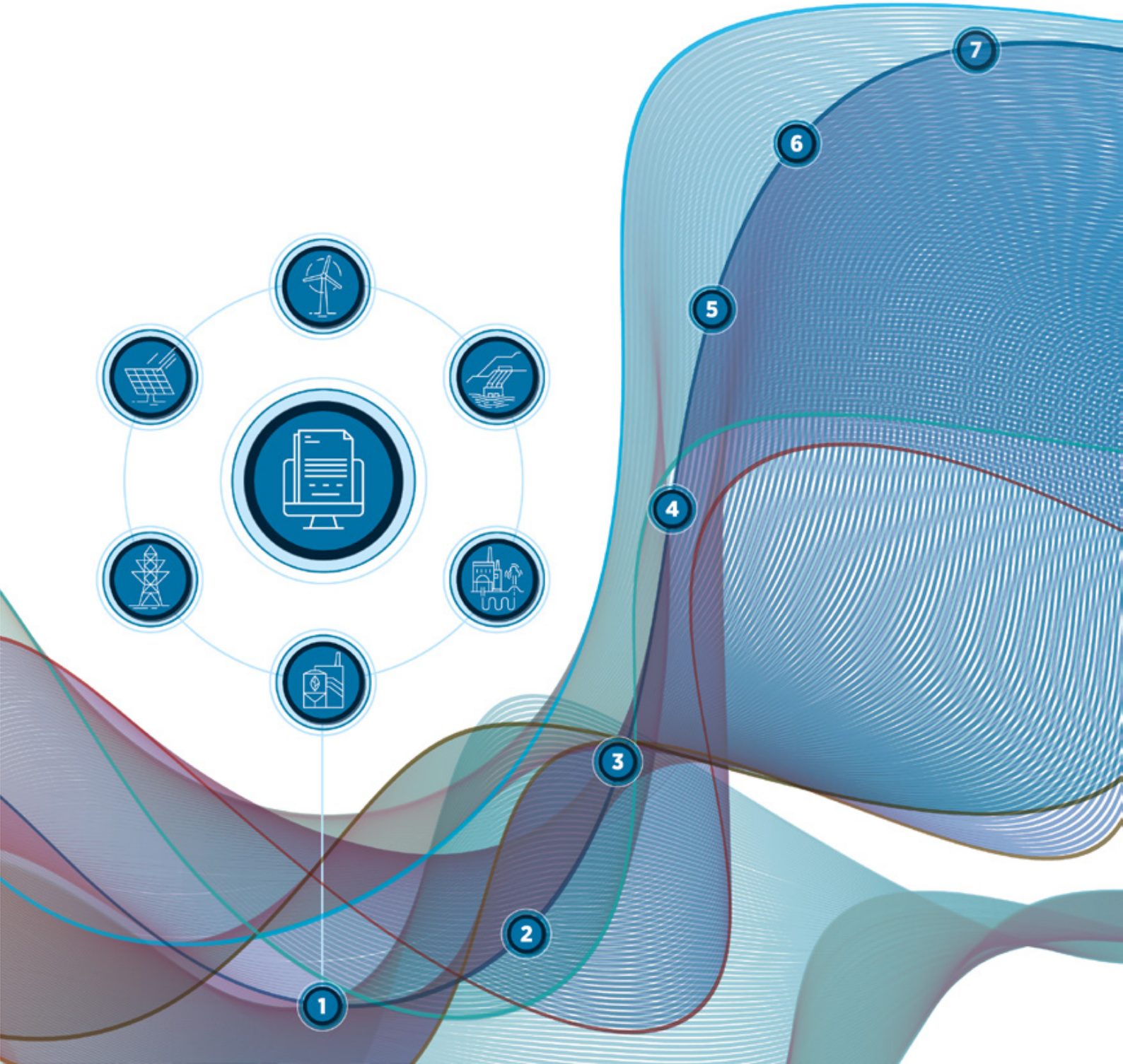
IRENA ADFD
PROJECT FACILITY

IRENA/ADFD PROJECT FACILITY:

Lessons from the selection process



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About IRENA

The International Renewable Energy Agency (IRENA) serves as the principal platform for international co-operation, a centre of excellence, a repository of policy, technology, resource and financial knowledge, and a driver of action on the ground to advance the transformation of the global energy system. An intergovernmental organisation established in 2011, 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**

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Photographs are from the work on the IRENA/ADFD Project Facility.

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FOREWORD

Mohammed Saif Al Suwaidi
Director General
Abu Dhabi Fund for Development

Over the course of its seven funding cycles, the IRENA/ADFD Project Facility has delivered broad social and economic benefits to numerous communities, reflecting our mandate to assist developing countries across the globe to achieve sustainable development.

