



Guidelines for applicants





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About IRENA

The International Renewable Energy Agency (IRENA) is an intergovernmental organisation that supports countries in their transition to a sustainable energy future, and serves as the principal platform for international cooperation, a centre of excellence, and a repository of policy, technology, resource and financial knowledge on renewable energy. IRENA promotes the widespread adoption and sustainable use of all forms of renewable energy, including bioenergy, geothermal, hydropower, ocean, solar and wind energy, in the pursuit of sustainable development, energy access, energy security and low-carbon economic growth and prosperity.

www.irena.org

About ADFD

The Abu Dhabi Fund for Development (ADFD), the development arm of the Government of the UAE, was established on 1971. The Fund, an autonomous national entity aims to alleviate living standards across developing nations. ADFD, a profound instrument of change, drives sustainable socio-economic growth by providing financial assistance in the forms of concessionary loans, managing government grants and equities. ADFD peruses investments within the private and public arenas to encourage beneficiary countries to partake in accelerating their economic development process.

www.adfd.ae

These guidelines are provided for informational purposes. While all reasonable precautions have been taken to ensure the accuracy and reliability of the information featured herein, applicants are solely responsible for taking steps to carefully examine the full consistency of their project proposals to the IRENA/ADFD Project Facility application and selection requirements. ADFD, IRENA or IRENA Members, officials and agents cannot provide any warranty, including as to the accuracy and completeness, of these guidelines and the information featured herein, and they accept no responsibility or liability with regard to the use thereof. These guidelines do not in any way commit IRENA or ADFD to select projects and to award a loan.

Foreword



Securing clean and sustainable sources of energy for future generations is one of the great challenges of our time. Renewable energy sources can underpin future prosperity by acting as critical pieces of infrastructure that support the wider socio-economic development efforts of developing countries.

Our mission at Abu Dhabi Fund for Development is to assist the populations of developing countries to meet their needs and support socio-economic development. Sustainable power production is a catalyst to development and that is why we are so pleased to be supporting this innovative financing facility.

We know that to double the share of renewables by 2030 globally there is a need for a huge investment to be scaled up and we are proud to be playing our part in filling this gap. By bringing our forty years of development and project management expertise together with the technical knowhow of IRENA, this partnership is truly breaking ground in how we approach energy challenges in the future.

Through the IRENA/ADFD Project Facility, we are aiming to continue to offer a new wave of affordable energy access around the world. I encourage all countries to come forward and apply for the available funding.

> Mohammed Saif Al Suwaidi Director-General, ADFD

The commitment of USD 350 million by the United Arab Emirates to finance renewable energy projects in developing countries – through a partnership between IRENA and ADFD – has created an effective platform that mobilises and attracts investments to strengthen the global clean energy transition.

The projects selected in each annual selection cycle of the IRENA/ADFD Project Facility (Facility) are those showing the greatest potential to strengthen sustainable livelihoods in local communities and improve energy access and security. They must not only be innovative, but also replicable in other developing countries. As the volume of applications for these loans demonstrates, substantial demand exists for renewable energy project funding in developing countries.

The present guidelines on the Facility have been developed to inform and assist applicants and other stakeholders. Valuable lessons from each cycle are incorporated, and refinements continue, in order to maximise the effectiveness of the competitive application process. The active participation of applicants and stakeholders in the evolution of the process is encouraged as it enhances IRENA's own work to facilitate renewable energy financing.

Our aim remains to discover – and stimulate funding for – projects that will help drive the world's clean energy transition, extend modern energy services and inspire many more impactful projects around the world.

> Adnan Z. Amin Director-General, IRENA

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Purpose

The present guidelines provide information on the IRENA/ADFD Project Facility and the project application and selection process. Applications are to be submitted through the IRENA website, via the IRENA/ADFD Project Facility page: www.irena.org/adfd

The IRENA/ADFD Project Facility

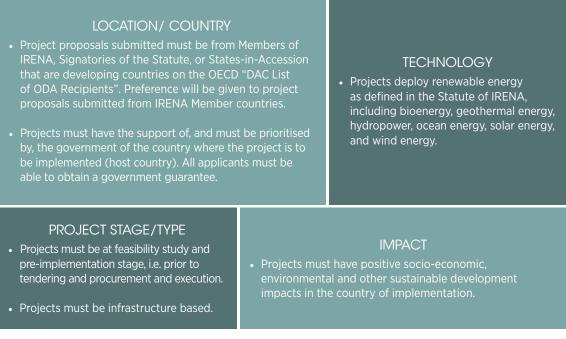
IRENA and ADFD have collaborated to create a joint Project Facility to finance transformative and scalable renewable energy projects in developing countries. The facility involves IRENA selecting and recommending promising renewable energy projects in developing countries. ADFD then offers soft (concessional) loans to these projects worth USD 350 million over seven annual cycles. The first such cycle commenced in November 2012.

