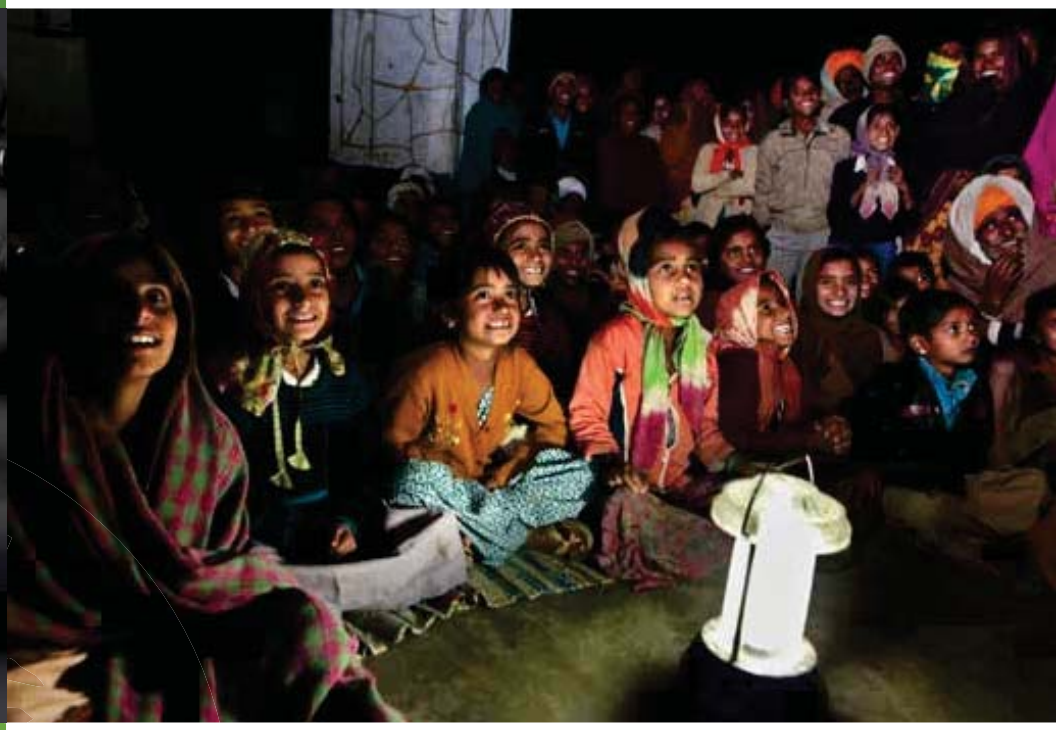
THE WORLD BANK

Readiness for Investment in Sustainable Energy (RISE)



IFC International Finance Corporation
World Bank Group

ESMAP

Promoting Investments in Sustainable Energy to Meet the Objectives of the Sustainable Energy for All (SE4ALL) Initiative

© Sofie Tesson/Twaimani Films/World Bank

RISE's value proposition

Objectives

The *Sustainable Energy for All (SE4ALL)* initiative has rallied the globe around three sustainable energy goals for 2030: universal access to modern energy, a doubling of the historic rate of improvement in energy efficiency, and a doubling of the share of renewable energy in the global energy mix. The recently published *SE4ALL Global Tracking Framework* estimates that achieving these three objectives would require at least $600 billion in additional annual investments—in other words, a doubling or tripling of historic capital flows into these areas. Investments of this size cannot be realized by public initiatives and funds alone. Policy makers will need to create enabling environments that encourage both public and private sector investment in energy access, energy efficiency, and renewable energy.

To help policy makers design and maintain the necessary enabling environment for investment, and as co-chair of the SE4ALL initiative, the World Bank Group has partnered with other stakeholders, including the United States Agency for International Development (USAID), the Scaling Up Renewable Energy Program (SREP), and the Energy Sector Management Assistance Program (ESMAP), to develop **Readiness for Investment in Sustainable Energy (RISE)**. RISE is a new initiative to develop global indicators across the three focus areas of SE4ALL: energy access, energy efficiency and renewable energy.

The RISE indicators will be developed jointly by the Energy and Global Indicators teams of the World Bank and IFC. It will use the Doing Business framework to assess the business environment for investment in sustainable energy. As such, the delivery model offers a strong track record and wealth of experience that can be leveraged by the World Bank Group for greater impact.

