

## **SCF – SREP (Scaling Up Renewable Energy Program)**

**PROJECT TITLE: DISASTER RESILIENT CLEAN ENERGY FINANCING**

**COUNTRY: SOLOMON ISLANDS**

**MDB: ASIAN DEVELOPMENT BANK**

**Cover Page for Project/Program Approval Request<sup>[a]</sup>  
Scaling Up Renewable Energy Program in Low Income Countries**

<b>Country/Region</b>		<b>CIF Project ID#</b>	<b>Auto Generated by CCH</b>
<b>Type of CIF Investment:</b>	<input checked="" type="checkbox"/> Public <input type="checkbox"/> Private		
<b>Project/Program Title (same as in CCH)</b>	Disaster Resilient Clean Energy Financing		
<b>Sector/Pillar (Please select all that apply)</b>	<input checked="" type="checkbox"/> Renewable Energy <input type="checkbox"/> Agriculture and Landscape Management <input type="checkbox"/> Climate Information Systems and Disaster Risk Management <input type="checkbox"/> Coastal Zone Management <input type="checkbox"/> Enabling Environment <input checked="" type="checkbox"/> Infrastructure <input type="checkbox"/> Urban Development <input type="checkbox"/> Water Resources Management <input type="checkbox"/> Agriculture and Food Security <input type="checkbox"/> Agroforestry <input type="checkbox"/> Capacity Building / Institutional Strengthening and Governance Reform <input type="checkbox"/> Forest Monitoring / MRV <input type="checkbox"/> Indigenous Peoples / Local Communities <input type="checkbox"/> Landscape Approaches <input type="checkbox"/> Sustainable Forest Management <input type="checkbox"/> Other ( _____ )		
<b>Technology/Area (Please select all that apply)</b>	<input type="checkbox"/> Bioenergy <input type="checkbox"/> Capacity Building <input type="checkbox"/> Cookstoves <input type="checkbox"/> Geothermal <input type="checkbox"/> Hydropower <input checked="" type="checkbox"/> Mixed RE <input type="checkbox"/> Multiple <input checked="" type="checkbox"/> Solar <input type="checkbox"/> Waste to Energy <input type="checkbox"/> Wind <input type="checkbox"/> Other ( _____ )		
<b>Project Lifetime (MDB Board/Management) approval to project closure)</b>	<b>5 year implementation period</b>		
<b>Is this a private sector program composed of sub-projects?</b>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No		
<b>Financial Products, Terms and Amounts (same as CCH)</b>			
	<b>USD (million)</b>	<b>EUR (million)<sup>[b]</sup></b>	
PPG (Project Preparation Grant)	0.0		
Grant	2.0		

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MDB Project Implementation and Supervision Services (MPIS) <sup>1</sup>	0.1	
<b>Public sector loan – Senior loan</b>		
First loss guarantee		
Second loss guarantee		
Equity		
Senior loan		
Senior loan in local currency hedged		
Senior loan in local currency unhedged ( <b>EXCEPTIONAL REQUEST</b> )		
Subordinated debt/loan/ mezzanine instrument with income participation		
Subordinated debt/loan / mezzanine instrument with income participation local currency unhedged ( <b>EXCEPTIONAL REQUEST</b> )		
Subordinated debt/loan /mezzanine instrument with convertible features		
'Convertible/contingent recovery' grant/loan/guarantee (loans convertible to grants or vice versa)		
Convertible Loans (convertible to equity only)		
For loans and guarantees – is this a revolving structure? <sup>[2]</sup> <input type="checkbox"/>		
Yes <input type="checkbox"/> No		
<b>Specify local currency type here</b>		
Other (please specify)		
<b>Total</b>		
<b>Co-financing</b>		
	<b>Please specify as appropriate</b>	<b>Amount (in million USD)</b>
MDB 1	ADB	1.0
MDB 2 (if any)		
Government	Solomon Islands	0.5
Private Sector		
Bilateral		
Others (please specify)		
<b>Total Co-financing</b>		<b>1.5</b>
<b>CIF Funding</b>		<b>2.0</b>
<b>Total Financing (Co-financing + CIF Funding)</b>		<b>3.5</b>

<sup>1</sup> MPIS - CIF Operational Modalities For New Strategic Programs [here](#)

<sup>2</sup> With a revolving structure, after the loan or guarantee matures, instead of returning the funds to the Trustee, the funds are redeployed as a new loan or guarantee.

