



Framework for Energy+ Cooperation with the Republic of Liberia

I INTRODUCTION

The Ministry of Lands, Mines and Energy of the Republic of Liberia ("Liberia"), and the Ministry of Foreign Affairs of the Kingdom of Norway ("Norway") are partners in the international Energy+ Partnership. Liberia and Norway entered into a Memorandum of Understanding (MoU) dated 21. June 2012 on "*Cooperation Aimed to Increase Access to Sustainable Energy and Reduce Emissions of Greenhouse Gases*". The MoU outlines the general approach and principles for the Energy+ Cooperation with Liberia.

The purpose of this document is to establish an Energy+ Cooperation with Liberia (hereinafter called "the Cooperation") aimed at supporting efforts to increase access to sustainable energy and reduce emissions of greenhouse gases through the use of renewable energy and energy efficiency in Liberia. Furthermore, the document describes relevant activities and required procedures to implement the Cooperation in line with the Energy+ approach in the period July 2013 to July 2018. The document also describes the process for measuring, reporting and verifying (MRV) results and how payment by results should be channeled. The document is not legally binding and expresses the voluntary commitment of Liberia and Norway to implement the Cooperation in accordance with this document. The intention is that other Energy+ donors can use the document to join the Energy+ Cooperation with Liberia.

II PURPOSE OF THE COOPERATION

The Energy+ Cooperation with Liberia intends to assist Liberia to achieve universal access to sustainable energy and reduce emissions of greenhouse gases from the energy sector, addressing the overall energy sector.

III SCOPE OF THE COOPERATION

The scope of the Energy+ Cooperation with Liberia is to enable Liberia to develop a payment by results system as described in the Energy+ Guiding Principles of 6. October 2011. The Cooperation will support the implementation of the Least Cost Power Development Plan, with the inclusion of the Investment Plan for Renewable Energy prepared for the Scaling up Renewable Energy Program in Low Income Countries (SREP), and other plans determined by the Government, with regards to renewable

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energy and energy efficiency. This Plan will serve as a National Energy and Climate Plan for Liberia.

Overall, the Cooperation will support Liberia's efforts to achieve increased access to renewable energy and to reduce emissions of greenhouse gases based on renewable energy and energy efficiency. This will support Liberia's efforts to achieve the targets in the "Sustainable Energy for All" (SE4ALL) initiative.

IV PHASED APPROACH

The Cooperation will be implemented in three Phases: I) Readiness Activities - July 2013 to July 2014; II) Implementation - July 2015 to July 2017 and III) Payment by Results - July 2017 to July 2018. The ambition is to implement the first two Phases from July 2013 to July 2016, and depending on the outcome of an annual review after Phase II, see article VI, to start the implementation of Phase III in 2017.

PHASE I – READINESS ACTIVITIES JULY 2013 TO JULY 2014

In Phase I, Liberia will undertake the preparatory steps to implement the Least Cost Power Development Plan and other plans determined by the Government, with regards to renewable energy and energy efficiency. This plan will serve as a National Energy and Climate Plan for Liberia, according to the requirements of the Energy+ Partnership. Increasing the capacity within the Ministry of Lands, Mines and Energy is a priority and a precondition for carrying out the activities in Phase I.

The activities to be carried out by Liberia include:

- 1) By the end of 2013 implement agreed-upon capacity building activities in order to strengthen the capacity that is already being developed by the Ministry and other partners.
- 2) By the end of 2013 develop a plan for the required short and long term capacity building based on a need assessment, including capacity for MRV activities. The MRV system should initially be simple and build on relevant national institutions, allow for continuous improvement over time and contribute to build capacity for Liberia's reporting obligations to the United Nations Framework Convention on Climate Change (UNFCCC).
- 3) By the end of 2013 develop a framework for regular donor coordination in order to improve coordination with other initiatives and programmes within the energy sector.
- 4) By the end of 2013 adopt the Least Cost Power Development Plan, with the inclusion of the SREP Investment Plan for Renewable Energy, amendments from Rural Renewable Energy Agency (RREA) and Energizing Development (EnDev) projects, and plans for deployment of the large hydro power potential.
- 5) By the end of 2013 clarify how funding from the Energy+ partners can be channeled to the Government of Liberia.
- 6) By the end of 2014 describe a system for MRV of progress on increased access to energy services and reduced emissions of greenhouse gases based on renewable energy sources and energy efficiency. The MRV system for access to energy services will initially be simple, but over time the system should use indicators developed by



the SE4ALL initiative. The MRV system for reduced emissions of greenhouse gases will be based on national emission factors and measure emissions in ton CO2 equivalents (CO2e), taking advantage of, as appropriate, the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines. The MRV system should further be part of the national greenhouse gas inventory system and contribute to Liberia's reporting obligations to the UNFCCC.

- 7) By the end of 2014 establish the described MRV system of increased access to energy services and reduced emissions of greenhouse gases by implementation of renewable energy and energy efficiency.
- 8) By the end of 2014 establish a system for independent, international verification of results achieved in terms of increased access to energy services and reduced emissions of greenhouse gases by implementation of renewable energy and energy efficiency as a basis for determining the maximum level of annual payments under subsequent Phases.
- 9) By the end of 2014 convene energy sector business dialogues with national and international private sector as the basis for identifying barriers and opportunities for investments in the energy sector in Liberia.