RISE will:

1. **Contribute to domestic policy debate** by providing policy makers with new information on the institutional, regulatory, and legislative systems that best support investments in sustainable energy.
2. **Measure country performance on these indicators,** both against each other and over time, to monitor progress and encourage governments to improve the climate for private sector investments.
3. **Contribute to achieving the SE4ALL goals** by informing country-level interventions and complementing the SE4ALL Global Tracking Framework. Policy inputs provided by RISE to foster enabling environments will be linked with outcomes measured by the Global Tracking Framework, making it possible to correlate policies and results over time.

Distinguishing characteristics

Several initiatives already measure the enabling environment for specific areas of sustainable energy across the globe. Major characteristics that distinguish RISE from these existing indicators include:

1. **A multi-faceted view:** While most other initiatives focus on one specific area, RISE encompasses energy access, energy efficiency, and renewable energy (figure 1). RISE will also develop indicators for cross-cutting themes that are relevant to all three areas.

2. **Global scale:** RISE aims to cover most of the world's countries, enabling rigorous comparisons on a global scale (figure 2). By contrast, many existing indicators are limited in geographic scope.

3. **Primary data, regularly updated:** RISE will generate a unique set of primary data that will be available online to parties wishing to conduct research. Unlike some initiatives that are carried out on a one-time basis or updated infrequently, RISE plans to be updated regularly.

4. **A focus on actionable policies:** RISE will focus on policies that are within the control of policy makers in the energy sector. It will also examine the implementation of policies and regulations, not only their existence.

A nonexhaustive list of existing sustainable energy indices and their characteristics is provided in Table I.

Figure 1: Coverage of SE4ALL Objectives by Existing Indices and by RISE*

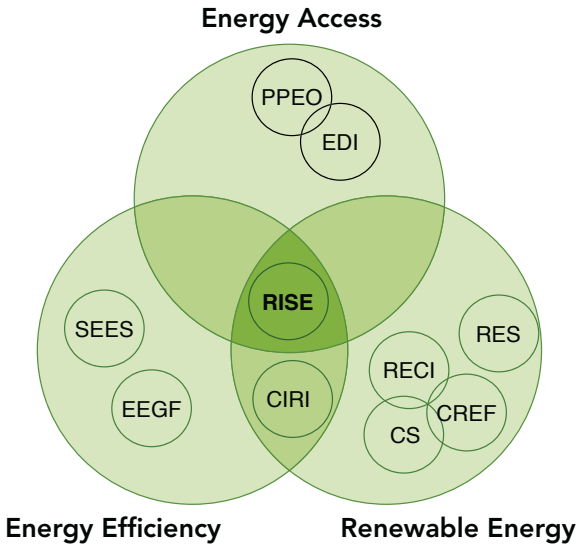
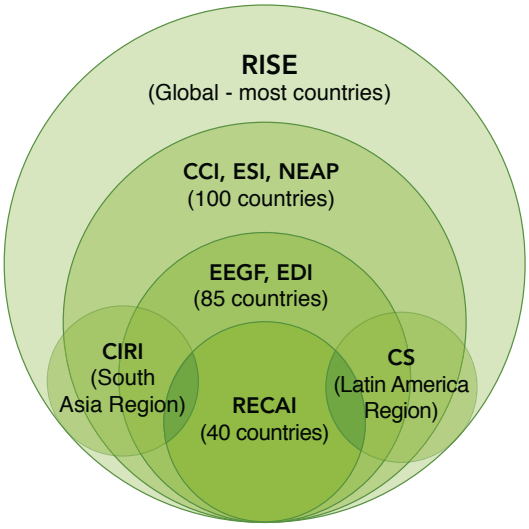