Each annual cycle involves three phases:



Eligibility

Project applications may be submitted from government ministries, semi-governmental institutions or private organisations and must meet the following requirements:



OECD = Organisation for Economic Co-operation and Development DAC = OECD Development Assistance Committee ODA = Official Development Assistance

ADFD funding

ADFD provides sovereign funding to governments of developing countries in the form of concessionary loans to support development priorities and assist in achieving sustainable economic development. There are no limits to the number of project proposals presented from each country, but governments are advised to indicate the order of priority of proposals from their countries. Loans are intended to cover as many recipients and regions as possible across cycles.



Loans obtained from ADFD through the Facility Project must be used for activities or assets directly related to the proposed project. Loans cannot be used to fund any pre-development activities, such as feasibility, environmental or socio-economic impact studies. See ADFD lending conditions after projects are selected through the Facility in the Appendix.

ADFD requirements

Government guarantee:

All projects must have a government guarantee letter, normally from the ministry in charge of international borrowing, e.g. the Ministry of Finance, Ministry of International Cooperation or a comparable institution. Templates for the government guarantee letter are found at; www.irena.org/adfd

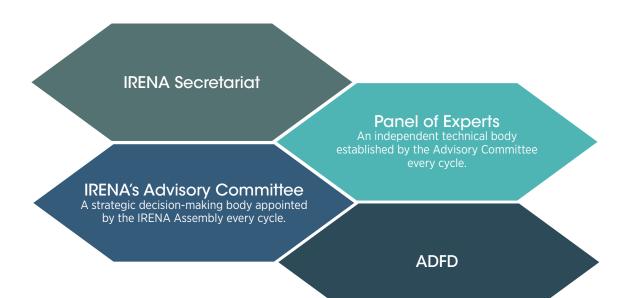
Economic feasibility:

Projects must demonstrate economic feasibility. This is demonstrated at the Full Project Proposal stage through the provision of a feasibility study.

Separate guidelines on ADFD feasibility study requirements can be found at; www.irena.org/adfd

Project selection process

Screening and evaluation of project proposals occurs through four key bodies:



The selection process involves several key steps, falling under two main stages for the project proposal:

Executive Project Summary stage:

- Applicants submit Executive Project Summaries to the IRENA Secretariat through an online form at; <u>www.irena.org/adfd</u> The IRENA Secretariat checks these submissions for completeness and eligibility
- 2. IRENA's panel of Experts evaluates and shortlists the submissions
- 3. IRENA's Advisory Committee selects shortlisted submissions for the second stage

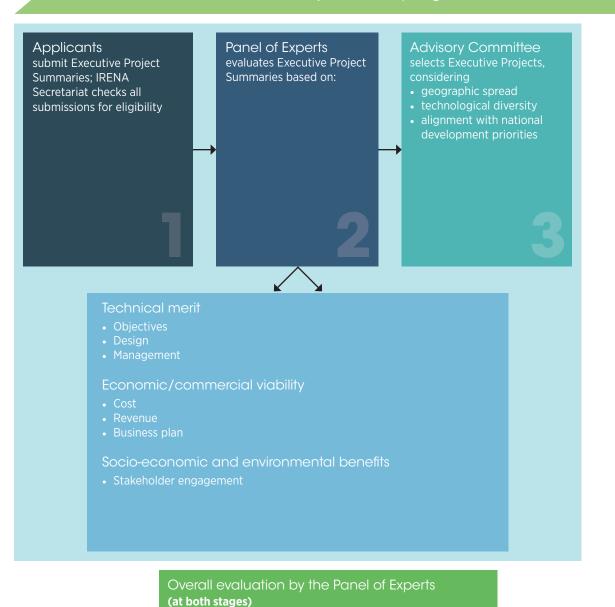
Full Project Proposal stage:

- 4. The IRENA Secretariat informs and invites selected applicants to submit Full Project Proposals, which those applicants then submit to IRENA Secretariat.
- 5. IRENA's Panel of Experts evaluates the submissions
- 6. IRENA's Advisory Committee reviews the submissions and recommends projects to ADFD
- 7. ADFD reviews recommended projects and makes the final selection for funding

IRENA Secretariat will keep applicants informed of the progress and status of their proposals through the selection process.

