



Completion Report

Project Number: 48379-001
Technical Assistance Number: 8766
August 2017

Support for Clean Energy Financing Partnership Facility Administration

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Asian Development Bank

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TA Number, Country, and Name:			Amount Approved: US\$ 225,000	
TA 8766-REG: Support for Clean Energy Financing Partnership Facility Administration			Revised Amount: US\$ 225,000	
Executing Agency: Asian Development Bank	Source of Funding: Climate Change Fund – Clean Energy Development Component ¹		Amount Undisbursed: US\$4,633.16	Amount Utilized: US\$220,366.84
TA Approval Date: 19 November 2014	TA Signing Date: 19 November 2014	Fielding of First Consultant: 5 February 2015	TA Completion Date Original: 31 December 2015 Account Closing Date Original: 31 December 2015	Actual: 30 June 2016 Actual: 26 August 2016

Description

The Clean Energy Financing Partnership Facility (CEFPF) acts as a funding platform for cooperation between ADB and its financing partners, and comprises the multi donor Clean Energy Fund (CEF), Asian Clean Energy Fund (ACEF), the Carbon Capture and Storage Fund (CCSF), and the Canadian Climate Fund for the Private Sector in Asia (CFPS). Other funds administered by the Facility Secretariat include the Climate Change Fund – Clean Energy Development Component (CCF-CE) and the Renewable Energy, Energy Efficiency and Climate Change (REACH) Fund.

The CEFPF was established in 2007 through TA 6392-Supporting the Implementation of the Energy Efficiency Initiative in Developing Member Countries to finance (i) small scale energy efficiency investments that require quick and efficient transactions; (ii) technology transfer of small scale number of large high-impact interventions that will catalyze adoption of pre-commercial clean energy technologies; and (iii) grant assistance for institutional capacity building of financial institutions, facilitating project transactions, project preparation, developing market based incentives, and establishment of a monitoring and evaluation mechanisms. The role of CEFPF gradually widened as ADB's clean energy activity grows and more donors trust ADB to act as their advocate in managing funding support for low-carbon development, thus catalyzing greater clean energy investments in the region. To continue to support ADB operations by maintaining this in-house expertise in the planning, design, monitoring, and tracking of clean energy projects, this initiative was later supported by TA 6501-REG: Expanding the Implementation of the Energy Efficiency Initiative in Developing Member Countries.

With RETA 6501's physical completion on 31 December 2014, TA 8766-REG: Support for Clean Energy Financing Partnership Facility Administration was approved on 19 November 2014 to provide supplementary funding support to allow continuous resourcing of the CEFPF as a bridging solution. This involves the extension of funding for five existing consultancy positions for twelve months to allow retention of the existing CEFPF management team. Operationally, the CEFPF is administered by SDSC, but the activities it funds are initiated and implemented by operational departments (ODs).

Expected Impact, Outcome, and Outputs:

The expected impact of the TA was reduced GHG emissions through expanded clean energy investments in DMCs. The expected outcome was to maintain/increase ongoing growth in ADB's clean energy investment through continuing operation and administration of the CEFPF and its related activities. The expected outputs were: i) fund secretariat operations; ii) coordinating and tracking overall CEFPF-funded activities and project progress; iii) project assessment and processing Fund applications; iv) program monitoring and evaluation systems; v) reporting; and vi) interdepartmental and external support and coordination. The TA's design and formulation is **highly relevant** with ADB's commitment of increasing energy efficiency and use of renewable energy by Developing Member Countries (DMCs). Strategy 2020² and 2009 Energy Policy³ included promoting energy efficiency and renewable energy as one of the three key pillars.

Delivery of Inputs and Conduct of Activities

Overall the TA is assessed to be **efficient**. The TA utilized 98% of the total TA amount with 6-month extension to allow preparation of CE investments 2015 annual reports and continue fund application process. A **satisfactory** performance was delivered by ADB as the executing agency. Three consultants received **excellent** performance rating and two received **satisfactory** performance rating.

Long term national (34.36 person months) and international consultants (14.86 person months) who comprised the CEFPF Secretariat were engaged in accordance with ADB's Guidelines on the Use of Consultants. The CEFPF Secretariat was mobilized during the start of 2015 to sustain the management of the CEFPF and its myriad activities including the regular evaluation and processing of projects for fund allocation and the constant monitoring of clean energy projects.

SDSC/Energy Sector Group (SDSC-ENE) managed the CEFPF Secretariat in coordination with Operations Directors responsible for clean energy projects. The Fund secretariat in coordination with the SDSC-ENE took the lead in the following: (i) overseeing the project application review, endorsement and allocation process based on relevant implementation guidelines, eligibility criteria and prescribed use of funds through 2015 to mid-2016; (ii) assessing the progress of the project/TA implementation against the expected

¹ Established by the Asian Development Bank

² ADB. 2008. *Strategy 2020: Working for an Asia and Pacific Free of Poverty*. Manila.