The donors intend to provide funding to Liberia for the implementation of the activities described in points 1 – 9 above.

PHASE II – IMPLEMENTATION JULY 2015 TO JULY 2017

Phase II is planned to be initiated in 2015, with a shared aspiration to be completed by July 2017. The aim of this Phase is to provide payments by results for implementation of policies and measures, leading to increased access to energy services from renewable energy sources and energy efficiency at sectoral level. Initially, the calculations should be made in a simple way. This will help to develop the necessary structures to enable funding for subsequent years, i.e. beyond July 2017, to be based on deliverables in terms of verified increase in access to energy services by implementation of renewable energy and energy efficiency. Furthermore, this will support Liberia's efforts to bring about transformative change in the energy sector, including through funding of mechanisms and instruments to enhance commercial investments.

The activities to be carried out by Liberia include:

- 1) By mid-year 2015 build the capacity needed within Ministry of Lands, Mines and Energy and the RREA, according to the plan developed during Phase I.
- 2) By the end of 2015 implement necessary sector reforms and improved legislation in order to create a better framework to attract private and commercial investments, according to needs identified in the Least Cost Power Development Plan.
- 3) By the end of 2015 develop and approve appropriate quality standards for renewable energy technologies, including solar lanterns and fuel efficient cook-stoves, to be revised by the end of 2017.



- 4) By the end of 2015 start necessary measurement, reporting and verification of progress in accordance with the MRV system developed in Phase I, and follow up actions to facilitate further improvements in the MRV system.
- 5) By the end of 2015 decide and implement incentives and instruments to leverage investments in energy efficiency and renewable energy programs and projects, including how to attract contributions from the Clean Development Mechanism (CDM).
- 6) Provide budgetary appropriations to be added to payments from donors as upfront funding of incentives and instruments necessary to implement renewable energy and energy efficiency programs and projects.

The donors intend to provide funding for the implementation of activities described in points 1 - 6 above.

PHASE III – PAYMENT BY RESULTS JULY 2017 TO JULY 2018

The plan is to initiate by 2017 Phase III - payment by results based upon independently verified results achieved in year 2016 in terms of increased access to energy by implementation of renewable energy and energy efficiency at sectoral level. Implementation of renewable energy will reduce emissions of greenhouse gases, but payment will not be based on MRV of emissions.

The donors intend to channel financial contributions through the financial mechanism, ref Article V below.

V FINANCIAL CONTRIBUTIONS

The donors have the intention to contribute funds to support Liberia's efforts to increase access to energy services and reduce emissions of greenhouse gases by implementation of renewable energy and energy efficiency. Funds will be committed through contribution agreements, or similar arrangements, to be established between the donors and the financial mechanism, and channeled through the financial mechanism provided that the mechanism is acceptable to the donors. The detailed terms and conditions for support will be set forth in bilateral contribution agreements or similar arrangements.

VI JOINT CONSULTATION GROUP

Liberia and the donors will establish a Joint Consultation Group (JCG) to contribute to the effective implementation of the Cooperation. The JCG will consist of representatives from Liberia and the donors, and any other representatives as agreed by Liberia and the donors.

Terms of reference and rules of procedure for the JCG will be agreed during the first meeting of the JCG and will be based on a draft prepared by Liberia. The JCG will convene Annual meetings to ensure effective implementation of the Cooperation based on its' terms of reference.

VII INDEPENDENT INTERNATIONAL VERIFICATION

Liberia and the donors will set criteria that will take into account the importance of building national capacity and, based on these criteria, designate an Independent



International Review Group (IRG). The IRG will undertake the annual verification of the deliverables measured by agreed indicators based upon the terms of reference approved by the JCG. The IRG will submit an annual review report to the JCG. Its reports will be public.

VIII DOCUMENTS TO BE PRODUCED

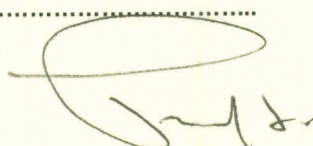
For the implementation of the Cooperation various documents need to be developed jointly by the end of 2013, which shall include:

- a) A process and timeline for agreeing on initial metrics and indicators for measuring and reporting progress on increased access to energy services and reduced emissions of greenhouse gases by implementation of renewable energy and energy efficiency.
- b) Methodology and approach to determine the maximum level of annual payment.
- c) A process and timeline for agreeing on a system for independent, international verification of increased access to sustainable energy and reduced emissions of greenhouse gases as a basis for determining annual payment under Phase III.
- d) Other requirements as deemed appropriate by the JCG.

IX TERMINATION

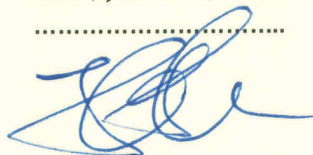
Liberia or a donor may choose to withdraw from the Cooperation with three months' written notice. The Cooperation also ends with the termination of the corresponding contribution agreement.

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Oslo, June, 13, 2013
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Hon. Patrick Sendolo
Minister of Lands, Mines and Energy
Government of the Republic of Liberia

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Oslo, June 13, 2013
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H.E. Heikki Holmås
Minister of International Development
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