

INTERNATIONAL RENEWABLE ENERGY AGENCY

Seventh session of the Assembly
Abu Dhabi, 14 – 15 January 2017

**Report of the Chair of the Advisory Committee on the fourth cycle
of the IRENA/ADFD Project Facility****Summary**

In 2009, the United Arab Emirates (UAE), through the Abu Dhabi Fund for Development (ADFD), committed concessional financing of up to USD 350 million over seven annual project selection cycles (cycles) to renewable energy projects in developing countries recommended by the International Renewable Energy Agency (IRENA). The IRENA/ADFD Project Facility (Facility) is the result of this commitment and represents a strong partnership between IRENA and ADFD.

The first cycle commenced in 2012 and so far four cycles have been successfully supported by IRENA. The implementation of the Facility is guided by the “General Principles” (A/4/13), which were approved by the Assembly at its fourth session (A/4/DC/4).

The Advisory Committee (Committee) composed of IRENA Members and appointed annually by the Assembly has the overall responsibility to select and recommend projects to the ADFD. This report covers the work of the Committee during the fourth cycle of the Facility. It describes the implementation of the selection process and recommendations for future funding cycles.

During the fourth cycle, the Committee selected eight projects for recommendation to the ADFD for funding. The recommended projects share the promise of being replicable, innovative, transformative and sustainable. They aim at improving energy access, energy security and livelihoods. The projects represent a total new capacity of nearly 60 MW and total project costs of USD 322 million which, through co-financing, combine USD 81 million in loans from the ADFD with over USD 241 million from other sources. The principles of geographic spread, technology diversity and alignment with government priorities have guided the selection.

Throughout 2016, the Committee continued to further develop and improve the Facility. First, the Committee guided the IRENA Secretariat to provide further clarifications to applicants on the selection criteria and ADFD requirements to help project proponents improve the proposals. Second, the Committee convened with the two Co-Chairs of the Expert Panel to discuss project review and the selection process. And finally, the Committee asked the Secretariat to explore opportunities to integrate the work of the Facility with IRENA’s other areas of work to support project development, co-funding and providing project results and impact stories in subsequent cycles.

I. Background on the first three cycles

1. The first three cycles resulted in the selection of 15 projects from Antigua and Barbuda, Argentina, Burkina Faso, Cabo Verde, Cuba, Ecuador, the Islamic Republic of Iran, the Maldives, Mali, Mauritania, Samoa, Senegal, Sierra Leone, and Saint Vincent and the Grenadines, which covered a variety of renewable energy technologies. These included small scale hydropower, waste to energy, solar PV, hybrid systems (wind and solar), biomass and geothermal. The Facility has proven to be an effective mechanism to encourage co-funding of projects.

2. As a result of the first three cycles:

- USD 144 million of ADFD loans have been allocated.
- Over USD 189 million has been leveraged from other funding sources to cover the remaining project costs.

3. And as per estimates from project proponents in these three cycles:

- Over 68 MW of new renewable energy capacity will be added.
- Over 760,000 people and businesses will benefit from improved access to energy and sustainable livelihoods.

II. Project review and selection during the fourth cycle

4. The Advisory Committee has the overall responsibility to select and recommend projects to the ADFD. The Committee, comprised of up to seven IRENA Members and seven alternates, reflecting equitable geographic distribution, has two main roles. One is to carry out the overall project review and selection and the second is to make suggestions to further improve the effectiveness of the Facility.

5. The Committee for the fourth cycle was established at the sixth session of the Assembly in January 2016. It consists of seven members and six alternates (see Annex 1). New Zealand, represented by Dr. Mike Allen, Special Envoy for Renewable Energy for the Ministry of Foreign Affairs and Trade, was appointed Chair. The Committee established a Panel of Experts (Panel) to provide technical advice to the Committee (see Annex 1).

6. The fourth cycle opened on 11 November 2015. Webinars for applicants were carried out in November and December 2015, and January and February 2016 to solicit applications. By the application deadline of 15 February 2016, 79 eligible Executive Project Summary applications were received. The Panel shortlisted 39 applications based on the projects' potential to be transformative, replicable, and innovative, to improve energy access and energy security and based on their potential technical merit, commercial viability and socio-economic and environmental impact.

7. The Committee selected 23 projects from this shortlist, taking into consideration geographic spread, technology diversity and national priorities of the countries applying. Of the 23 projects selected, 14 submitted Full Project Proposals at the second stage of consideration. It is noted that the main reason not all of the shortlisted project applicants submitted Full Project Proposals was that project proponents were unable to secure government guarantees, as required by ADFD. See Annex 2 for results of the selection process by geography, technology and type of organisation.