The Project Facility exemplifies the continuous commitment of the United Arab Emirates to supporting the prosperity and well-being of people of all nations. To this end, ADFD has prioritised support for key infrastructure sectors such as renewable energy, given the crucial role played by these sectors in accelerating sustainable development.

At the outset, ADFD committed USD 350 million, which has been allocated to the development of 32 renewable energy projects in 26 countries, providing thousands of people with reliable and affordable energy from clean sources. We have worked closely with IRENA to evaluate and select projects for funding, aiming to ensure both their successful implementation and their contribution to the growth of beneficiary countries.

The projects supported by this initiative have generated profound impacts on the socio-economic development of communities, creating numerous job opportunities and ensuring improved livelihoods.

Furthermore, they have made significant contributions towards the Sustainable Development Goals adopted by the United Nations, enabling beneficiary countries to improve the lives of people who lacked reliable electricity access while avoiding thousands of tonnes of CO_2 emissions.

In building meaningful collaboration with IRENA and other like-minded organisations, ADFD seeks to help developing countries attract more investments and give people new economic opportunities.

At a time when the world faces unprecedented challenges associated with the COVID-19 pandemic, ADFD is committed to building on the achievements and lessons of this partnership, as well as exploring opportunities further afield to scale up renewable energy deployment and promote sustainable infrastructure development.

We will continue working with IRENA to help the countries of the world navigate this difficult period, leveraging renewable energy to drive sustainable development and ensure self-sufficiency in the energy sector.

Francesco La Camera
Director-General
International Renewable Energy Agency

As countries grapple with the COVID-19 pandemic, the need has become clearer than ever for ground-breaking partnerships to address global inequalities. The advancement of renewable energy in developing countries through the IRENA/ADFD Project Facility exemplifies the value co-operation, both to transform energy systems and to improve people's lives.

Experience gained through the Project Facility highlights the extensive, and largely unmet, demand for innovative projects aligned with United Nations-endorsed Sustainable Development Goals. It also underlines the necessity of inclusive support and solid initial backing to make such projects bankable. In each annual cycle, IRENA evaluated promising projects, assessed their sustainable development benefits, and recommended a shortlist to ADFD, which then determined the final allocations of low-cost capital.

Over the seven cycles, about 600 projects were evaluated by 90 independent experts. The demand for support and funding proved larger than expected and, indeed larger than our Project Facility alone could meet. The projects ultimately selected for funding were mostly in the least developed countries and small island developing states.

Along the way, implementing the selection process has produced valuable lessons. Experts tasked with evaluating project applications welcomed the common evaluation framework, which IRENA designed and continually refined in consultation with ADFD. The framework encompassed technical, economic, financial, stakeholder engagement and sustainable development aspects. The evaluators, brought together from governments, regional organisations and development finance institutions, as well as from academia and the private sector, had to weigh each project's merits in a consistent manner.

This report reviews key features of the IRENA/ADFD project selection process. It discusses what worked well, what did not, and what could be built upon in future. The resulting lessons should inform IRENA's next steps with ADFD and other financing partners. Going forward, I hope this assessment serves to keep expanding renewable energy finance and ensure the support needed for developing countries to fulfil their climate pledges.

EXECUTIVE SUMMARY

After seven annual funding cycles, the International Renewable Energy Agency (IRENA) and the Abu Dhabi Fund for Development (ADFD) continue to collaborate to advance renewables in developing countries. The high demand for concessional funding for transformative energy solutions has been evident since the first cycle of the joint IRENA/ADFD Project Facility began in November 2012. The renewable-based power and end-use projects supported through the Facility improve energy security, expand energy access and – just as significantly – provide valuable models for wider replication.

Lessons gained from each cycle have helped to improve every subsequent cycle. For example, the main application requirements were clarified and the marketing and outreach of the Facility were enhanced. This, in turn, led to the submission of more suitable proposals and served to strengthen the advancement of renewables in developing countries. Knowledge gained from the Project Facility in several key areas is now informing further collaboration between IRENA and ADFD.

Key findings from the past seven cycles include:

- **Demand for concessional funding for renewable energy projects in developing countries remains strong.**
- **The increased marketing and clarity provided on loan conditions over the cycles provided much better results in later cycles.**
- **Digital platforms provide effective co-ordination among experts for project evaluation.**
- **The challenges of supporting the private sector when projects must comply with sovereign guarantee requirements were overcome by seeking other partnerships to help extend loans to these projects.**
- **IRENA could play a greater role in project facilitation and supporting expert evaluators**.

ADFD availed an initial USD 350 million in concessional loans to projects with sustainable development benefits in developing countries – one of the original commitments made by the United Arab Emirates, IRENA's host country, when the intergovernmental agency was first established. IRENA, in turn, worked collaboratively with its broad global membership – which has grown from less than 110 countries in 2012 to some 160 countries by 2020 – to establish the best possible project selection framework.