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<b>Proportion of Total Financing for Adaptation</b>	<b>50%</b>	
<b>Proportion of Total Financing for Mitigation<sup>[e]</sup></b>	<b>50%</b>	
<b>CIF Financial Terms and Conditions Policy</b>	<a href="#">Link</a> Is this request in accordance with the CIF Financial Terms and Conditions Policy?  <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (if no, please specify detailed information under the justification section)	
<b>Justification (exceptional request) <sup>[c][d]</sup></b>		
<div style="border: 1px solid black; height: 150px;"></div>		
<b>Implementing MDB(s) (please enter full name, job title and email address)</b>		
MDB Headquarters-Focal Point:	<b>Christian Ellermann</b> CIF Focal Point	
MDB Task Team Leaders (TTL):	<b>Rafayil Abbasov</b> Senior Energy Specialist, Energy Sector Group/Emerging Areas Operations Team  <b>Elmar Elbling</b> Energy Specialist, Energy Sector Group/Southeast Asia and the Pacific Team	
<b>National Implementing Agency (please enter full name, job title and email address)</b>		
Country Focal Point/s	Ministry of Finance and Treasury of Solomon Islands	
<b>Brief Description of Project/Program (including objectives and expected outcomes) <sup>[c][d]</sup></b>		

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The proposed project will provide financing to the Ministry of Finance and Treasury (MOFT) to create the Disaster Resilient Clean Energy Financing (DRCEF), which will be administered by the Development Bank of Solomon Islands (DBSI). It will be the first project of its kind in the country to mainstream disaster resilient clean energy financing. While the project funding is provided on a grant basis, it will be on-lent at the cost of administration and with a risk premium, enabling DBSI to diversify its funding sources and provide affordable loans, contributing to the Solomon Islands' renewable energy and energy access targets. Structured as a revolving facility, the DRCEF will ensure the sustainability of the proposed project for future co-financing by development partners. DBSI will use the proceeds to provide affordable financing to eligible borrowers, including women customers and micro, small, and medium-sized enterprises, for disaster resilient clean energy projects. The loans provided by DBSI will be used by the borrowers to purchase and install roof-top solar generation equipment. At least 10% of the loans, funded under this project and disbursed by DBSI, will be targeting women borrowers. A ceiling for a single loan amount per borrower under the ADB project will be determined at the due diligence stage.

The proposed project will deliver two key outputs: **(i) disaster resilient clean energy loans for eligible borrowers made available, and (ii) access to disaster resilient clean energy financing for eligible women borrowers improved**. These outputs will result in the following outcome: supply of clean renewable electricity to households and businesses increased. The project will be aligned with the following impacts: (i) access to disaster resilient clean energy for consumers increased; (ii) resilience of Solomon Islands' communities to climate change and disasters enhanced.

A grant of \$2 million is requested by ADB to finance the project. ADB will provide the grant financing to MOFT to create the DRCEF as a revolving facility. The pricing and tenor of the proposed on-lending by the DBSI will include its administration charge and risk premium based on the loan application assessment to be reviewed at the due diligence stage. The financial intermediary grant financing modality is proposed due to the investment scale and the experience of the proposed executing and implementing agencies (the MOFT and DBSI respectively).

**Consistency with investment criteria (please refer to design document)<sup>3[c][d]</sup>**

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<sup>3</sup> Link to SREP Design Document [here](#)

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The project will be implemented over 5 years from 2026 to 2031. MOFT will be the executing agency and DBSI will be the implementing agency. DBSI will establish a Project Implementation Unit (PMU), which will be supported by a team of full-time staff from DBSI and part-time consultants to be recruited under an ADB TA. The PMU will be responsible for overall project implementation, monitoring, and reporting. A Project Steering Committee (PSC) will be established to provide oversight of the project activities and ensure close coordination among all relevant stakeholders and national ownership. The PSC will include representatives from relevant ministries. Observers to the PSC will include ADB.

MOFT will lend the grant proceeds to DBSI. The repayment of funds from DBSI to MOFT shall occur over a maturity period of 10 years. DBSI will repay only the principal of the loan to MOFT. DBSI will retain the interest and fees earned from the loans in order to compensate for the credit risk (which is borne entirely by the bank), and operating expenses associated with disbursing and servicing the loans. DBSI cannot use the funding to cover its operating expenses or to cover expected losses, as those costs should be accounted for by the interest and fees charged by DBSI to the end borrowers. DBSI's loan pricing will be determined during ADB's project due diligence.

#### **Social Inclusion and Stakeholder Engagement** <sup>[c][d]</sup>

A Stakeholders' Participation and Communication Strategy will be prepared for project implementation that ensures a participatory approach, including three public outreach and awareness raising workshops on credit products available under the project. The Strategy will include methods and tools to ensure all stakeholders' participation, including civil society organizations, women's groups, and potential borrowers. The process of social and gender-inclusive consultations and information sharing throughout the project implementation will be monitored and reported in the project progress reports as per the grant agreement with the Solomon Islands.

