



صندوق أبوظبي للتنمية
ABU DHABI FUND FOR DEVELOPMENT



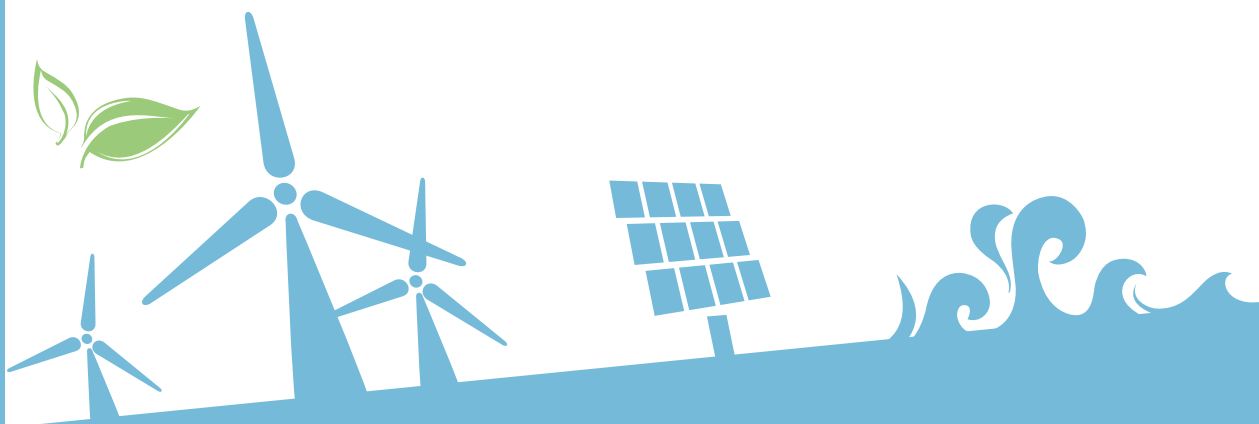
IRENA
International Renewable Energy Agency

Guidelines for applicants

IRENA **ADFD**
PROJECT FACILITY



Supporting Energy Transition



Foreword

Mobilising finance is one of the greatest challenges to renewable energy deployment in developing countries. 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 provides leadership to mobilise and attract investment to strengthen the global clean energy transition.

In each funding cycle, the renewable energy projects selected are those that show the greatest potential to strengthen local communities and improve energy access and security while also being innovative and replicable. The increase in requested loan amounts demonstrates that substantial demand exists for renewable energy projects funding in developing countries.

These guidelines for the IRENA/ADFD Project Facility have been developed to inform and assist applicants and other stakeholders. Valuable lessons from each cycle are incorporated, and refinements continue, to ensure further success in subsequent cycles. The active participation of applicants and stakeholders in the evolution of the process is encouraged, as it also enhances IRENA's own work to facilitate renewable energy financing.

Our aim remains to discover and, ultimately, attract funding for projects that will help to drive the world's clean energy transition; that can extend modern energy services to some of the over 1 billion people who lack them today; and that will inspire – and produce best-practice examples for – many more impactful projects around the world.

Adnan Z. Amin
Director-General, IRENA

Contents

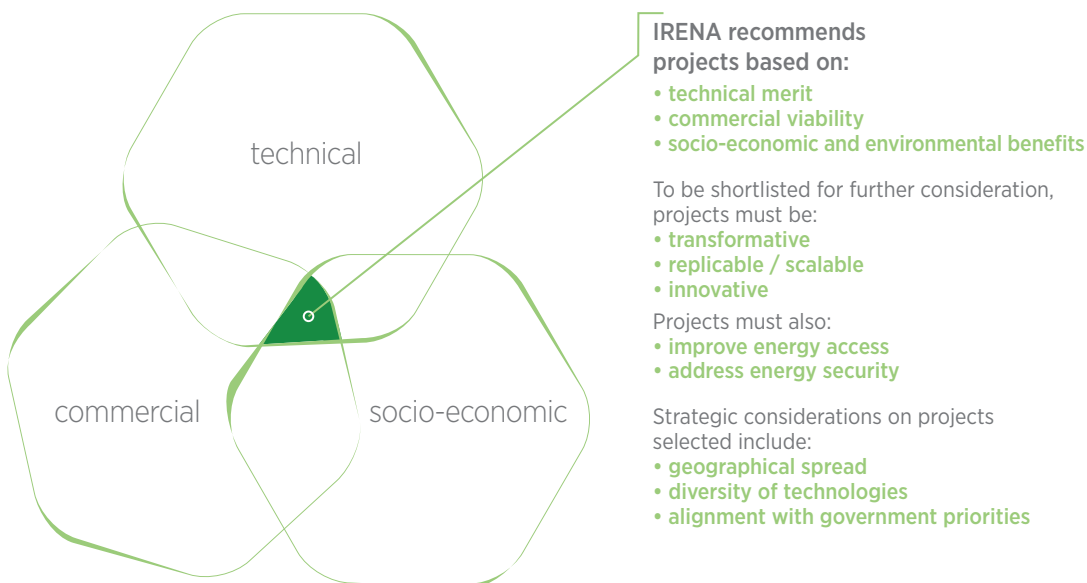
Purpose	3
The IRENA/ADFD proposition	3
Eligibility	3
ADFD funding	4
Project selection process	5
Submission of project applications	8
Feedback	8

