (EEX), welcomed the new donor (Rockefeller Foundation) to the CG; he also welcomed the two new members of the Technical Advisory Group (TAG)—Ms. Richenda Van Leeuwen and Mr. John Heath. Mr. Puliti thanked the donors who have confirmed pledges of resources to ESMAP and emphasized the shared objectives and opportunities between development partners and the work of ESMAP. His remarks stressed the importance of analytical and advisory work supported through ESMAP in helping shape the country policy dialogue and investments at the World Bank Group (WBG), and in improving the quality and performance of WBG-financed projects, thus, leveraging millions of ESMAP resources into billions of resources from the WBG and other financing sources.

The Open Sessions, chaired by Mr. Rohit Khanna, ESMAP Program Manager, included presentations and discussions of the TAG report and examples of ESMAP support in the major thematic and cross-cutting areas. Discussion highlights for each session are provided below.

Session 1: TAG Report

The TAG report was introduced by Ms. Tamara Babayan, TAG Member, and noted, in summary, that while adequate conditions are present for ESMAP to meet the objectives set out in the FY2017-20 Business Plan, there are risks associated with underfunding and uncertainty of allocations to the different programs. This risk could be mitigated to some extent through the addition of new donors and fundraising, though caution needs to be exercised to ensure that a larger group of donors does not reduce the effectiveness of ESMAP governance.

- **Integrated Energy Systems.** CG members expressed support for an integrated energy system approach proposed by TAG, particularly in middle-income countries.
- **IFC Collaboration.** There was concern that collaboration with IFC was not adequately highlighted in the TAG report, given areas of partnerships such as *Lighting Global* and *Excellence in Design for Greater Efficiencies* (EDGE).
- **Results Indicators.** CG members requested TAG to focus its reports on results at the outcome level. Suggestion from CG members that Asia Sustainable and Alternative Energy Program (ASTAE) results indicators be applied to ESMAP activities, and was accepted by ESMAP management (see summary of Session 13).
- **Donor Coordination.** The TAG report's recommendation on the importance of donor coordination was well-received by the CG. However, several CC members opined that the TAG report's concern that financial resources are shifting from multilateral channels to bilateral channels is misplaced.
- **Theory of Change.** CG members appreciated the *ESMAP Theory of Change* document, though some remarked that the role of ESMAP is expressed quite modestly in the document.
- **Content of the TAG Report.** Several CG members remarked that the TAG report should focus on more strategic advice to the CG in the context of a portfolio assessment, for example, with a stronger analysis of ESMAP's positioning in the Climate Agreement and Sustainable Development Goals (SDGs). TAG could also analyze the Annual Block Grants portfolio with a view to advising the CG on client demand and capacity. Some CG members also requested TAG to advise on the following points: multilateral engagements and how to improve coordination; linking energy transition work to national/regional and global policy development; and, benchmarking for ESMAP performance assessment.

Session 2: SEforALL Knowledge Hub

Ms. Vivien Foster, Global Lead, EEX, updated the CG on the different elements of Sustainable Energy for All (SEforALL) Knowledge Hub.

GLOBAL TRACKING FRAMEWORK (GTF)

- GTF provides a dashboard to measure progress towards the SEforALL 2030 objectives for the three SEFORALL pillars (energy access, energy efficiency, and renewable energy).
- New elements in 2017 include: coordinating with the United Nations (UN) to feed GTF results into UN

Secretary General's annual progress report to the High-Level Political Forum; regional profiles in partnership with the UN Regional Economic Commissions to bring content and messages closer to policy makers; streamlined annual reporting; and introduction of a statistical model for measuring energy access.

REGULATORY INDICATORS FOR SUSTAINABLE ENERGY (RISE)

- RISE provides a set of indicators to compare national policy and regulatory frameworks for sustainable energy of 111 countries. The tool further provides all background regulations and documents.
- Africa generally scores poorly on energy access. Half of the countries with low energy access lack policies to encourage the adoption of off-grid solar power. In terms of energy efficiency, 7 out of 20 high impact countries still have some way to go in adopting the necessary regulations for energy efficiency improvements.
- RISE outreach and dissemination efforts were successful and included a

large social media campaign, as well as traditional major media outlets.

MULTI-TIER FRAMEWORK (MTF)

- MTF provides a framework to measure household electricity access categorized in 5 tiers, rather than the traditional binary approach. The global energy access survey covers 15 countries.
- The first survey from Rwanda was completed.

STATE OF ENERGY ACCESS REPORT (SEAR)

- The SEAR will be launched in May 2017, at the Vienna Energy Forum. It is structured around a number of key questions (status, challenges, synergies, business models).
- Key messages include: (i) there is a need for stronger commitment from countries lagging in achieving the SEFORALL targets; (ii) decreasing costs of technologies are large opportunities; and (iii) innovative delivery mechanisms are required for scale-up and are being demonstrated particularly in the off-grid space.