Figure 2: Geographic Scope of Existing Indices and of RISE*



*Acronyms in figure 1 and 2 are defined in Table I

Table 1: Sustainable Energy Indices Predating RISE

Acronym	Index Name	Organization	Geographic coverage (# of countries)	Thematic coverage*				Time dimension
				Gen	EA	EE	RE	
AFEX	Arab Future Energy Index	Regional Center for Renewable Energy and Energy Efficiency (RCREEE)	Arab (13)			√	√	One-time (2013)
CCI	Climate Competetiveness Index	AccountAbility / UNEP	Global (95)	√				One-time (2010)
CIRI	Climate Investment Readiness Index	World Bank	South Asia (6)			√	√	One-time (2011)
CREF	CREF RE Islands Index	Castalia	Caribbean (22)				√	One-time (2012)
CS	ClimateScope	IDB / Bloomberg	Latin America and Caribbean (26) **				√	Regular
EEGF	Energy Efficiency Governance Framework	IEA / EBRD / IDB	Global (77)			√		One-time (2010)
EDI	Energy Development Index	IEA	Global (80)		√			Regular
EGI	Electricity Governance Initiative Indicators	World Resources Institute	Selected (8)	√				One-time
ESI	Energy Sustainability Index	World Energy Council	Global (94)	√				Regular
IEES	International Energy Efficiency Scorecard	American Council for an Energy Efficient Economy (ACEEE)	Global (12)			√		Regular
NEAP	New Energy Architecture Performance	World Economic Forum	Global (105)	√				Regular
PPEO	Poor Peoples Energy Outlook	Practical Action	Selected (3)		√			Regular
RECAI	RE Country Attractiveness Indices	Ernst and Young	Global (40)				√	Regular
RES	RE-Shaping	European Commission	EU (27)				√	Regular
SAGCI	Sustainability-Adjusted GCI	World Economic Forum	Global (121)					Regular
SEES	State Energy Efficiency Scorecard	American Council for an Energy Efficient Economy (ACEEE)	Unites States (1)			√		Regular
RISE	Readiness for Investment in Sustainable Energy	World Bank Group	Global (180+)	√	√	√	√	Regular

*** Gen** = Energy sector in general | **EA** = Energy Access | **EE** = Energy Efficiency | **RE** = Renewable Energy
****** ClimateScope plans to include more countries in Asia and Africa in 2014

How will RISE be developed?

Guiding principles

Indicators pass through two stages of criteria to ensure that they are aligned with the purpose of RISE (figure 3). In Stage 1, four primary principles are applied to ensure that the eventual indicators can be used in nearly every country and that comparisons of different countries' results will provide meaningful information for policy makers and other stakeholders. Additional criteria applied in Stage 2 include the global availability of the data, the cost-effectiveness of data collection, and the existence of a consensus that each indicator indeed contributes to achieving desirable results.

Indicators

A preliminary list of indicators has been identified based on consultations with various stakeholders. Eight indicators have been established for energy access, twelve for energy efficiency, and nine for renewable energy. Additionally, four cross-cutting indicators encompass all three areas of sustainable energy (figure 4).

The proposed indicators cover four different parts of the policy and regulatory framework for sustainable energy: planning, policies and mandates, pricing and subsidies, and procedural efficiency.

The indicators will be piloted in 17 countries: Armenia, Chile, Denmark, Ethiopia, Honduras, India, Kenya, Liberia, Maldives, Mali, Mongolia, Nepal, Solomon Islands, Tanzania, United States, Vanuatu, and Yemen. The indicators will undergo a process of continual refinement and evolution over time.