Purpose

This document provides information on the IRENA/ADFD Project Facility and the project application and selection process. Applications are to be made through the IRENA website, via the IRENA/ADFD Project Facility page: www.irena.org/adfd.

The IRENA/ADFD proposition

In support of the mission of International Renewable Energy Agency (IRENA) to rapidly promote the development and widespread use of renewable energy, the Abu Dhabi Fund for Development (ADFD) made an unprecedented commitment of up to USD 350 million, over seven funding cycles, to a new IRENA-guided program. These funds are provided in the form of soft loans and used solely to finance renewable energy projects recommended by IRENA in developing countries. The first of seven project funding cycles commenced in 2012.



Eligibility

Projects applying for funding to the Facility should meet the following requirements:

- Projects should be submitted by Members of IRENA, Signatories of the Statute, or States in Accession which are developing countries included in the “DAC List of ODA Recipients” from the Organisation for Economic Co-operation and Development (OECD). Preference will be given to project proposals submitted by IRENA Members.
- Projects should deploy renewable energy as defined in the Statute of IRENA, including bioenergy, geothermal energy, hydropower, ocean energy, solar energy, and wind energy.



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.

If the applicant is a government entity not involved in the international borrowing affairs of the country (e.g., Ministry of Energy), a letter of intent from the government entity that deals with international borrowing affairs (e.g., Ministry of Finance or International Cooperation) is required by ADFD. The letter of intent should indicate that the project is consistent with government development priorities and that the government supports the project.

If the applicant is a private or semi-governmental agency, ADFD requires that applications be supported by a government guarantee letter issued by the ministry or the authority that deals with international cooperation and funding. ADFD can enter into a loan agreement with a private or semi-governmental agency only if a loan guarantee agreement is signed between ADFD and the government (represented by the ministry that deals with international borrowing affairs, e.g., Ministry of Finance, Ministry of International Cooperation).

Templates of these letters can be found on the website at www.irena.org/adfd.

ADFD funding is available as follows:

- The total concessional loans committed per annual project selection cycle is approximately USD 50 million.
- The concessional loan value for each project ranges from a minimum of USD 5 million to a maximum of USD 15 million.
- The loan amount for each project covers up to 50 percent of the estimated total project cost.
- Loan rates vary between 1 percent and 2 percent per annum, with a duration of 20 years, including a grace period of 5 years. See website for details.
- The project must demonstrate economic feasibility.
- Loans are intended to cover as many recipients and regions as possible per application cycle.
- There are no limits to the number of project proposals presented by each country, but applicant governments are advised to prioritise their proposals.

ADFD loan agreement terms and conditions:

- The final terms and conditions of the loan will be set by ADFD.
- Ratification of the loan agreement is in accordance with borrowing country law.
- Loans obtained through the IRENA/ADFD Project Facility 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 impact or socio-economic studies.
- Project implementation shall be in accordance with the tendering and procurement procedures of ADFD which are in line with international standards.



Project selection process

IRENA carries out its project screening and recommendation process through two bodies. The first is the Advisory Committee, appointed by the IRENA Assembly annually. The second is a Panel of Experts, formed from a list submitted to the Advisory Committee every cycle by IRENA's Director-General, taking account of the IRENA Secretariat's contacts with experts in the field as well as recommendations from IRENA's membership.

The project selection process – both during the first stage, with Executive Project Summary proposals, and later, at the Full Project Proposal stage - **involves two levels of consideration.**

PANEL OF EXPERTS CONSIDERATION

Consideration by the **Panel of Experts** involves **scoring** and commenting on each project in terms of:

- **technical merit**, including appropriate design, management capability and project deliverables;
- **commercial viability**, including an appropriate business plan, demonstrated economic feasibility;
- **socio-economic and environmental benefits**, including addressing development goals, e.g., equity, health and gender empowerment.