The CG appreciated that ESMAP's SEFORALL Knowledge Hub produces accurate, comprehensive, and robust methodologies to inform investments and policies through data collection, analysis, and visualization. There was acknowledgement that RISE and GTF have attracted a lot of interest and are being widely cited and used. Discussion focused on the following issues:

- **Coordination with SEforALL and SREP.** ESMAP's partnership with SEforALL focuses on advocacy and communications including media work and forums. ESMAP and SEforALL keep each other informed about their activities. SEforALL also provided a small funding amount on a one-time basis to allow for participation of UN Regional Economic Commissions in GTF2017. Scaling-up Renewable Energy Program, Climate Investment Funds (SREP) is co-funding the MTF surveys in SREP countries
- **Non-alignment of SDG7 and SEforALL targets in GTF Report.** There is political sensitivity to global agencies reporting on SDG process, because the latter is country driven. Nonetheless, the UN draws on GTF to prepare the UN Secretary General's annual progress report to the High-Level Political Forum on the state of progress towards the SDGs.
- **Identifying High Impact Opportunities.** The team clarified that the main purpose of RISE is to identify hotspots and noted that RISE coverage will be extended with the next version to be released in 2018.
- **Data Lag.** The team acknowledged that it was impossible to narrow the data lag (the current report employs data from 2014) given the production cycle of the report.

Session 3: ESMAP Support to Kenya: Sector Reforms, Energy Access, and Renewable Energy

Ms. Sudeshna Banerjee, Lead Energy Specialist, EEX, made an introductory presentation of WBG and ESMAP support in the energy sector in Kenya that has been a long-term and holistic engagement concentrating on three key pillars: (i) **environmental sustainability**, focusing on increasing generation capacity with renewable energy, specifically geothermal and hydropower, and attracting private sector participation; an ESMAP-funded national geothermal strategy is under preparation; (ii) **social sustainability**, focusing on increased electrification through an urban poor program through last-mile grid intensification and, more recently, an off-grid program for connecting households in remote areas (mini grid and PV); ESMAP-funded geospatial planning, MTF survey, and power demand studies are instrumental in their design; and (iii) **financial sustainability**, focusing on support for cost-recovery tariffs, WBG guarantee program and better borrowing terms for the private sector; ESMAP-funded support for an implementation roadmap of an energy bill is underway.

ESMAP has played a key role in informing the activities in each of the key intervention pillars to increase the level of energy access and shift focus toward renewable energy in a

sustainable way. Discussions centered on how the WBG is funding the energy sector in Kenya through a multi-faceted, comprehensive program that would not be possible without ESMAP support:

- **Green Growth.** Some CG members noted that it was still difficult to judge whether green growth has sufficient support in Kenya given that 1,000 MW of coal power plants are still in operation. The team emphasized that the Government of Kenya is committed to green energy and that geothermal is expected to provide the base load, and, along with hydropower become the dominant fuel.
- **ESMAP Focus on a Few Countries.** Some CG members, encouraged by the comprehensive approach in Kenya and Ukraine wondered whether ESMAP should focus on a few countries with more cross-cutting engagements. The team responded that focusing on a limited number of countries would

mean losing the core feature of ESMAP—the flexibility to respond to demand and missing opportunities for impact in several countries from which knowledge could be disseminated globally. This topic came up again during the discussion on ESMAP support in Ukraine (see summary of Session 4).

- **Power Demand Forecasting.** The team noted that ESMAP is financing a power demand study, as it is important to understand the profile of demand projects since supply is outpacing demand currently. It was also noted that last-mile electrification has attracted almost \$1 billion in donor funding.

In summary, the CG appreciated the good example of Kenya of how ESMAP can be comprehensively utilized to address various energy challenges in a country through just-in-time assistance, planning tools and technical expertise, as well as policy influence in more than one thematic area, such as energy access (grid integration, off-grid solutions) and renewable energy. CG members noted the important lessons for slum electrification and access in peri-urban areas from the Kenya activity, and encouraged ESMAP to do more in this area in other countries.

Session 4: ESMAP Support to Ukraine: Sector Reforms and Energy Efficiency

Ms. Ani Balabanyan, Lead Energy Specialist, EEX, made an introductory presentation of ESMAP's comprehensive support to Ukraine: (i) the largest beneficiary of ESMAP Annual Block Grants (\$4.3 million over a 4-year period) in the World Bank's European and Central Asia (ECA) region; (ii) support was provided to enhance energy efficiency and reform

electricity and gas markets, and reform energy tariffs and subsidies; (iii) the three major challenges for the Ukrainian energy sector are security of primary energy supply, high energy intensity, and fiscal drain on account of high energy subsidies; (iv) the WBG addresses those challenges by engagements in power, gas, energy efficiency (including city-level work on buildings and urban transport), district heating, and tariff and subsidy reform; (v) some of the remaining challenges are Naftogaz unbundling and establishment of wholesale and retail competition, containing fiscal cost of social protection schemes, revising subsidy settlement to ensure transparency, improving financial viability of district heating, and developing the legal framework for an energy efficiency fund; and (vi) ESMAP support allows comprehensive engagements in multiple sectors along with the ability to respond flexibly to client needs.

