

**PREPARATORY COMMISSION FOR THE
INTERNATIONAL RENEWABLE ENERGY AGENCY**

**Selection procedures for projects applying for funding
from the Abu Dhabi Fund for Development**

Fourth session
24th and 25th October, 2010
Abu Dhabi, UAE

Agenda item 15

**Decision PC.4/DC.4 on the
Selection procedures for projects applying for funding from the
Abu Dhabi Fund for Development**

The Preparatory Commission for the International Renewable Energy Agency at its fourth session,

recalling the commitment of the United Arab Emirates, as expressed under paragraph 05.12 in the “Proposal of the United Arab Emirates to host the Interim Seat of the Secretariat for the International Renewable Energy Agency (IRENA)”, to make available funds through the Abu Dhabi Fund for Development to finance renewable energy projects in developing nations that are recommended or endorsed by IRENA,

recalling paragraph 4. b. of the Decision IRENA/PC.3/dc.7 on Governance of the Administrative Committee and Working Groups in 2010 with reference to a cooperation agreement between IRENA and the Abu Dhabi Fund for Development,

taking note of the proposed selection procedures for projects applying for funding from the Abu Dhabi Fund for Development, annexed hereto,

decides to submit the proposed selection procedures for projects applying for funding from the Abu Dhabi Fund for Development for approval by the Council at its first session.

ANNEX

Selection procedures for projects applying
for funding from the
Abu Dhabi Fund for Development

Background

In its bid document to host the headquarters of IRENA, the Government of the United Arab Emirates has included the following offer: “In support of IRENA’s mission to rapidly promote the development and widespread use of renewable energy, the Abu Dhabi Fund for Development (ADFD) will make an unprecedented commitment of up to AED 183 million annually, over the next seven years, to a new IRENA guided program. These funds will be provided under the form of soft loans and used solely to finance renewable energy projects in developing nations that are recommended or endorsed by IRENA.”

This note proposes a process and responsibilities for the selection of projects in accordance with the offer of the United Arab Emirates and the ADFD.

IRENA cannot assume any liability for the projects; the Agency’s role is limited to facilitating the process of submission and review of formal submission criteria (see annex 1) of project proposals, contingent upon the relevant procedures having been approved by Member States. The ultimate selection, financial support and administrative management of the projects remain the exclusive responsibility of the ADFD. Therefore, the project selection criteria must be compatible with ADFD lending policy.

Advisory Committee and Expert Panel

At its regular session, the Assembly will elect from among its Members 7 (seven) representatives, one from each geographical region to form an Advisory Committee (see annex 3). Following their election, the members of the Advisory Committee will elect a Chair from among themselves.

With each new application cycle the Advisory Committee will approve the candidates for the Panel of Experts (see annex 4), which will be submitted in the form of a list by the Director-General. This list in turn will be drawn up in due time before each application cycle, on the basis of the Secretariat’s knowledge of experts in the field and confirmation of each expert’s availability. Members may also wish to submit the names of qualified individuals. Experts shall

be eligible to serve on the Panel for more than one year but applications and acceptances by the Advisory Committee will have to be renewed annually.

In establishing the Panel of Experts account shall be taken of individual expertise with renewable energy projects, preferably in developing countries, design and implementation of renewable energy policies as well as availability. The group of experts as a whole shall cover all renewable energy sources as defined in the Statute of IRENA, as well as all geographical regions of the world and all relevant renewable energy topics. The Advisory Committee, when selecting members of the Panel of Experts, will be mindful to keep the Panel's size to five members, with the possibility of expansion based on the number and technical range of proposals.

Detailed selection procedure

STEP 1

The Secretariat at the request of the ADFD announces – at the annual IRENA Assembly meeting - the beginning of a new application cycle for project proposals of loan values between \$5M and \$15M for renewable energy projects in developing countries that are IRENA Signatories. The invitation for project proposals will be posted on the IRENA website on the first day of the cycle and in the newsletter of IRENA. Governments will be requested to extend further publicity as desirable.