8. In September 2016, based on the scoring of these proposals by the Panel, the Committee selected a list of eight projects for recommendation to ADFD. These represented:

- various regions (Africa, Eastern Europe, Small Island Developing States in Africa, the Caribbean and the Pacific etc.);
- a diverse mix of renewable energy sources and technologies; and
- a wide range of activities meeting national energy priorities.

9. The recommended projects included more hybrid projects than in the previous cycles. Projects were mini-grid and off-grid, including battery storage projects, and covered the following technologies:

- solar PV utility scale,
- solar hybrid,
- hydropower,
- biogas generation,
- wind on-shore.

10. The total quantity of requested loans for the recommended projects was USD 81 million and total projected project costs were USD 322 million.

11. The ADFD is expected to make its final selection of projects from the list recommended by the Committee by December 2016. The announcement of the selected projects is planned to take place at the seventh session of the IRENA Assembly in January 2017.

III. Improvements implemented during the fourth cycle

- Webinars for applicants in French and to improve the Full Project Proposals half way through the selection process

12. In December 2015, webinars were carried out in English and French at the Executive Project Summary stage to clarify the selection process and criteria including ADFD requirements. Around 100 applicants attended these webinars in total. In May 2016, an additional webinar was conducted to assist the 23 shortlisted project proponents in preparing Full Project Proposals.

- Provision of clearer information on selection requirements

13. Clearer information and explanation was provided, especially on the government guarantee in the Guidelines for Applicants, website and webinars conducted with applicants, and through specific communications to the governments of the hosting countries. As a result, applicants provided clearer updates on the status of the government guarantee letter earlier in the process. This assisted the Panel of Experts and the Committee in their decision-making.

- Development of online dashboards for clearer presentation of selection process and criteria

14. Online dashboards have been developed by IRENA for applicants, experts, the Committee and potential co-funders to further facilitate the selection process, the process of co-funding and reporting on projects post-selection. See Annex 3.

- Record number of experts formally engaged covering a wide range of expertise

15. There was a greater effort made to solicit experts from IRENA Members, regional networks, partners and the public. As a result, sixteen experts covering a wide range of expertise in the public and private sectors and regional organisations were formally engaged, compared to nine experts in the previous cycle. See Annex 1.

16. A webinar to train experts on the use of the Global Atlas for Renewable Energy took place in March 2016. This webinar was to assist experts in evaluating the projects and to use the Global Atlas to check the resource qualification of the projects. Committee members were also invited to attend.

- Closer engagement and interaction between the Panel of Experts and the Committee during evaluation

17. In a new initiative during the fourth cycle, the Co-Chairs of the Panel presented the expert technical evaluation process and outcome to the Committee via webinar meetings. This helped the Committee to make its strategic selection.

18. The Committee expressed its great appreciation for the efforts of the experts which they emphasised as key to the continued success of the selection process adopted by the Facility.

- ADFD additional funding for support to run and improve the remaining cycles and the Facility

19. A Cooperation and Support Agreement was signed between ADFD and IRENA in April 2016 whereby ADFD contributed funding to support the Agency, including to run and improve the selection process, explore co-financing options, raise awareness, and measure progress and impact in selected countries to improve the effectiveness of the Facility's work.

20. ADFD participated in the first and fourth meeting of the Committee and offered to support the continued development of the Facility. ADFD also discussed the sharing of projects with other funds, particularly funds from the Arab region, for co-financing. This interaction allowed very valuable discussions and feedback between the Committee and ADFD.

21. IRENA accompanied ADFD on the first joint onsite appraisal missions to two projects selected in the third cycle, in Senegal and Burkina Faso. This operationalised recommendations from the Committee to collect information on potential impact and results. It was also beneficial to capture lessons-learned to further improve the selection process.

- Engagement of other parts of IRENA's work effectively

22. Work continues on identifying specific tools within IRENA's Project Navigator and the Sustainable Energy Marketplace to support project proponents in the development of their proposals and in seeking other sources of funding, thereby reinforcing IRENA's effectiveness in helping identify and raise capital.

IV. Recommendations for improvements in subsequent cycles

23. The fifth cycle opened on 11 November 2016 to receive Executive Project Summaries through the Facility's website at www.irena.org/adfd. The deadline to receive Summaries is 15 February 2017 at 17:00 Abu Dhabi time. It is planned that the cycle would incorporate improvements recommended by the Committee in its meetings during 2016, on the basis of available resources.