CG members appreciated the detailed presentation on ESMAP's support across the energy sector in Ukraine and a few suggested that ESMAP consider focusing on selected countries for comprehensive support. ESMAP management clarified that there are indeed a few countries—i.e., Kenya, Myanmar, Nigeria, and Ethiopia - where ESMAP supports comprehensive efforts. However, while some core countries represent an opportunity for comprehensive support across sectors and constitute good cases. ESMAP's strength is the flexibility to engage not only in those countries but also globally in a timely manner according to client demands. Furthermore, ESMAP could have significant impacts with a single initiative in a country. Other points that emerged during the discussion:

- **Social Protection.** The experience from Ukraine has shown that working with the social assistance ministry is crucial to designing adequate social protection responses. Similarly, consistent messaging is key to garner support for reforms.¹
- **Donor Coordination.** The Ukraine project team clarified that while there is no co-financing agreement with the European Commission in Ukraine, complementarity is ensured through the different support mechanisms and regular consultation as issues emerge. Donor coordination is well-developed and ensured through platforms on different sectors (e.g., gas, power, tariffs, etc.).

¹ Discussion also referred to the experience with reforms in Egypt where a share of the savings from subsidy reform were dedicated to social sectors/health/education, which helped in the messaging around subsidy reform.

Session 5: Energy and Gender Programs

Ms. Vanessa Lopes Janik, Operations Officer, ESMAP, updated the CG on work to mainstream gender into energy operations, covering the following elements: (i) building the evidence about the link between energy and gender and the importance of responding to gender concerns and gaps in energy projects; (ii) mainstreaming gender into ESMAP's projects through integrating gender in internal processes, gender technical input, and targeted actions and outputs including integrating gender in ESMAP's Energy Access Program (SEforALL Multi-Tier Framework (MTF) survey, Efficient, Clean Cooking and Heating (ECCH), Energy Access for Urban Poor, Green Mini Grids), Renewable Energy Program (Geothermal, VRE grid integration, RE resource mapping), Energy Efficiency Program and Energy Subsidy Reform Facility; and (iii) expanding the program from Africa and East Asia (AFREA and ASTAE, respectively) to all regions. Particular emphasis was given to the program's tools and publications, including the forthcoming analytical report on *Getting to Gender Equality in Energy Infrastructure*.

Several CG members made positive and supportive comments about the program, congratulated the team on their accomplishments, and welcomed its continuation and expansion to other regions. The team provided examples of the process, actions, and results of the technical assistance to projects for Senegal, Tanzania, and Ethiopia. The author of the *Getting to Gender Equality* report provided an overview of the methodology and findings.

A question was raised on how the team is managing the shift from a stand-alone gender program to one that cuts across all of ESMAP's work and, now, all World Bank regions. The team acknowledged the challenge of managing breadth versus depth, and noted emphasis has been placed on partnerships with social, gender and energy teams across the Bank in new activities. Efforts are also being made to ensure ownership from energy teams in terms of task management and cost sharing to help successfully mainstream gender into these programs.

Session 6: ASTAE and SIDS DOCK Support Programs

ASIA SUSTAINABLE AND ALTERNATIVE ENERGY PROGRAM

Mr. Rohit Khanna, Program Manager, ESMAP, opened with a discussion of the future of ASTAE, noting that the ASTAE trust fund closes on June 30, 2017, but the intention under the current FY2017-20 business plan is for ASTAE to continue as a program with ESMAP funding. However, with the current level of resources pledged for ESMAP, it will be difficult to fund ASTAE at the same level that was available for the business plan period FY2012-17 with resources provided by Netherlands, Sweden, and United Kingdom. The intention is to program \$12 million for the Asia Energy Transition initiative as a follow-up to ASTAE for the FY2017-20 business plan period from ESMAP resources. Detailed discussion of the way forward was deferred to the CG Closed Session (held on April 22, 20147).

During the discussion on ASTAE activities, the team clarified that in programming \$24 million in the last business plan cycle, half was directed to renewable energy, one-third for energy access, and about 15 percent for energy efficiency; all the resources are expected to be fully disbursed by June 2017. It is worth noting that the expected outcomes generated by ASTAE-funded activities have exceeded initial business plan targets. The team referred to examples of ASTAE-funded activities in Philippines (support for

electricity cooperatives), Mongolia (scaling up renewable energy), and Indonesia (regulatory framework on geothermal) that have resulted in leveraging of ASTAE resources. Several CG members made positive references to ASTAE's results framework and suggested that a similar approach be considered for ESMAP.