Figure 3: Principles to Guide the Design of Indicators

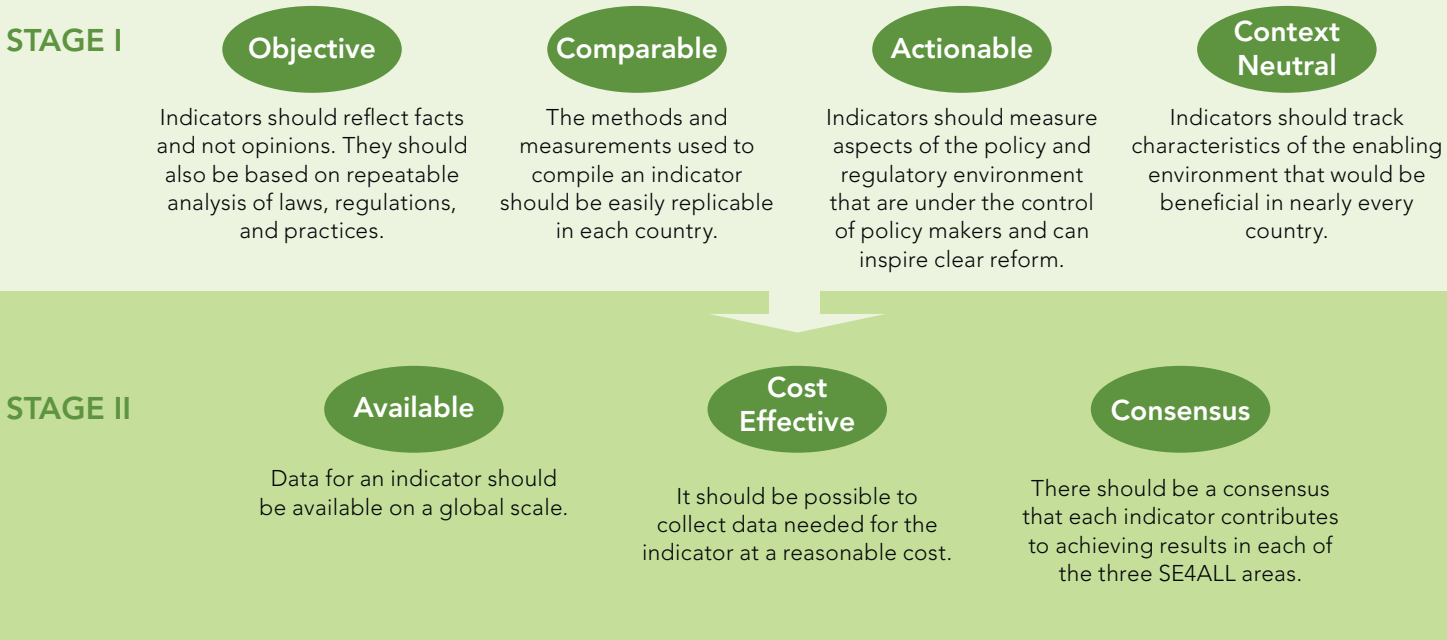


Figure 4: Framework for Indicators and Possible Cross-Cutting and Sector-Specific Indicators

	Energy Access	Energy Efficiency	Renewable Energy	Cross-cutting
Planning	● Electrification Plan	● National Plan for Increasing Energy Efficiency ● Entities for EE Policy, Regulation and Implementation Efficiency	● Planning Capacity	
Policies and Mandates	● Enabling Environment for RE Developers to Invest in Mini-grids ● Enabling Environment for Standalone Home Systems	● Incentives or Mandates for Utilities to Invest in EE ● Incentives or Mandates for Public Entities to Invest in EE ● Incentives or Mandates for Large-scale Users to Invest in EE ● Quality of Information Provided to Consumers about Electricity Usage ● Energy Labeling Systems ● Energy Efficiency Standards ● Building Energy Codes ● Building Energy Information and Labeling	● Existence of Specific Policy Incentives ● Policy Design Attributes ● Rules on Connection, Wheeling and Curtailment ● Public Financial Support Mechanism	● Carbon Pricing Mechanism
Pricing and Subsidies	● Funding Support to Electrification ● Affordability of Electricity	● Incentives from Electricity Pricing		● Retail Price of Electricity ● Fossil Fuel Subsidy ● Utility Viability
Procedural Efficiency	● Establishing a New Connection ● Permitting a Mini-grid		● Starting a New RE Project	

Process of consultations

RISE builds on a previous World Bank initiative, the Climate Investment Readiness Index (CIRI), which evaluated the environment for private sector investment in climate mitigation and low-carbon technologies in South Asian countries as compared with other emerging economies and developed regions. USAID provided funding to develop CIRI. It has now provided additional funding to support the pilot phase of RISE, which expands the scope of CIRI.

RISE emerged from an analysis of existing initiatives that tracked the enabling environment for investments in sustainable energy. That analysis, combined with the guiding principles presented on page 4, generated a long list of possible indicators for use in RISE.

The RISE team conducted two rounds of consultations with World Bank Group technical experts with knowledge of the three SE4ALL areas. The experts helped the RISE team to incorporate knowledge from World Bank projects and operations.

The initial (long) list of indicators identified by the RISE team was then discussed with representatives of the private sector. Several focus group sessions were held with private sector developers and investors in Nepal (energy access), Kenya (renewable energy), India (energy efficiency), and Washington (all areas). The RISE team has gathered input from more than 150 private sector entities in over 30 countries in all regions of the world.

Consultations with country representatives of the Scaling Up Renewable Energy Program in Low-Income Countries (SREP) program, one of the programs of the Climate Investment Funds, also provided valuable feedback.

The Advisory Group, which is a part of RISE's governance structure, also conducted a quality review of the progress of development in all three SE4ALL areas in October 2013.

Governance structure

The design and implementation of the RISE indicators will be governed by two groups, a Steering Committee and an Advisory Group of experts.

The Steering Committee will be comprised of donors and implementing agencies. It will set the direction of the initiative and make significant decisions about the indicators. Organizations providing external funding to RISE are eligible to serve as members of the Steering Committee.