Each year, IRENA members helped to disseminate calls for project proposals, were invited to apply, received nominations for positions on the Advisory Committee and the Panel of Experts to evaluate and recommend projects, and were encouraged to contribute to the enhancement of the selection process. IRENA members from selected projects and experts on the Panel shared their experiences and knowledge of the selection process with applicants during IRENA events, helping to improve proposal submissions in the subsequent cycles.

To date, after seven selection cycles, some 26 projects comprising solar PV, wind, bioenergy, hydropower, geothermal and hybrid technologies including battery storage (mini-grid, off-grid and utility-scale) have reached various phases of implementation. They represent 250 megawatts (MW) of planned capacity and, combined, are expected to benefit 3.5 million people in 21 countries in Africa, Asia, Latin America and the Caribbean and Pacific regions.

Yet the demand clearly remains much larger in developing countries for innovative renewable energy projects to drive sustainable socio-economic development and expand energy access. Over the seven cycles, 602 project applications were received, representing USD 20.7 billion in project costs. This comprised applicants requesting USD 5.9 billion in concessional loans from ADFD, with an additional USD 14.8 billion coming in parallel from other co-funding sources.

Since the completion of the final selection cycle in January 2020, IRENA and ADFD have sought to take stock of the valuable knowledge accumulated over the seven cycles. In doing so, both organisations intend to respond to the continuous and significant demand for renewable energy finance, as well as reaffirm their enduring collaboration.

Improved outreach and guidance, via targeted webinars with experts and increased engagement with stakeholders at the regional level, resulted in stronger applications from larger numbers of eligible projects by the final, seventh cycle. While many proposals came from the private sector, the proportion of public sector submissions increased in the last cycle, reflecting ADFD's aim to support national development priority projects that have government guarantees. On the other hand, the inability of many otherwise high-scoring projects to obtain such guarantees suggests significant opportunities to devise alternative support mechanisms. IRENA and ADFD could, for example, engage with other financiers – notably from the private sector – and explore other financial tools.

The Project Facility also required more effective marketing from the start, along with clearer communication from IRENA to project proponents on loan conditions and eligibility criteria. The government guarantee requirement and criteria for levels of technological maturity (the Facility supported tried-and-tested technologies) were not sufficiently clear to some project proponents. In some cases, more feedback was expected on why certain proposals were not selected; in this regard, more technical assistance with the development of project proposals could have been helpful.

The evaluation system proved to be an effective and low-cost framework to engage experts in the selection process. The digital platform allowed designated experts to evaluate project proposals based on a flexible set of considerations, reflecting technical and financial aspects, socio-economic and environmental benefits, and prospects to fulfil Sustainable Development Goals (SDGs). The evaluation experts made extensive use of the platform, engaging with one another to establish consensus on each project's scoring. There was room, however, for IRENA to have engaged more closely in the identification of experts and given them clearer guidance both on the standards to apply and on the expected quality of final evaluations.

IRENA and ADFD remain committed to working together, while Project Facility stakeholders have expressed the will to build on the lessons of the first seven cycles. The present report represents a key step in this self-assessment process, an important prerequisite for further collaboration and a promising introduction to future initiatives to further support the accelerated deployment of renewable energy in developing countries.

Key facts and data

- **The nature and efficiency of the partnership between IRENA and ADFD is best described as a valuable learning curve. Over the years, IRENA and ADFD learnt to understand each other better and worked more closely together; as a result, the performances of both the team and the Facility steadily improved.**
- **Continuous high demand for concessional loans for renewable energy projects in developing countries, with a total of USD 5.9 billion in concessional loans requested over seven years (602 applications received, with total project costs of USD 20.7 billion).**
- **90 percent of the Facility's beneficiaries who responded to a subsequent survey stated that the Facility's digital platform was easy-to-use.**
- **IRENA staff provided clear and timely guidance to project proponents: all of the Facility's beneficiaries who replied to the survey stated that the guidance to apply (provided by IRENA) was clear; 89% said they received support from IRENA to clarify issues they faced; and 93% said they had timely feedback from the IRENA/ADFD team to their queries.**
- **32 projects were selected from all regions of the world and featuring all renewable energy technologies. They amounted to USD 350 million made available by ADFD and USD 567 million from other sources of funding.**

IRENA and ADFD remain committed to working together to build on the lessons of the first seven cycles.

01 INTRODUCTION

A — Background

In 2009, the Abu Dhabi Fund for Development (ADFD) committed USD 350 million in concessional co-financing loans to be allocated over seven annual cycles for the implementation of renewable energy projects in developing countries (Note that historical date on the background of the Facility and ADFD's commitment can be found in endnotes [1] to [5].).

IRENA was responsible for project selection and recommendation to ADFD for final selection and funding. The joint IRENA/ADFD Project Facility (the Facility) is the result of these commitments and represents a unique partnership between IRENA and ADFD.