SMALL ISLAND DEVELOPING STATES

Ms. Silvia Martinez Romero, Senior Energy Specialist, ESMAP, provided an update on the status of the SIDS DOCK portfolio and highlighted the impact of several projects. In Sao Tome and Principe, SIDS DOCK support has led to a \$29 million investment lending operation, while the geothermal exploration support to Dominica and Saint Lucia has led to the preparation of two lending operations of up to \$60 million. In Seychelles and Mauritius, the projects have had significant impact on renewable energy targets, policies, and technical requirements.

The current pipeline contains 10 projects across the Pacific, Caribbean, and Africa. While disbursements have been slow, especially in the initial stages of each project, implementation speed is currently improving. To ensure full implementation of current projects as well as new projects to be funded from the second tranche of funding by Japan, ESMAP is requesting Denmark and Japan to extend the SIDS DOCK Support Program grant agreement

closing date from June 2018 to December 2020.

A CG Member asked if ESMAP continues to collaborate with UNDP on implementation of activities and if the grant agreement extension would also include UNDP. The team clarified that ESMAP collaborated with UNDP on program coordination and donor reporting until UNDP closed their part of the program in the summer of 2016

but continues to coordinate with UNDP on any country-level activities. ESMAP management confirmed that the grant agreement extension will only concern ESMAP administered funds.

The CG members representing Denmark and Japan indicated that they will confirm the extension of the SIDS DOCK Support Program grant agreement as soon as possible.

Session 7: Energy Efficiency Thematic Area

Mr. Ivan Jaques, Senior Energy Specialist, ESMAP, made an introductory presentation, emphasizing how ESMAP-financing supports scaling-up energy efficiency in cities to change business-as-usual and to avoid locking in costly, polluting, and inefficient development through: (i) mobilizing the private sector and leveraging financing; (ii) promoting market transformation in building energy efficiency; (iii) catalyzing a strategic shift in client countries and WBG operations to mainstream energy efficiency in projects; and (iv) facilitating partnerships to harness knowledge, experience, and good practices.

In responding to queries from CG members, the team emphasized that ESMAP's work in energy efficiency is part of the Bank's energy engagement and closely linked to broader sector issues. In the current business plan, ESMAP seeks to enhance its focus on IDA countries. The discussion focused on the following topics:

- **Collaboration.** In response to a CG member query regarding collaboration, the team offered the following examples: (i) with the IFC to develop the EDGE program, to explore and facilitate linkage with World Bank IBRD/IDA operations, and to develop a pilot (with the urban and climate change practices of the World Bank) for exploring how auction mechanisms could finance building energy efficiency; and (ii) with the World Bank Water Global Practice to promote energy efficiency in water supply and sewerage.
- **Focus on Low-income Countries.** ESMAP is expanding its efforts, including through other World Bank Global Practices, in order to support IDA delivery, for example, by supporting integration of energy efficiency in a housing project in Cote d'Ivoire led by the World Bank's Social, Urban, Rural

and Resilience (SURR) Global Practice, and working with the Water Global Practice on utility efficiency improvements.

- **Sector Reforms and Standards & Codes.** The team gave further details on how ESMAP energy efficiency interventions are embedded in the Bank's broader policy dialogue in the energy sector, including on pricing. The team identified examples such as the work in Panama to develop energy efficiency standards and codes for building and appliances.

- **Sustainable and Efficient Buildings.**

There was also discussion on how ESMAP could support a triple-win through the integration of phase down of hydrofluorocarbons (HFCs - powerful greenhouse gases) targeted by the Kigali Amendment to the Montreal Protocol, with energy efficiency, especially in the case of measures related to space cooling and refrigeration, which are linked to ESMAP's work.

Session 8: Energy Access Thematic Area

An introductory presentation was made by Ms. Dana Rysankova, Senior Energy Specialist, ESMAP, covering the following main points: (i) international community is not on target to achieve global universal access in line with SEforALL targets unless we effectuate a rapid acceleration; (ii) such acceleration is possible, as exemplified by Kenya, with timely support from ESMAP, IDA, and other development financing partners; (iii) ESMAP has the right tools and experience to help with the acceleration through its programs on grid electrification, mini grids, and clean cooking and heating; (iv) *Lighting Africa* is a good example of how support can be used for mini grids and clean cooking and heating to reach the inflection point in market transformation; (v) challenges ahead include policy inertia towards change, underperforming utilities, and bridging the gap between cost of service and consumer affordability; and (vi) solutions to these challenges exist, but require consistent support, sharing of best practices, and continued innovation.

The CG acknowledged ESMAP's approach straddling the public and private sectors towards to accelerate energy access. Discussions were around the following topics:

- **Energy Access as a Public Good.** Responding to a CG member's query about whether access can be provided to the poorest households using a public good model, the ESMAP team

emphasized that reaching universal access will require both scaling up private-based solutions (to reach households capable of paying for electricity) and public support solutions

for poorer households and those living in remote areas. In this context, results-based financing mechanisms have proven useful in reaching underserved poorer populations.