Projects shortlisted must, to the extent possible, be:

- **transformative** (expected to have a significant positive impact on the energy landscape, society, environment and/or business situation);
- **replicable/scalable** (show an effective, efficient business model for the given technologies that can be replicated or scaled up, and/or involves a solid and tested approach); and
- **innovative** (e.g., an innovative business model that is financially viable and technically sound).

Projects must also:

- **improve energy access** (expressed in number of people to gain new access to clean energy, new connections to the grid or megawatts added to the power supply); and
- **address energy security issues** (expressed in terms of how the project contributes to the diversification of energy supply, saving scarce energy resources, or reducing grid outages and/or in the number of people or systems with reduced reliance on traditional biomass, diesel, etc.).

COMMITTEE CONSIDERATION

The second level of consideration involves the **Advisory Committee**, which selects and recommends projects based on their strategic importance in terms of national priorities and expected impact, as well as based on the scores, ranking, shortlisting and comments from the Panel of Experts.

Strategic considerations by the Advisory Committee include:

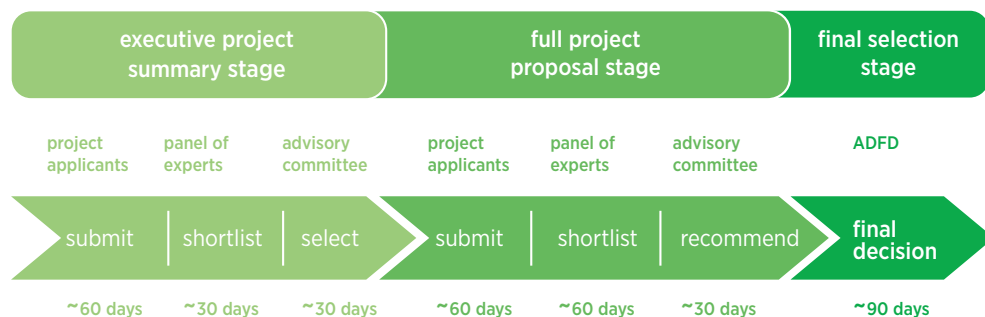
- **geographic spread**, to ensure that the projects selected represent different regions;
- **diversity of technologies**, such as solar photovoltaic (PV), wind power, solar PV hybrids, mini-grids, small hydro, small-scale waste-to-energy, etc.; and
- **alignment with government priorities**.

ADFD FINAL DECISION

ADFD selects projects for funding from the recommended list received from IRENA.

Thereafter, ADFD loan terms and conditions apply.

Project Selection Cycle



An approximate duration is given for each stage, allowing for time adjustments as required.



Panel of Experts scoring and shortlisting (Weights)					Advisory Committee selection and recommendation
Proposals	Technical (40%)	Commercial (30%)	Socio-economic & environmental (30%)	Overall potential	
Executive Project Summary	- Market summary - Technical specifications - Management summary	- Project cost - Revenue sources - Business model	- Social, economic & environmental benefits - Stakeholder engagement	- Transformative - Replicable/scalable - Innovative - Improving energy access - Addressing energy security	- Geographic spread - Diversity of technologies - Alignment with government priorities
Full Project Proposal (if shortlisted)	- Detailed project design and output - Implementation plan and operational arrangements (M&E) - Risk mitigation measures	- Full financial model - Co-finance arrangements	- Job creation - Community income generation - Environmental benefits - Health, education & gender empowerment		

- Government guarantee requirement:** Applicants are encouraged to initiate contact with their respective governments on this ADFD requirement at the early stages of the application process. For further details, please view the "ADFD funding" section of this publication or the facility's website.
- Economic feasibility:** Projects must be both financially and economically feasible. This is required to be demonstrated at the Full Project Proposal stage.

Submission of project applications

For details on how to apply, see www.irena.org/adfd.

Prospective applicants can register to receive notification alerts about opening dates and deadlines for funding cycles.

When new funding cycle opens, the project coordinator can start the application process as follows:

- Registration
- Executive Project Summary application form

Note: Executive Project Summary is completed offline, then uploaded to the interface. Applicants need to follow online instructions to successfully upload the form.

- If the Executive Project Summary is shortlisted, the applicant is called upon to submit a Full Project Proposal.

All applications must be submitted in English. If this presents a significant challenge, applicants should contact the Project Facility (adfd@irena.org) at least three 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 IRENA/ADFD Project Facility pages at www.irena.org/adfd. Applicants are therefore advised to check the website prior to submission.

Note: Costs to the applicant 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.

Feedback

Questions and comments can be directed to adfd@irena.org - (attention: Seleha Lockwood, Programme Officer at IRENA)