³ ADB. 2009. *Energy Policy*. Manila

clean energy impacts; (iii) overseeing the monitoring and evaluation of projects receiving clean energy funds allocations; (iv) coordinating and tracking potential clean energy investments in projects and project progress, (v) supporting operations departments (energy and non-energy divisions) in pursuing action plans directed towards the increase of clean energy investments and implement clean energy projects in ADB DMCs; (vi) supporting the conduct capacity building and knowledge sharing activities in renewable energy and energy efficiency, etc. contributing to the achievement of energy targets; (vii) supporting non-energy divisions develop clean energy components in their projects; and (viii) other related tasks.

Evaluation of Outputs and Achievement of Outcome

The TA is assessed as **effective** in delivering its outputs. Using the targets and indicators in the design and monitoring framework, below are the TA's achievements:

Outputs	Performance Targets and Indicators
1. Fund secretariat operations	By end December 2015, CEFPF progressed towards target outputs, outcome and impacts. The facility was able to leverage \$334 million in clean energy investments solely in 2015. CEFPF continues to provide critical financial support to clean energy projects. The portfolio of projects supported is expected to enhance capability building and leverage financing in infrastructure and investments in clean energy and renewable energy. Since the facility was established in 2007, it had allocated a total of \$138 million to 131 projects covering 35 DMCs. These projects were expected to catalyze about \$3.9 billion of clean energy investments from a number of sources comprised of ADB (\$2.16 billion), private sector (\$841.8million) and non-private sector (\$869.1 million). By end of 2015, the facility expected to contribute about 6.7 terawatt-hour equivalent (TWh-eq) of energy savings, 733.6 megawatt (MW) installed renewable energy capacity, 3.2 TWh renewable energy generation, and 7.6 million tons of carbon dioxide (tCO ₂) emission reduction per year. ⁴
2. Coordinating and tracking overall CEFPF-funded activities and project progress	The Secretariat consistently tracked all supported projects through its dedicated project database for results and financial monitoring (PROMODA) and using ADB's financial databases of LFIS, GFIS, and TAIS in coordination with Controller's Department (CTL) and the Office of Cofinancing (OCO). Transactions of projects were closely reviewed by the CTL which reported on financial status of each project through the Statement of Expenditures published every quarter, while the Office of Cofinancing helped monitor the projects relative to the target outputs and commitment to financing partners. As projects were implemented by ADB's operations departments (OD), the CEFPF Secretariat constantly coordinated with the ODs and specific project officers/teams for project updates/progress or to help in addressing bottlenecks in the case of slow disbursing projects.
3. Project assessment and processing Fund applications	There were six periodic batch application review periods where grant component of investments, concessional financing, technical assistance and project preparatory technical assistance were initially screened for eligibility and compliance by the CEFPF Secretariat including clearance from Alternate Facility Manager. Applications that complete the requirement of eligibility were submitted to the Clean Energy Working Group (CEWG) for technical review. Projects endorsed by the CEWG were reviewed by the Climate Change Steering Committee (CCSC) which provided the necessary fund authorization. Direct charges are processed on a need basis to be responsive to ODs' need for funding of direct and identifiable activities.
4. Program monitoring and evaluation systems	The CEFPF secretariat has developed, maintained and expanded the Project Monitoring Database (PROMODA). The PROMODA is the Facility's dedicated database for financial and results monitoring of CEFPF projects. Responses to request for information by operations departments and data for the annual report and semi-annual progress report were primarily derived from this database. It also helped in evaluating the use of resources against the prescribed facility allocation of 70:30 Investment:TA ratio (INV:TA), hence driving more resources to investment to a tune of 66:34 INV:TA ratio in 2015 alone. In terms of the latest progress of projects, the CEFPF Secretariat coordinates with the ODs and specific project officers/teams for information on updates and implementation status. The facility maintains a separate system to account for individual fund balances at facility level. Further an additional system was created to evaluate allocations by clean energy project type, modality, region, and sector. In terms of actual utilization of approved projects, a disbursement database monitors the resource utilization of all projects under CEFPF's portfolio. Using this as basis, the Facility identifies slow disbursing projects and coordinates with relevant project teams to resolve issues and expedite disbursements.
5. Reporting	Relevant facility reports were prepared and finalized in coordination with the CEWG, SDSC-ENE, OCO, CTL, and other ADB operations and service departments. Preparation of fund status reports was done in collaboration with SDSC-ENE, OCO and CTL to demonstrate effective financial stewardship and fiscal integrity, and facilitate strategic decision-making and results-based management. All reports which include the CEFPF Annual and Semi-annual Progress Reports, Status of Funds and Statement of Expenditures, Audited Fund Statements, Resource Utilization and Portfolio Profile, Disbursement Review Report, Individual Fund At-a-Glance, Project Application Matrices, and Minutes of CEWG Meeting were successfully provided by the CEFPF Secretariat.
6. Interdepartmental and external	The SSTA supported the daily operation of the CEFPF Secretariat, a team that centrally works for managing clean energy funds in coordination with ADB's operations departments, CTL, and OCO. Through constant communication, the coordination within the governance structure of the CEFPF is