- **Developing Local Capacities.** Building local capacities is an essential part of developing an electrification program. In particular, as the progress accelerates, it is essential to work simultaneously develop adequate capacity for both utilities and private providers to expand.
- **Geospatial Analysis.** ESMAP is working on improving geospatial least-cost electrification tools. In the past, the focus of these tools was to chart the least-cost electrification grid roll-out, with less attention to how mini grids and off-grid solutions could be

integrated. Now, geospatial planning includes zooming in the off-grid areas on population clusters, to inform both government and the private sector. The least-cost planning algorithms are also being improved. The decision of which households should be grid or off-grid electrified should be based on expected loads (e.g., for smaller loads, off-grid technologies may be a more viable option). Finally, geothermal planning is used more as a dynamic tool that allows scenario planning, in order to, for example, take into account different realities on the ground (financial strength of utilities, generation capacity, etc.) and therefore develop alternative paths to achieve universal access through a combination of grid and off-grid solutions.

Session 9: Renewable Energy Thematic Area

Mr. Pierre Audinet, Senior Energy Economist, ESMAP, presented the objective, scope and challenges of the renewable energy activities which, since FY2014, have provided more than \$30 million in support to 40+ countries. As renewable energy costs are declining and investments are picking up across the globe, ESMAP provides support to organize, manage, and facilitate efficient renewable energy scale-up and avoid unplanned growth. ESMAP does this by: (i) creating consensus around key renewable energy issues; (ii) pushing boundaries to help countries on a renewable energy trajectory, for instance, through strategic planning and long-term engagements (e.g., in Vietnam, ESMAP has been engaged since 2010 through interventions to promote renewables that have resulted in several policy changes and planned investments in solar PV); (iii) leveraging public and private capital; and (iv) building partnerships to maximize impact. The renewable energy program is proposing to address key challenges for ESMAP to scale up support with the following measures: (i) meeting growing demand by implementing a programmatic and wholesale

approach; (ii) building consensus to clarify the role of the public sector; and (iii) expanding partnerships to maximize impact of constrained resources.

CG Members strongly supported the strategic direction and scope of activities supported under the ESMAP renewable energy thematic area, with the discussion centered around the following topics:

- **Leveraging of Finance.** In response to queries from several CG members regarding financial leveraging to scale-up and meet SDG targets, the ESMAP team highlighted that ESMAP support for concentrated solar power (CSP) has leveraged more than \$2 billion for the 500+ MW Noor I-III CSP project in Morocco, while the Global Geothermal Development Program is expected to leverage more than \$1.5 billion in public and private capital. The team also noted that the challenges linked to variable renewable energy (VRE) integration will require significantly more concessional funding support while generating commercial financing for generation is somewhat easier. The CG encouraged all ESMAP programs to similarly focus on mobilizing investments.
- **Support for Wind, Hydropower, Biomass, and other Renewable Energy Technologies.** The ESMAP team clarified that while support for wind energy has not been a part of the ESMAP/WBG portfolio in recent years given private sector financing of the sector, it could be considered in the future, similar to ESMAP's approach to solar, with a primary focus on resource mapping,² development of auxiliary infrastructure (such as solar parks), and improvement of the broader regulatory framework. Apart from the resource mapping activities on small-hydropower and biomass, there are no dedicated global programs on hydropower and biomass in ESMAP and demand for support to these technologies is met through Annual Block Grants.
- **ESMAP Tools.** In response to CG queries regarding demand for ESMAP tools, the team noted that the Global Solar Atlas webpage, which was launched in January 2017, has generated more than 40,000 page views. ESMAP seeks to create additional interest in client countries and is focusing dissemination efforts on developers and public institutions. Going forward, ESMAP is shifting the focus of the solar mapping activities from modelling development to installation of measurement stations

² In Ethiopia, a good example of such approaches, ESMAP has conducted wind mapping activities and the WB is now working with Denmark on wind development to increase bankability of wind projects through site measurements, preparation of standardized power purchase agreements (PPAs), and other regulatory support.

for which there is growing demand.³ In parallel, ESMAP is working to launch the Global Wind Atlas to complement the Global Solar Atlas.

- **Partnerships.** Several CG Members inquired about the collaboration with the IFC and other external stakeholders, such as SEforALL, IRENA, and the International Solar Alliance. The team described the close coordination with IFC on country-level activities under the WBG *Scaling Solar* initiative. For example, in those countries where the independent power producer (IPP)-based procurement of solar capacity is not feasible, ESMAP has the ability to support alternative approaches to the procurement of such capacity. With IRENA, there is close collaboration on mapping and on auction design capacity building. ESMAP hosts the Knowledge Hub under the SEforALL; further collaboration with the SEforALL network to disseminate ESMAP knowledge products is under consideration. ESMAP stands ready to work with the International Solar Alliance (ISA) under the framework of the Memorandum of Understanding

(MoU)⁴ signed between the World Bank and ISA in June 2016.