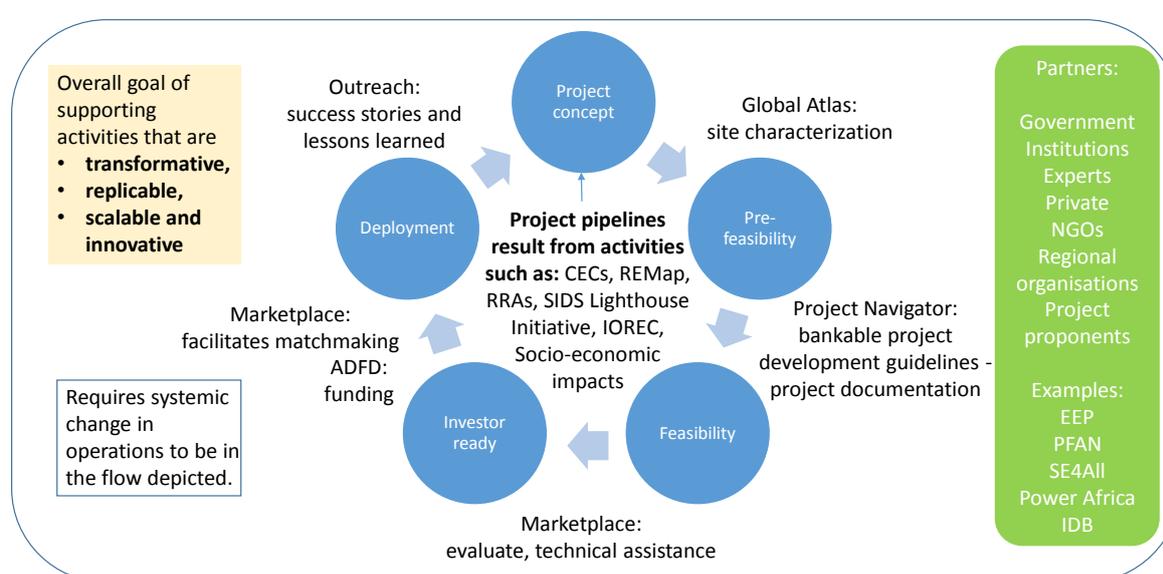
24. A thematic meeting was held on the sidelines of the twelfth Council meeting on the opening of the fifth cycle to clarify requirements to those interested in submitting proposals. Key requirements that need to be reiterated are that: a full feasibility study, with confirmed sites for the project, must be provided at the time of the submission of the Full Project Proposal; no loans can be offered without a government guarantee letter; and post selection, ADFD will require ratification of the loan agreement, tendering and procurement in line with internationally accepted norms. ADFD has also clarified that if a project is selected for 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 preliminary approval of the project, subject to a successful onsite appraisal.

25. It is recommended that an optional circular communication from IRENA and ADFD addressed to the respective ministries involved in international borrowing affairs of host countries on the sovereign

loan offer and government guarantee requirement of the ADFD be made available on the website of the Facility for shortlisted project proponents of government-driven projects. This is considered important to offer a reference document to engage with the ministries involved in the international borrowing affairs of their country which may help to provide the information and background necessary to obtain a government guarantee.

26. It is believed that there could be real value in IRENA's other areas of work being available alongside the Facility to better support project development and improve access to funding for the most promising projects. Building linkages with more external partners will allow a feedback loop of success stories and lessons learnt. From the Committee's discussions on this the following diagram interlinking IRENA's activities was drawn up.

Figure 1¹: IRENA Project Development, Support and Funding



27. In order to operationalise the above inter-linkages the following steps are needed. Promising project concepts could be identified through the CECs, REMap, RRAs, SIDS Lighthouse Initiative and IOREC, and awareness could be raised amongst those proponents about the opportunity and requirements to apply for funding to the Facility.

28. There would appear to be opportunities for continued tailored training for use of the Global Atlas, Project Navigator and Marketplace to be provided to applicants, experts and the Committee in each cycle to help in project development, project review, technical assistance and funding. In addition, the Committee identified that there needs to be training for capacity building to monitor, maintain and operate renewable energy projects at implementation.

29. Through the Marketplace, there could be engagement with the EEP, Power Africa, SE4All, IDB and PFAN for project solicitation, preparation, quality improvements and funding for feasibility studies that are eligible for the Facility.

* Acronyms: Clean Energy Corridors (CECs), Renewable Energy Roadmap (REMap) for countries, Renewable Readiness Assessment (RRAs), Small Island Development States (SIDS), International Off-Grid Renewable Energy Conference (IOREC), IRENA Sustainable Energy Marketplace (Marketplace), Energy and Environment Partnership (EEP) Programme Africa, Private Financing Advisory Network (PFAN), Sustainable Energy for All (SE4All), Inter-American Development Bank (IDB).