The announcement will include a description of the formal and ranking criteria for project proposals (outlined in annex 1 & 2), as well as any additional requirements resulting from the ADFD's lending policy, based on information forwarded by the Fund at the beginning of each new funding cycle. A standard format and guidelines to facilitate drafting and provide comparability of project summaries will be produced and made available by the Secretariat, in close cooperation with and after verification by, the ADFD¹.

All documents used in the process will be jointly agreed by the ADFD and the IRENA secretariat.

¹ ADFD will provide the Secretariat with its rules and regulations, as well as its lending policy.

STEP 2

Following publication of the announcement on the IRENA website, interested parties will have 60 days to submit executive project summaries to the Secretariat.

STEP 3

The Secretariat will review applications on a rolling basis and notify project applicants as to whether the application has fulfilled the formal submission requirements (submission deadline, format, and substance) and can therefore be accepted for review by the Panel of Experts.

STEP 4

Within 30 days the Panel of Experts will review and rank (assigning numerical values based on technical merit) these project proposals based on the criteria referred to in annex 2, as well as prepare brief explanatory statements on the reasons behind the choice. From the ranked list of proposals, the Expert Panel will prepare a short list of up to twenty highest-ranking projects, which will then be forwarded to the Secretariat for transmission to the Advisory Committee.

STEP 5

The Advisory Committee reviews the short-listed proposals, including all relevant documents and explanatory statements, within 30 days. On completion of review the Advisory Committee sends its general comments to the Secretariat for transmission to the ADFD.

STEP 6

The Secretariat will invite the submitting entity of a short listed proposal to submit a full project proposal document together with an executive summary within 60 days of notification to the Secretariat for transmission to the Panel of Experts. The Secretariat will also notify those candidates whose proposals did not make the short-list of their ineligibility to be considered for the next round of deliberations, with an invitation to amend and resubmit proposals during the next application cycle.

STEP 7

Within 60 days after receipt of full project proposals, the Panel of Experts will review and rank these project proposals based on the criteria referred to in annex 2. The Panel of Experts will prepare brief explanatory statements, based on their evaluations of technical merit of the full

proposal, on the reasons behind the choice and will forward the results of its review to the Secretariat for transmission to the Advisory Committee.

STEP 8

The Advisory Committee reviews the qualified proposal documents within 30 days. On completion of review, the Advisory Committee forwards the technical evaluations as well as its comments and recommendations, consistent with IRENA's mission and objectives, to the Secretariat for transmission to the ADFD.

STEP 9

ADFD selects projects based on all documentation and input from the Panel of Experts and Advisory Committee and will transmit results of the selection to the Secretariat to be forwarded to the submitting entities. ADFD will submit a brief statement explaining the rationale behind the selection. ADFD will then strive to prepare contracts on completion of necessary financial protocols within 90 days. Funds will be disbursed according to the actual progress of work.

Upon final funding decisions by the ADFD, the Secretariat will notify all applicants of the status of their project proposals.

Project management, review, and reporting of project results is the sole responsibility of the ADFD. A progress report of all projects will be presented annually by the ADFD to the Director general to be communicated to the Assembly through the Council.

Review and revision

After the first full funding cycle these procedures will be reviewed and revised as necessary by the Advisory Committee. This review will also include a proposal for the timing of further reviews and revisions of these procedures as well as recommendations for changes to standard operating procedures and the maintenance of records necessary to facilitate the solicitation and review of project proposals.

Annex 1: Formal Criteria for the Review and Selection of Project Proposals

- a. in accordance with the offer of ADFD, projects will be “renewable energy projects in developing nations”; renewable energy is defined as “all forms of energy produced from renewable sources in a sustainable manner,” which, in accordance with the IRENA Statute, includes: (inter alia) bioenergy, geothermal energy, hydropower, ocean energy including (inter alia) tidal, wave and ocean thermal energy, solar energy, and wind energy;
- b. project proposals may be submitted by governments, governmental agencies, nongovernmental organizations, and partnerships with private corporations or actors;
- c. all project proposals must be backed by a government guarantee;
- d. preference will be given to co-financed projects;
- e. project management capability must be demonstrated (e.g. sufficient proven know-how, experience and track-record of the project team in successful project implementation; appropriate project management structures);
- f. project proposal submission must satisfy the proposal submission instructions detailed in the Funding Announcement, including:
 - i. Contact Information:
 - ii. Project Information
 - iii. Outcomes and Indicators
 - iv. Project Location
 - v. Permits and Approvals
 - vi. Budget
 - vii. Matching Contributions and Project finance structure
 - viii. Required Financial Documents and other reports, including economic feasibility and environmental impact studies;
- g. projects must satisfy ADFD rules and regulations.