³ Analysis of the cost-benefit of measurement investments shows potential benefits of \$70 million when 1GW of installed capacity is informed by a publicly funded measurement campaign, at the cost of \$0.5-1million.

⁴ The MoU envisions strengthening cooperation in areas such as mobilization of financing for deployment of solar energy, technical assistance and knowledge transfer, and organization of selected events. ESMAP partnered with ISA in the launch of the Global Solar Atlas and has also set aside resources to finance a limited number of experts within ISA's envisioned Solar Policy and Investment Advisory Hub (SPIAH).

Session 10: Africa Grid Solar Program

The opening presentation by Mr. Pierre Audinet, Senior Energy Economist, ESMAP, conveyed: (i) the problem being addressed; (ii) the WBG approach; and (iii) the ESMAP technical assistance component. The Africa region is endowed with massive solar resources and need for energy access with regional variations in endowments and capacities: (i) the West African Power Pool with a weak grid and good resources; (ii) the East African Power Pool with better grids but poor resources; and (iii) the South African Power Pool with medium-quality grid connectivity and good resources. Therefore, a regional approach is being undertaken to remove some of the barriers, help integrate the regional market, and harmonize regulatory rules. Close collaboration with IFC is maintained with the IFC focusing on procuring generation, while the World Bank focuses on grid infrastructure.

ESMAP proposed to allocate a significant share of its Solar Support Program budget to this initiative. ESMAP support will also focus on the coordination between hydropower and solar, along with the required grid integration studies to pre-identify and address issues that may emerge from high penetration of renewables. Efforts are also underway to mobilize additional funds from the China Trust Fund and the Korean government.

Some CG members voiced concern whether it is the right time, place and packaging for large-scale solar projects in Africa. One of the concerns related to the integration of high shares of renewables in regions with weak grid infrastructure such as in Africa. The World Bank team clarified that addressing these constraints is one of the priorities of the Bank's program.

CG members also requested information on how the Program would collaborate with other initiatives and actors, such as American Renewable Energy Institute (AREI), IRENA's Africa Clean Energy Corridor, and the African Development Bank.

Session 11: Asia Energy Transition (Follow the Carbon)

The introductory presentation by Ranjit Lamech, Director EEX, covered the following main points: (i) the next five years are critical to accelerate energy transition and reduce climate change impact; (ii) the Energy Transition Asia (planned ESMAP budget of \$12 million) focuses on six countries—China, Indonesia, Vietnam, India, Pakistan, and Philippines in East and South Asia—to curb mitigation of 260 Gt CO₂ emissions from coal-fired power plants by scaling up renewable energy and energy efficiency in those countries; (iii) the project

builds upon four pillars—concessional finance (GCF, GEF, etc.), technical assistance, partnership and outreach, and knowledge exchange; and (iv) for financing of the necessary investments the initiative pursues two levels of partnership—delivery of co-financing together with ADB and AIIB as well as domestic and international commercial financing.

There was broad support from the CG for the initiative and ESMAP's upstream role in helping deliver technical assistance. CG Members had the following suggestions regarding the initiative:

- **Climate Diplomacy.** Several CG members suggested that the climate diplomacy instruments of the donor countries (e.g., through the G20 process) could be deployed in coordination with the WBG's Climate Leaders to help promote the initiative.
 - **Domestic Policy Issues.** Local pollution issues could be the entry point for the dialogue on clean energy interventions.
- The proposed initiative should also be cognizant of the local tax regimes in the participating countries that could be antithetical to the energy transition agenda.
- **Hydropower Scale Up.** The World Bank's Energy and Water Global Practices collaborate on employing donor resources that have been provided for hydropower scale up.

Session 12: Annual Block Grants for Energy Sector Governance, Markets, and Planning

Mr. Victor Loksha, Senior Energy Economist, ESMAP, introduced ESMAP support through Annual Block Grants (ABGs), making the following main points: (i) achieving the goals of SDG7 requires well-functioning power sectors; (ii) "cascade" approach to infrastructure finance puts commercial finance and sector reforms first; (iii) ESMAP approach in FY2017-20 is to support regions with ABGs⁵ in the areas of governance, planning, and markets, prioritizing utilities/energy sector reform, power system planning, and regional integration of infrastructure; (iv) between FY2014-16, 50 completed activities in 33 countries funded by \$9.8 million in ABGs informed \$1.5 billion of WBG operations; and (v) ABGs support private sector participation in the energy sector through mobilization of non-Bank resources for development finance and joint work with IFC.

⁵ For example, ABGs offer technical assistance to government bodies, regulators, or system operators on institutional/governance structures attractive to private sector, cutting-edge options for market design, power sector reform options, and lessons from experience.

