

Cover Page for CTF Program Approval Request ¹			
1. Country/Region	South Africa	2. CIF Original Project ID#	PCTFZA068A
3. Project/Program Title	Expansion of the Approved South Africa Sustainable Energy Acceleration Program (SEAP)		
4. Terms and Amount Requested in million USD equivalent	Public sector – n/a		
	<p>Private sector</p> <p>Investment: USD 56.575 million</p> <p>Implementation & supervision budget: USD 0.925 million</p> <p>Total amount: USD 57.500 million²</p> <p>With approval of this program proposal, the total funding envelope for joint AfDB/IFC SEAP will be as follows:</p> <p>Original allocation: USD 85.0 million</p> <p>Additional allocation requested: USD 57.5 million</p> <p>Total allocation, including this request: USD 142.5 million</p> <p>The total funding envelope for IFC under SEAP:</p> <p>Original allocation: USD 42.5 million</p> <p>Additional allocation requested: USD 57.5 million</p> <p>Total IFC allocation, including this request: USD 100 million</p>		
5. Implementing MDB(s)	International Finance Corporation (IFC)		
6. National Implementing Agency	Private Sector		
7. MDB Focal Point	<p>Joyita Mukherjee, CIF coordinator (jmukherjee1@ifc.org)</p> <p>Andrey Shlyakhtenko, CTF focal point (ashlyakhtenko@ifc.org)</p>		

¹ This cover page is to be completed and submitted together with the MDB project/program document when requesting CTF funding approval by the Trust Fund Committee.

² The CTF funds for this request are made available by cancelling USD 57.5 million allocation endorsed by the CTF Trust Fund Committee (TFC) in October 2013 in the *Update for the South Africa Country Investment Plan (CIP)* to support either a private sector *Sustainable Energy Acceleration Program* or a public sector *Vehicle Efficiency Program*. The details of the reallocation of the funds from AfDB to IFC are provided in the *Amendment to the CTF Investment Plan for South Africa (Amendment)*, submitted concurrently with this *Program Proposal* by the Government of South Africa, AfDB, and IFC.

8. Brief Description of Project/Program (including objectives and expected outcomes)³

³ Please provide the information in the cover page or indicate page/section numbers in the accompanying project/program document where such information can be found.

This proposal for *Expansion of the SEAP* seeks an approval for increasing the funding of the IFC's account of the *SEAP* by USD 57.5 million. IFC has developed a strong pipeline of sub-projects that, when realized, will accelerate the use of the CTF funds in South Africa and allow CTF to support the momentum of innovation in solar power technologies in the country. IFC's project pipeline fully conforms to the objectives, scope, and expected outcomes of the USD 57.5 million allocation endorsed by the CTF TFC in October 2013 **and** the original *SEAP* approved in October 2010. While CTF *SEAP* funds have already helped achieve significant progress in promoting sustainable energy projects in South Africa, further support from the CTF within the scope of the *SEAP* is needed and will result in continued sector transformation.

The proposed expansion of the *SEAP Program (Expanded SEAP)* will aim to address barriers precluding desired acceleration of the solar power growth in South Africa. As the need for increasing electricity supply in the country far outstrips the pace of the progress in RE, additional efforts are needed to continue stimulating the sector and catalyzing further scale-up of RE projects. Given the strong solar resource in South Africa, IFC has been supporting innovative uses and business models utilizing solar technology, particularly to improve the cost of electricity supply from solar-power generation. Much progress has been achieved towards reaching this objective; however, a further concessional support is needed in the next phase of RE market development. To that goal, the additional funds for the *SEAP* will be applied to support: (i) private sector solar power generation projects that are adopting further technological innovation in dispatchable RE generation technologies, such as CSP; and (b) demonstration of commercial viability of distributed generation business models outside of the REIPPP's scope.

IFC will aim to support sub-projects that would use a CSP technology with more advanced features than these of the plants currently in operation or under construction in both developed and emerging markets. This enhanced CSP technology will improve power generation efficiency and allow for better integration into the grid, especially during periods of peak demand. In order to further take advantage of the exceptional solar resource available in South Africa and improve the reliability of electricity supply in the country, IFC will also seek to support solar PV-based distributed generation projects. These projects have the potential to meet the needs of large South African electricity consumers through a new business model, while also demonstrating the market opportunity and replicability of PV-based distributed generation.

The proposed *Program* will further enhance the transformational impact of CTF support to South Africa's RE sector by advancing a track record of innovative solar technologies and business models for distributed power generation. These first mover projects in Sub-Saharan Africa are expected to: (i) demonstrate the potential of solar PV in distributed generation/self-supply; (ii) reduce investor risk perception in the medium term and help similar future projects in the country and region to proceed with less or no subsidy; and (iii) increase the overall market experience in the development of CSP plants, using new technologies, which should increase efficiency and reduce cost of energy generation in the long-term.

For more detailed description of the program, objectives and expected outcomes please refer to attached Program proposal document.

9. Consistency with CTF Investment Criteria⁴

For Private Sector Projects/Programs:

- (1) Potential GHG Emissions Savings
Please see page 7, section 2.1
- (2) Cost-effectiveness
Please see page 7, section 2.2
- (3) Demonstration Potential at Scale
Please see page 8, section 2.3
- (4) Development Impact
Please see page 8, section 2.4
- (5) Implementation Potential
Please see page 8, section 2.5
- (6) Additional Costs and Risk Premium
Please see page 9, section 2.6
- (7) Financial Sustainability
Please see page 9, section 2.7
- (8) Mitigation of Market Distortions
Please see page 9, section 2.8
- (9) Effective Utilization of Concessional Finance
Please see page 9, section 2.9
- (10) Risks
Please see page 10, section 2.10

10. Stakeholder Engagement⁵

Stakeholder engagement will take place at the sub-project development stage and will follow the IFC rules and procedures.

11. Gender Considerations⁶

Gender aspects will be given thorough consideration and addressed at the sub-project level depending on the issues and opportunities that are identified at the appraisal stage for each sub-project.

12. Co-financing Indicators and Targets (consistent with results framework)

Core Indicators	Anticipated Impact
DIRECT IMPACTS	
(a) Increased supply of RE, MW	100
(b) GHG emissions avoided, tCO ₂ e	Annually: 470,000 over life of sub-projects: 9,400,000
(c) Incremental financing leveraged (of all, non-CTF parties), USD million	700

⁴ Same as footnote 2.

⁵ Same as footnote 2.

⁶ Same as footnote 2.

INDIRECT IMPACTS		
(a) <i>Increased supply of RE</i>	500	
(b) <i>GHG emissions avoided</i>	Annually: 2,350,000	
13. Co-financing		
	Please specify as appropriate	Amount (in million US\$)
• Government	<i>n/a</i>	
• MDB	<i>IFC</i>	90
• Private Sector (including project sponsors)	<i>Other private sector lenders and project sponsors</i>	610
• Bilateral	<i>TBD</i>	
• Others	<i>TBD</i>	
Total		700
14. Expected Date of MDB Approval		
<i>It is expected that the first investment under the Program will reach IFC Board approval within 12 months of the Program approval.</i>		