⁴ CEFPF Annual Report end 31 December 2015

support and coordination	strengthened. The governance structure is comprised of the Climate Change Steering Committee, Clean Energy Working Group while coordination with the financing partners is done through OCO and Facility Manager.
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Overall Rating and Assessment

The TA is rated **successful**. The outputs were well received by relevant stakeholders and were generally achieved and in some areas exceeded expectations. It played a key role in sustaining the operations of the CEFPP. More specifically, it provided catalytic resources that resulted in the significant accomplishments consistent with the RETA's DMF as mentioned above. The TA is **likely sustainable**. Continuous effort by ADB/SDSC-ENE with the help of the Secretariat in mobilizing support for clean energy projects, coordinating with financing partners, collaborating with the operations department, and developing a strategic program to enable better integration of co-financing support provided by the CEFPP to harmonize and collaborate seamlessly with the operations departments will help attain its targets and contribute significantly to reduce climate change and promote clean energy among developing member countries.

Major Lessons

There are circumstances beyond the control of the fund management which would have increased the achievements of the Facility. Since projects apply for financing support while in the early stages of project development, some projects may not proceed to become full investment after the due diligence evaluations or their final project objectives and scope may no longer be in line with the Facility objectives. These were the case for the two allocation cancellations amounting to \$40 million in 2016: the PAK: Gulpur Hydropower Project and PHI: 60 MW Calatagan Solar Power Plant. The cancelled concessional financing would have contributed significantly to the achievement of the Facility targets had they proceeded.

The Facility requires adequate staff resources to effectively and sustainably operate the fund. As an integral contributor to ADB's energy targets, its operations must have guaranteed adequate allocated resources to cover the positions comprising the fund team.

Recommendations and Follow-Up Actions:

- (i) **Strategic Program.** Development of a strategic program within SDCC and SDSC that will enable the integration of trust fund operations to enable better financing support from the CEFPP to complement the activities of the Energy Sector and to contribute both to ADB's clean energy and climate change targets 2016 onwards.
- (ii) **Fund Raising.** As fund resources of the CEFPP are dwindling, ADB should work with financing partners in raising additional funds to sustain the operations of the CEFPP and continue providing support to clean energy projects and initiatives.
- (iii) **Coordination with OCO and Financing Partners.** The CEFPP has maintained a healthy pipeline of projects in coordination with the operations departments. The annual CE target of ADB would need the continued support of co-financing from the Clean Energy Funds where renewable energy and energy efficiency projects continue to be rolled out among ADB developing member countries.
- (iv) **Continue to foster capacity development.** There is a need to further develop and continue collaboration with operations department to promote capacity building within DMCs and staff on clean energy development. The continuing efforts for clean energy financing will nurture and sustain interest and the commitment to create better enabling environment for CE project development;
- (v) **Promote Energy Efficiency in Energy and Non-energy Sectors.** Energy efficiency, with potential for low carbon development, is an area where Asia has substantial scope to make gains. ADB should ramp up its assistance, with focus on demand-side interventions which reduce energy use at the point of final consumption across the residential, commercial, industrial, and public sectors.
- (vi) **Continue Supporting Renewable Energy and Smart Grid.** Support the development of renewable energy and smart grid to lower barriers and facilitate the rapid transfer and diffusion of renewable energy and mini grids. Smart grids which integrate renewable into the electricity system could also help to optimize the use of intermittent resources like solar and wind. ADB is facilitating investments in this area.
- (vii) **Support more Access to Energy Projects.** ADB should increase its project portfolio in energy access particularly to provide access to safe, clean, affordable modern energy, especially to the rural poor. This includes household access to electricity from renewable energy technologies such as micro-hydro, solar, biomass, and small wind power, as well as access to clean cooking fuel, such as LPG or biogas from livestock manure.
- (viii) **Continue Promoting Carbon Capture and Storage Technology.** ADB should continue promoting efficient use of hydrocarbon fuel through cleaner technologies, including CCS.
- (ix) **Support Private Sector Projects on Clean Energy.** ADB's private sector operations department has increased the number of clean energy projects under its portfolio. The timely establishment of the Canadian Fund for the Private Sector in Asia (CFPS) will allow ADB to address the dynamic market needs of the private sector, particularly by channeling the necessary financing for investment projects to be more acceptable from a risk-reward perspective.
- (x) **Strengthen Fund Team.** ADB should allocate resources to cover a full time fund manager and four full-time positions covering the following key functions: (a) planning and reporting; (b) application processing; (c) financial monitoring; and (d) results monitoring and evaluation. ADB could explore an internal arrangement to earmark a pre-determined share of the service charges as a predictable budget for a full time long-term CEFPP Secretariat team.

TA = technical assistance.