A CG member suggested that ABG be retitled as “Regional Allocation for Policy and Planning Support (RAPPS),” to emphasize that the modality is more than just a provider of financial resources. In particular, TAG recommended that ESMAP develop new tools and approaches for utility reforms in the context of the Bank’s rethinking of power sector reforms and increasing penetration of variable renewable energy.

ESMAP management clarified that the ABG modality grants on average \$1 million per year per region and that the ESMAP business plan is flexible; there are possibilities of supplementing funds to ABGs with specific thematic programs, such as Gender or Hydropower. Finally, ESMAP will look into suggestion of a new label for the ABG modality.

Session 13: Presentation of New M&E Portal

The new M&E portal was introduced by Ms. Brenda Manuel, Senior Operations Officer, ESMAP. CG members welcomed the new Portal and made the following suggestions to strengthen the ESMAP M&E system: (i) seek volunteers (TAG, some CG members) to test the new portal; (ii) ESMAP to adopt ASTAE indicators, with all the associated caveats; (iii) provide link or data on energy indicators from the [WBG Corporate Scorecards](#);⁶ (iv) review established indicators of ESMAP donors to determine whether they can be easily captured as part of M&E reporting; and (v) explore registering/publishing ESMAP data to the International Aid Transparency Initiative (IATI) Standard.⁷

It was also agreed that the reporting format agreed with the European Commission be considered for reporting on the thematic and cross-cutting programs. CG members were requested to review the European Commission’s format and provide feedback to ESMAP management. One donor requested that the annual portfolio review be posted on the ESMAP website.

ESMAP’s has developed a Risk Framework (shared with the CG at the meeting) to identify assumptions or risks to achieve outcomes. CG members were requested to provide their comments to ESMAP management.

⁶ The World Bank Group/World Bank Corporate Scorecards provide an overarching view of the results and performance indicators of the three World Bank Group institutions: The World Bank (WB), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). The Scorecards are published annually in the Fall with an update issued in the Spring.

⁷ The IATI Registry provides links to the data published by all registered organizations or programs using the IATI Standard.

Session 14: Energy Subsidy Reform

Ms. Sheoli Pargal, Lead Energy Economist, ESMAP, provided an update on the Energy Subsidy Reform Facility (ESRF), highlighting that energy subsidies are still large today (\$325 billion)—relative to those on renewables—despite the fall in oil prices globally. The persistence of energy subsidies leads to overuse of fossil fuels and undermines climate change mitigation; moreover, subsidies tend to be regressive. Energy subsidy reforms require a holistic approach to the issue, including appropriate diagnostics, such as political economy and poverty and social impact analyses. It is also key to address the root cause of power utility financial problems that necessitate subsidies in regions such as Africa. The ESRF represents a shift in the Bank's approach to energy subsidy reform by addressing the issue in a comprehensive manner and providing hands-on, customized, multi-year technical assistance to country teams, with due consideration of social and political sustainability. Discussions focused on the following issues:

- **Scope of ESRF Activities.** A CG member inquired about the scope and coverage of subsidies under the facility. A few CG members asked how subsidies are defined and measured, remarking on the need to understand how subsidies are calculated by other international organizations, as well. The team responded that the ESRF covers fuels, district heating, and power subsidies. A multifaceted Energy Subsidy Reform Assessment Framework (ESRAF) is being developed by the World Bank, which is expected to provide a consistent basis for diagnostic work by World Bank teams engaging in the measurement of energy subsidies and design/implementation of energy subsidy reform. It will be made publicly available for partners to use, as well.
- **Continued Support and Absorptive Capacity.** A few CG members expressed interest in increasing their involvement on the energy subsidy reform issue but asked whether the budget allocated to ESRF can be absorbed. The team noted that there is significant demand from countries in different regions, that ESRF responds to demand, and that absorptive capacity is not a problem.
- **Global Advocacy and Partnerships.** A CG member indicated that ESRF should play a larger role in global advocacy as the energy subsidy reform issue needs even more international attention. Another member inquired how ESRF coordinates with the Global Subsidies Initiative (GSI) and the Friends of Fossil Fuel Subsidy Reform (FFFSR) beyond the forthcoming FFFSR Spring Meetings side-event being organized by the World Bank through the Nordic Executive Director's office. They asked that the routine coordination between

ESRF, IEA, and GSI that was in place earlier be reactivated. Donors expressed interest in being kept informed about bilateral activities connected to ESRF financing.

- **Energy Subsidy Reform and Climate Change.** A CG member noted that energy subsidy reform is an integral part of the global response to climate change. The pilot Energy Subsidy Reform - Energy Efficiency Swap supported by ESMAP in Ukraine is a good example of what can be done at the technical assistance level and further initiatives in this respect would be welcomed. A CG member inquired about ESRF's interaction with carbon pricing initiatives and associated peer

exchanges. The ESMAP team confirmed that the World Bank's Macro-Fiscal Global Practice and Climate Change Cross-Cutting Solutions Area are engaged in these discussions.