Annex 2: Ranking Criteria for project proposals

Criteria to evaluate technical merit will be determined by the Expert Panel, consistent with the mission and objectives of IRENA. Among other concepts, IRENA values:

- a. contribution to the promotion of the widespread and increased adoption and sustainable use of renewable energy in a cost-effective way in order to support sustainable development;
- b. contributions to IRENA's objectives as stated in the Statute;
- c. reflecting the focus of the respective Work Programme;
- d. the annual portfolio of selected projects shall display a balanced distribution of projects across IRENA's developing country membership, with a view to selecting a number of projects originating from least developed countries;
- e. promotion to outreach of renewable energy technologies and support for large-scale market development;
- f. providing a comparative advantage (e.g. technical) against established projects;
- g. reflecting innovation, long-term vision and leadership in renewable energy and sustainability and ultimately ensuring improved energy output for the population of the developing world;
- h. promoting renewable energy technologies that facilitate the development of a green society, access to energy, rural development, poverty reduction and achievement of the Millennium Development Goals;
- i. demonstrating new technologies or practices that may be replicable within the region or globally;
- j. ensuring an internal – national and regional – capacity building strategy;
- k. demonstrating appropriate attention to issues of gender participation and impact.

Annex 3: Advisory Committee

1. An Advisory Committee of 7 (seven) Members shall be established as a subsidiary organ of the Assembly. Members of the Advisory Committee shall be elected annually at the regular session of the Assembly on the basis of equitable geographical distribution. They shall serve for one application cycle.

2. Similarly, an equal number of alternates shall be elected, allowing Committee members from countries with applications to resign thus avoiding possible conflicts of interest. In the event of the resignation of a member, the alternate from the same region shall take its place. Should the alternate also represent a country with applications, he/she should be replaced, by another alternate, if possible also from a developing country.

3. The Advisory Committee shall establish an Expert Panel from a list of experts provided by the Director-General, covering the required disciplines in the area of renewable energy as well as taking into account the need for equitable geographical distribution (see annex 4).

4. The Advisory Committee shall forward to the ADFD the final list of projects from which the ADFD will select projects to be funded.

5. The Advisory Committee shall work electronically to the extent possible, thus minimizing the expense incurred. Any costs incurred by their participation in the Advisory Committee shall be borne by the members concerned, except for LDCs whose participation shall be financed from UAE funds (see annex 5).

Annex 4: Panel of Experts

1. The Panel of Experts to be established by the Advisory Committee (see annex 3) will be chosen from a list to be provided by the Director-General, drawn up in due time before each application cycle, and based both on the Secretariat's knowledge of experts in the field and submissions of experts by Member States.

2. In establishing the Panel of Experts account shall be taken of individual expertise with renewable energy projects, preferably in developing countries, design and implementation of renewable energy policies as well as availability. The group of experts as a whole shall cover all renewable energy sources as defined in the Statute of IRENA, as well as all geographical regions of the world and all relevant renewable energy technologies. The Advisory Committee, when selecting members of the Panel of Experts, will be mindful to keep the Panel's size to five members, with the possibility of expansion based on the number and technical range of proposals.

3. Experts shall be eligible to serve on the Panel for more than one year but applications and acceptances by the Advisory Committee will have to be renewed annually.

4. The Panel of Experts shall elect a Chair, who shall guide the Panel's work. The Director-General shall appoint a member of the Secretariat to provide all required support to the Chair and the Panel of Experts as a whole.

5. To the extent possible the Panel shall work electronically and meet virtually. The honoraria of the experts as well as any cost incurred by the work of the Panel shall be financed from UAE funds (see annex 5).

Annex 5: Expenses incurred

Any expenses related to the project selection process, in particular in connection with the work of the Expert Panel, will be covered by contributions the UAE pledged in the bid document under 5.12 Additional Contributions made by the Host Government, Operational Services.