PROJECT SELECTION CYCLE AND EVALUATION CONSIDERATIONS

Executive Project Summary Stage

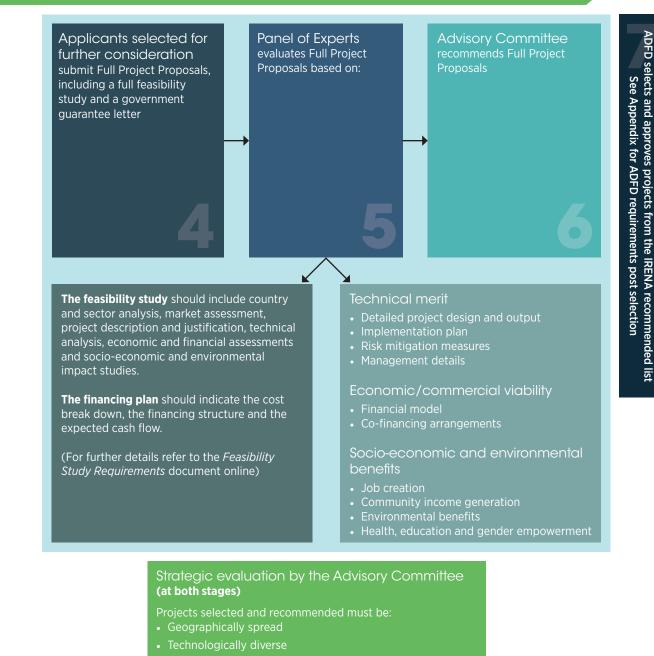


- Projects must be:
- roplicable (scalable
- innovative in business model design
- implementable and easily constructable

They must also:

- have a positive developmental impact
- improve energy access
- address energy security

Full Project Proposal Stage



 Supported and prioritised by the government of the country where the project is to be implemented (host country). A government guarantee letter must be provided.

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Submission of project applications

Register and login to apply at: www.irena.org/adfd

All applications must be submitted in English. If this presents a significant challenge, applicants should contact the Project Facility (adfd@irena.org) at least six weeks in advance of the deadline for applications for each cycle.

Any change to the application process and any additional information to assist applicants will be highlighted on the Project Facility pages (www.irena.org/adfd). Applicants are therefore advised to check the website prior to submission.

Note: Costs arising from the application process are to be borne by the applicant.* All applicants not selected for funding can apply again in subsequent cycles, using updated Guidelines for Applicants.

What happens after IRENA's recommendation:



After IRENA's recommendation, loan agreements are reached through bilateral arrangements between ADFD and selected projects.

See appendix for details.

Feedback

Questions and comments can be directed to: adfd@irena.org

* The applicant shall bear any and all costs related to the preparation and/or submission of the project proposal, regardless of whether the proposal is selected or not. Neither ADFD, IRENA or IRENA Members shall be responsible or liable for those costs, regardless of the conduct or outcome of the process.



ADFD bilateral loan agreement terms and conditions:

The final terms and conditions of the loan will be set by ADFD.

- A **loan agreement** will be signed with the Ministry that deals with the international borrowing of the country if the beneficiary is a government entity.
- A loan guarantee agreement will be signed with the government of the host country in line with signing the loan agreement¹ with the borrower, if the borrower is a semi-governmental or private entity.
- Ratification of the loan agreement is in accordance with borrowing country's law.
- The loan agreement, including all works and services, shall be free from any taxes, fees and dues of any nature under any laws in force in the country.
- Disbursement shall be made directly to the services provider depending on the finance percentage. ADFD does not finance more than 50% of the total project costs.

Project implementation shall be administered in line with ADFD rules and regulations.

- Project implementation shall be in accordance with the tendering and procurement procedures of ADFD. Technology providers can only be awarded contracts after the project is selected and a loan agreement has been signed with ADFD. ADFD oversees these procedures to ensure transparency of the tendering and delivery process.
- A qualified and experienced Project Implementation Unit (PIU)² will need to be established by the beneficiary (e.g. Ministry/ Authority) of the project to be responsible for the overall administration and execution of the project. The PIU manager needs to be an experienced and qualified project manager subject to the approval of ADFD.
- The borrower shall take appropriate measures to acquire the ownership of land or rights over the land on which the project will be deployed and ensure it is free of any encumbrances according to the requirements of the execution of the Project. The borrower shall provide access to the site for the engineering consultant and the contractor, suppliers etc. for execution purposes.

¹ If a project is selected for ADFD funding, the loan and guarantee agreements should be signed within a maximum period of two years from the date of the official notification by ADFD of the preliminary approval of the loan.

² Tendering, procurement and the establishment of the PIU can start in parallel with the process of signing the loan agreement. However, disbursement of funds will not commence until the loan agreement becomes effective.

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