- **Specific Results and Country Briefs.** Several CG members welcomed the sample Country Brief for Ukraine that had been shared and requested that similar knowledge products be made available. All donors expressed interest in the reporting template that has been agreed with the European Commission. The team noted that ESRF is a young facility and while its support has helped in cases such as Ukraine and Egypt, it is still a bit early to report additional results.

In closing, it was agreed that the reporting format of the European Commission will be shared with all donors. Additional briefs on ESRF country engagements and outcomes will be shared as work progresses. Ways of strengthening cooperation with International Institute for Sustainable Development's Global Subsidies Initiative (IISD/GSI) and other partners will be examined going forward.

Session 15: Communications and Knowledge Management

COMMUNICATIONS

Ms. Nansia Constantinou, Communications Officer, ESMAP, presented the communications work during the last year: (i) outlining ESMAP's communication objectives and approaches; (ii) highlighting the main successes and deliverables; (iii) introducing ESMAP's new website; and (ii) setting forth proposals for simplifying content, including ESMAP's Annual Report.

Several CG members appreciated that ESMAP's communications team had accomplished a lot in one year, especially with the development of the new website. Discussions were around the following topics:

- **Social Media.** Several CG members noted that social media would help ESMAP's outreach and dissemination, remarking that such outreach must be targeted through identified regional or local channels. Acknowledging the usefulness of social media, the ESMAP team agreed to explore the feasibility of reopening ESMAP's own channels taking into consideration WBG guidelines. The TAG also raised a question about developing a mobile application (app) for ESMAP, an option that has not been explored yet.
- **Branding.** CG members emphasized their interests in further strengthening of the ESMAP brand, especially within the WBG and among partners. The team reassured the CG that ESMAP has been very focused on branding and will further enhance brand prominence when it serves best to do so. Examples are RISE and SEAR websites, which were developed based on the new ESMAP site design to align with ESMAP's image. In some instances, it makes more sense to leverage the WBG brand, placing ESMAP under this larger umbrella.
- **Annual Report.** The proposal for a leaner and more interactive Annual Report was supported by the CG. Some members noted that while the Annual Report provides a great snapshot of ESMAP's progress, information on specific topics and activities can still lack the granularity needed for donor-specific reporting to governments. A potential approach is to prepare a lean Annual Report and provide supplemental information, such as the program-level reports in the format agreed with the European Commission, Impact stories and country briefs, through links to the new website and M&E database. It was also noted that preparing a leaner report would free up resources to pursue additional communication efforts.

KNOWLEDGE MANAGEMENT

Mr. Ramesh Ramankutty, Lead Specialist, ESMAP, provided an update on the implementation of the ESMAP Knowledge Management (KM) work plan, emphasizing that elements of ESMAP KM were developed to straddle the M&E and Communications functions of ESMAP, and to connect seamlessly to the KM agendas of World Bank Energy Global Practice and World Bank Group. The work plan, was initiated with an audit of current KM work at ESMAP and an assessment of potential audiences, undertaken in consultation with World Bank's Energy Global Practice KM and Global Solutions Leads. The Work Plan contains eight elements across four pillars:

- **People:** (i) Expert Connector—to facilitate internal and external stakeholders in connecting to ESMAP staff; and (ii) People Flow—to manage the in and out flow of ESMAP staff for operational effectiveness.
- **Products:** (i) Knowledge Menu—to create menu of knowledge products per audience/desired impact; and (ii) Energy Radar—to create a mechanism to monitor internal and external energy knowledge (i.e., demand, gaps, hot topics).
- **Processes:** (i) Knowledge Impact—to simplify and streamline knowledge dissemination for higher impact; and (ii) Answers Now—to design a simple process for embedding ESMAP in large Q&A initiatives.
- **Platforms:** (i) Online Knowledge Repository—to ensure ESMAP knowledge is stored and easy to find by key stakeholders; and (ii) Face-to-Face—to provide platform for personal interactions.

The alignment of responsibilities across ESMAP and EEX for activities under the eight elements is being finalized as a prelude to implementation during FY2017-18.

The CG requested that attention be also paid to outward-facing elements of KM so that external stakeholders also benefit from the work of ESMAP. Several CG members acknowledged the benefits of ESMAP staff members and/or WBG TTLs visiting their respective organizations during their travels through Europe to provide updates on ESMAP work; similar appreciation was expressed regarding invitations to WBG/ESMAP events in partner countries.

ESMAP Knowledge Forum. Several CG members supported the proposal from ESMAP management to hold an ESMAP Knowledge Forum in autumn 2017; a couple of CG members indicated their willingness to host the event and agreed to follow up after consultations with their respective organizations.