30. There needs to be greater coordination with the Marketplace in a two-way stream of projects. Projects seeking funding on the Marketplace that are eligible for funding from ADFD need to easily see and have access to the Facility offer and vice versa.

31. Meetings and webinars with co-funders and other funds to share the shortlisted projects to support project development need to be carried out. Partnerships with other funds need to be forged to this effect to ensure proper monitoring and evaluation and capturing lessons learnt from the projects.

ANNEX 1

Advisory Committee members and alternates in the fourth cycle

Members

- Antigua and Barbuda
- Japan
- Mexico
- New Zealand
- Pakistan
- Sudan
- Zambia

Alternates

- Djibouti
- Egypt
- France
- India
- Nigeria
- Republic of Korea

Panel of experts in the fourth cycle

- Nicola Bugatti, ECOWAS Center for Renewable Energy and Energy Efficiency (in Cabo Verde), Co-Chair and Lead*
- Karen McClellan, Windfire Group Ltd. (in United Kingdom), Co-Chair and Lead
- Bandar Alhoweish, Islamic Development Bank (in Saudi Arabia)
- Pedro Martins Barata, Get2C (in Portugal)
- Krzysztof Biernat, Bioeconomy / Institute for Ecology and Bioethics, PIMOT Automotive Industry Institute/ CSWU Cardinal Stefan Wyszyński University (of Poland)
- Cyril Carabot, French Renewable Energy Industry Association (of France)
- Mohammed Mostafa El-Khayat, New and Renewable Energy Authority, NREA (of Egypt)
- Nico van der Linden, Energy Research Centre of the Netherlands, ECN – Lead
- Abubakar Malah Umar, Energy Commission (of Nigeria)
- Silomba Nkusuwila, Energy Regulation Board (of Zambia)
- Brian O'Hanlon, Overseas Private Investment Corporation (of the United States of America)
- Branislav Prelevic, Regulatory Energy Agency (of Montenegro)
- Nazir Ramazanov, The State Agency on Alternative and Renewable Energy (of Azerbaijan)
- Pablo Caldeiro Sarli**, Ministry of Industry Energy and Mining DNE (of Uruguay) – Lead
- Yogender Kumar Yadav, Sardar Swaran Singh National Institute of Bio-Energy (of India)
- Kaoru Yamaguchi, The Institute of Energy Economics (of Japan) – Lead

* Lead experts prepare overall joint explanatory statements on each of the projects in consultation with the other two experts assigned to evaluate the same project. (Each project is evaluated by three experts at the Executive Project Summary and Full Project Proposal stages).

** Following scoring in the first stage of the process, withdrew from position as no longer in government role.

ANNEX 2

Figure 2: Regions represented among the Executive Project Summary (EPS) and Full Project Proposals (FPP) submitted in the fourth cycle

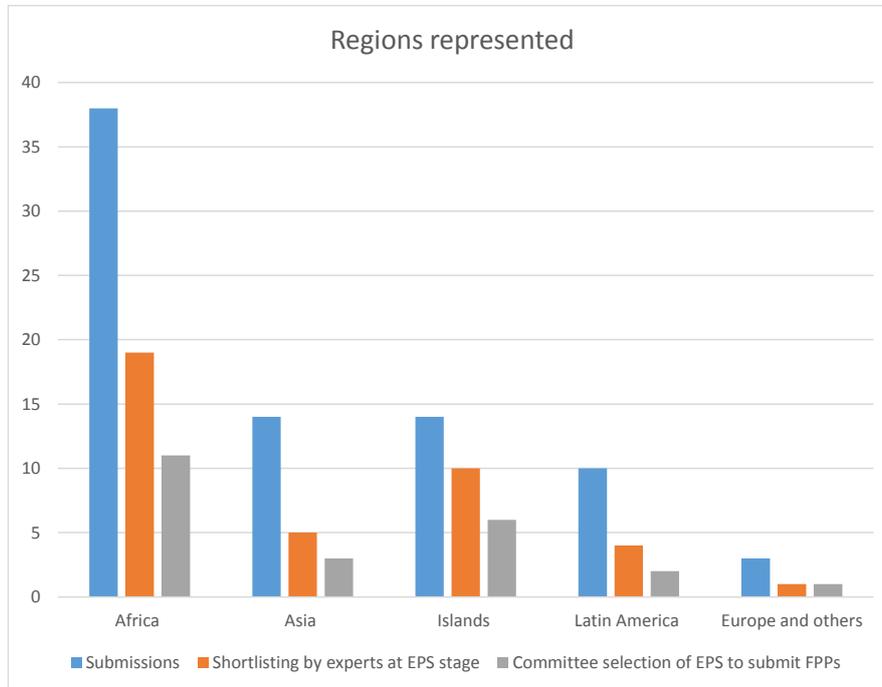


Figure 3: Renewable technologies represented among the Executive Project Summary (EPS) and Full Project Proposals (FPP) submitted in the fourth cycle