#### **Gender Considerations** <sup>[c][d]</sup>

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<p><b>Gender Analysis</b> (Please insert the text from the project document on the analysis of gaps in access to services, markets, and jobs by women in relation to the project sectors)</p>	<p><b>Solomon Islands has one of the lowest access rates to financing for women among Pacific countries.</b> Apart from government-led social assistance, the present lending in the country is mainly geared toward higher-income groups and only limited focus on women loan products, especially for women-headed households that make up 10% of households. Women-headed households are more vulnerable to high energy expenditures due to the existing gender income gap. Only less than 10% of women are engaged in paid employment, therefore their low and irregular incomes, high interest rates up to 15% per year and collateral requirements make loans unaffordable. In rural areas, women are even more disadvantaged in accessing financing as the majority of rural women are occupied in informal self-employed activities (such as the food, agriculture, and trade industries) and cannot afford bank loans.</p>
<p><b>Gender Activities</b> (Please insert the text describing gender-specific activities included in the project)</p>	<ul style="list-style-type: none"> <li>• DBSI conducts at least three public awareness workshops on DRCEF by 2031</li> <li>• DBSI develops gender inclusive lending policy for approval by 2026.</li> </ul>
<p><b>Gender Indicators</b> (Please insert the text on selected gender specific indicators, including annual targets, from the Project Log Frame that the project is committing to report on)</p>	<ul style="list-style-type: none"> <li>• At least 10% of loans funded by ADB and disbursed by DBSI to women-headed household borrowers by 2031</li> <li>• DBSI adopts gender inclusive lending policy by 2026.</li> </ul>
<p><b>Just Transition</b> <sup>[c][d]</sup></p>	
<p><b>Just Transition Analysis</b></p>	<p>(n/a)</p>
<p><b>Just Transition Activities</b></p>	<p>(n/a)</p>
<p><b>Just Transition Indicators</b></p>	<p>(n/a)</p>
<p><b>Expected Results (M&amp;R)</b></p>	

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Project/Program Timeline	
Expected MDB Board Approval date <sup>[d]</sup>	Q1/2026
Expected project closure date <sup>[d]</sup>	Q2/2031
Expected lifetime of results in years (including beyond project closure)	15 years (DRCEF is proposed to be created as a revolving clean energy fund administered by DBSI to provide clean energy sub-loans on revolving basis)
SREP Core Indicators	Project-Defined Indicators/Targets
<p>Please identify which of the indicators below are relevant to the project proposal, list the corresponding project-defined indicator(s), and report all targets, including disaggregated targets. (See the <a href="#">SREP Monitoring and Reporting Toolkit</a> for additional guidance.)</p>	
<b>SREP 1:</b> Annual electricity output from renewable energy, as a result of SREP interventions (MWh)	
<i>Wind</i>	
<i>Solar</i>	1Mwh
<i>Hydro</i>	
<i>Geothermal</i>	
<i>Other/Mixed</i>	
<i>TOTAL</i>	
<b>SREP 2:</b> Number of women, men, businesses and community services benefitting from improved access to electricity and/or other modern energy services, as a result of SREP interventions	
<i>Male</i>	100
<i>Female</i>	50
<i>Businesses</i>	20
<i>Women-Owned Businesses (if feasible)</i>	20
<i>Community Services</i>	10
<i>TOTAL (i.e., in persons)</i>	200
<b>SREP 3:</b> Increased public and private investments in targeted subsectors, as a result of SREP interventions (\$)	<i>Indicator calculated from the co-financing section below</i>
<b>SREP 4:</b> Installed capacity from renewable energy, as a result of SREP interventions (MW)	
<i>Direct</i>	
<i>Indirect</i>	0.5MW
<i>TOTAL</i>	0.5MW

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SREP Co-Benefit Indicators	Project-Defined Indicators/Targets
<i>Please identify one or more co-benefit indicators that the project will track and report. Add lines as needed.</i>	
<b>SREP Co-Benefit 1:</b> Increased/strengthened regulatory, institutional, and policy frameworks to support the use of renewable energy	Net metering Act adopted and regulation for roof-top solar updated.
<b>SREP Co-Benefit 2:</b> Gender	Accessibility to disaster resilient clean energy loans for eligible women borrowers improved.
<b>SREP Co-Benefit 3:</b> GHG emissions avoided (mt CO <sub>2</sub> eq)	TBC
<b>Other SREP Co-Benefit:</b> <i>(Please specify)</i>	
<b><i>Please also submit the full project results framework to the CIF Secretariat upon MDB Board approval of the project.</i></b>	
<b>Expected Date of MDB Approval</b>	Q1/2026
<b>Additional Details (to Members)</b>	

**Version: February 2024**

Link to Documents Management – [here](#)

CCH – [here](#)

CIF Website – [here](#)

CIF Pipeline Management and Cancellation Policy - [here](#)

CIF Financial Terms and Conditions Policy updated for FY24 - [here](#)

CIF Operational Modalities For New Strategic Programs - [here](#)

SREP Programming Modalities and Operational Guidelines - [here](#)

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