The Advisory Group is responsible for reviewing the technical quality of indicators and providing inputs at various milestones in the progress of the initiative. The members of the Advisory Group are identified in the Annex.

RISE timeline and financing

Timeline

The RISE pilot has been launched in 17 countries in December 2013. A report on the pilot will be published in July 2014.

RISE's global rollout is expected to begin in late 2014 if sufficient funding is secured. Lessons from the pilot phase will be applied at this stage.

Financing

SREP has committed $340,000 to the RISE pilot phase. USAID, which provided seed funding of $200,000 to develop CIRI, has allocated another $80,000 to scale up and expand the scope of CIRI in the RISE context. The World Bank Group and ESMAP have also contributed to the pilot.

Funding is being sought for the global rollout, which, over time, aims to cover most, if not all, of the world's countries. We expect this project to cost $3-4 million per year. ESMAP and IRENA have already indicated willingness to support the global roll-out. The intermediate and final outputs include reports, a website, and data that will be available to the public.

Table 2: From Pilot to Global Scope: Major RISE Tasks and Timeline

Major Task	Schedule
Pilot RISE in 17 countries	
-Finalize indicators	Nov 2013
-Implement data collection	Dec 2013 – Feb 2014
-Analyze data	Mar – Jun 2014
-Issue pilot phase report	July 2014
Scale up to global implementation	Late 2014 (dependent on funding)

Annex: The RISE Advisory Group

Energy Access

Name	Organization	Title
Jens Drillisch	KfW Development Bank	Principal Energy Economist
Richenda van Leeuwen	UN Foundation	Executive Director, Energy and Climate, Energy Access Initiative
Vijay Modi	Columbia University	Professor
Joseph Nganga	Renewable Energy Ventures	CEO
Ibrahim H Rehman	The Energy and Resources Institute (TERI)	Director, Social Transformation Division
Bernard Tenenbaum	Independent	Energy and Regulatory Consultant
Simon Trace	Practical Action	CEO
Davida Wood	World Resources Institute	Senior Associate

Energy Efficiency

Name	Organization	Title
John Christensen	UNEP Risø Centre	Head of UNEP Risø Centre
Sara Hayes	American Council for an Energy-Efficient Economy (ACEEE)	Senior Manager and Researcher, Policy and Utilities
Mark Hopkins	UN Foundation	Director of International Energy Efficiency
Ajay Mathur	Bureau of Energy Efficiency, India	Director General
Wolfgang Mostert	Independent	Energy Consultant
Robert P. Taylor	Independent	Energy Consultant
Robert Tromop	International Energy Agency (IEA)	Head of Energy Efficiency Unit
Sandra Winkler	World Energy Council	Director, Policies

Renewable Energy

Name	Organization	Title
Luiz Barroso	PSR	Technical Director
Anil Cabraal	KMR Infrastructures USA	Advisor, Policy and International Development
Anton Eberhard	University of Cape Town	Professor
Silvia Kreibiehl	FS-UNEP Centre for Climate and Sustainable Energy Finance	Head of FS-UNEP Centre
Christine Lins	REN21	Executive Secretary
Jeffrey Logan	National Renewable Energy Laboratory (NREL)	Group Manager and Senior Energy Analyst, Strategic Energy Analysis Center
Wolfgang Mostert	Independent	Energy Consultant
Martina Otto	UNEP	Head of the Energy and Transport Policy Unit
Gianluca Sambucini	United Nations Economic Commission for Europe (UNECE)	Secretary of the Committee on Sustainable Energy
Gauri Singh	IRENA	Director of Country Support and Partnerships
Letha Tawney	World Resources Institute	Senior Associate

Sudeshna Ghosh Banerjee/World Bank

Photo Credit: Samuel Mann
http://creativecommons.org/licenses/by/2.0/

RISE Contacts:

Gevorg Sargsyan
Program Manager
Climate Investment Funds (CTF, SREP)
Sustainable Energy Department
The World Bank
Tel: (+1) 202-458-1919
Email: gsargsyan@worldbank.org

Melissa Johns
Advisor, Global Indicators Group
Development Economics
The World Bank and IFC
Tel: (+1) 202-458-8870
Email: mjohns@worldbank.org

http://www.worldbank.org/energy
http://www.worldbank.org/se4all

THE WORLD BANK

The World Bank
1818 H Street, NW
Washington, DC 20433 USA

www.worldbank.org

Cover Photo (right) by:
Dieter Telemans/Panos