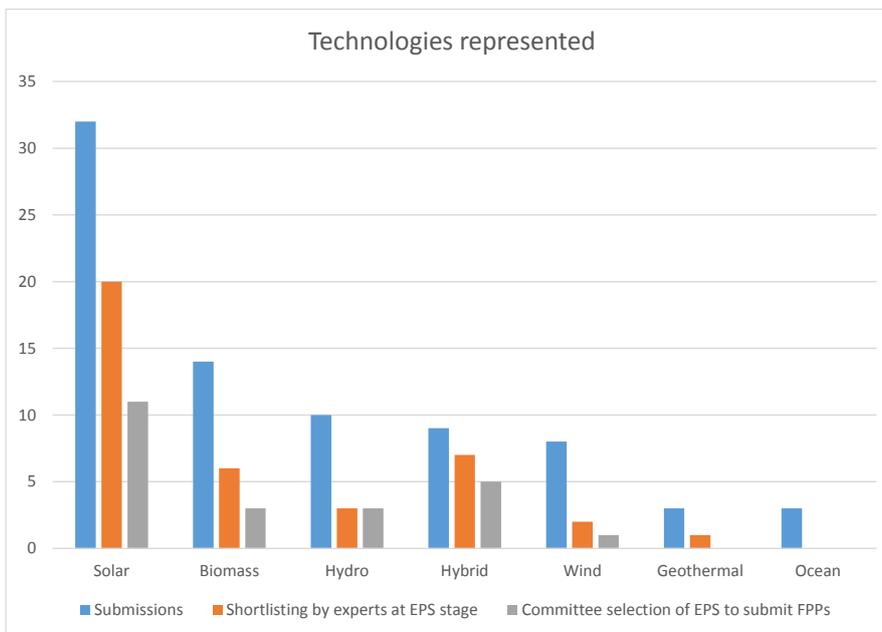
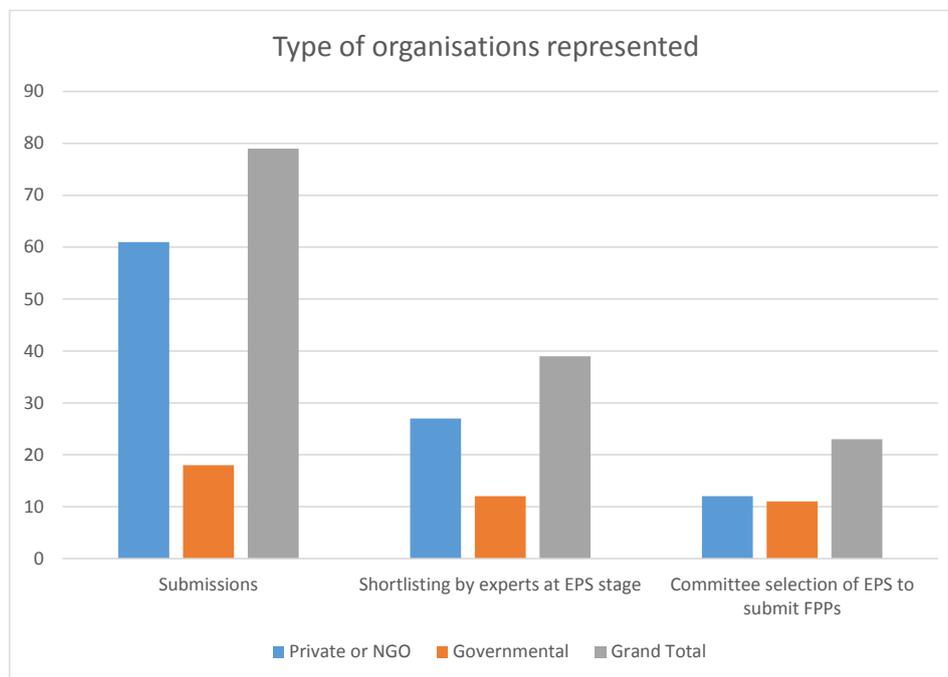


Figure 4: Type of organisations represented among the Executive Project Summary (EPS) and Full Project Proposals (FPP) submitted in the fourth cycle



ANNEX 3

Figure 5: Online Dashboard IRENA-ADFD Project Facility

Online Dashboard