The Facility supports IRENA's mandate to promote the increased adoption and widespread use of renewable energy as a fundamental element for sustainable development, recognising that facilitating finance is key to accomplishing this goal.

ADFD's commitment was to offer loans of USD 50 million per cycle for selected projects, in amounts ranging from USD 5 to 15 million, covering up to 50 percent of the cost of each project. Loan rates were reduced to one and two percent, in accordance with ADFD's commitment to supporting low and middle-income countries respectively from the OECD Development Assistance Committee (DAC) list of Official Development Assistance (ODA) recipients[1].

The holistic framework of the Facility was intended to encourage the selection of projects that would improve and/or have transformative impacts on energy access and livelihoods, address energy security concerns and offer innovative and potentially replicable solutions to support the transition to sustainable energy.

ADFD's provision of concessional funding was on the basis that it would support national development priority projects and could be underwritten with a sovereign government guarantee.

1. The OECD DAC list of ODA recipients is available at www.oecd.org/dac/financing-sustainable-development/development-finance-standards/daclist.htm

Bidding for the first cycle was opened on 11 November 2012, with the projects selected by ADFD announced in January 2014. All subsequent cycles followed a similar timeline, culminating in the final seventh cycle in January 2020. IRENA's evaluation process – from project submission through recommendation to ADFD – was achieved over a seven-month timeline in each cycle.

B — Purpose of the assessment report

This report represents a self-critical analysis of the selection process of the IRENA/ADFD Project Facility based on feedback from the direct stakeholders involved to identify what worked, what did not and what could be improved. Its purpose is to capitalize on the knowledge accumulated by the Facility to create a useful reference for IRENA's future initiatives, including with ADFD.

C — Scope

This assessment covers the selection process of the Project Facility from its creation in 2012 to the end of the final selection cycle of 2019. Whereas the report touches upon relevant facts about post-selection and recent developments which contribute to measuring the effectiveness of the selection process, the progress of the selected projects is covered more in-depth in a separate report that has been published annually since January 2019 (further details about this report are provided in section 3.h).

D — Tools/methods of assessment

The assessment process for this report combined three methods:

a. Review of historical data and reports. The list of documents used is detailed in the references and annex to this report. It includes the annual Chair's Report of the Advisory Committee (endnote [1]), which reflects feedback from the Facility's key stakeholders: IRENA member country applicants, experts on the Panel, the Advisory Committee as well as ADFD (the role of the stakeholders is explained in the section below).

b. Collection of primary data from all key stakeholders (as mentioned above) from the final seventh cycle of the Facility through a qualitative survey undertaken in April 2020.

c. Collection of primary data from all key stakeholders (as mentioned above) from the final seventh cycle of the Facility through voluntary semi-structured interviews, carried out in April and May 2020.

Section 2 of this report is prepared using materials from a. Section 3 was written with the results of b and c.

Further information about the collection of primary data can be found in the annex. It includes the response rates of the survey undertaken in April and May 2020 together with the survey questions (Annex 1), the list of the survey's respondents (Annex 2) and the complete, detailed feedback received from the Panel of Experts (Annex 3).

02

DESCRIPTION OF THE PROJECT FACILITY

A — IRENA's outreach

IRENA, as an intergovernmental organisation with a core mission to address its member's needs in terms of renewable energy deployment, is in an ideal position to act as a third-party and independent facilitator between its members' project proponents and ADFD.

IRENA's engagement with regional organisations helped to inform a variety of relevant stakeholders about the offer of funding in each cycle. For example, the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) posted the call for proposals on its website.[2] This encouraged the submission of projects by government stakeholders in West African countries, which resulted in several selected projects being located in this region.

Numerous outreach events and promotional efforts were deployed, with IRENA presenting the Facility at regional events in later cycles – particularly the final cycle:

- in Africa, at the African Utility Week in South Africa (May 2018);
- in Southeast Europe, at an IRENA event on Renewable Energy project development and financing (Serbia, June 2018);
- in the MENA region, at a technical workshop on IRENA's Project Navigator (Egypt, October 2018);
- in the Pacific, at *IPS Connect 2018*, where IRENA held a technical workshop on project development and financing for Caribbean and Pacific SIDS stakeholders (Maui, USA, October 2018);
- in Asia, at the International Off-grid Renewable Energy Conference (IOREC) in Singapore (October/November 2018);
- in Africa, during a joint IRENA–Indian Ocean Commission (IOC) event in Mauritius (November 2018);
- in the Middle East every year in January at IRENA's General Assembly and the World Future Energy Summit (Abu Dhabi Sustainability Week); and
- in live webinar presentations on IRENA's project facilitation in other regions including the Caribbean, the Pacific, the Indian Ocean countries and Southeast Europe, all in 2018.

2. ECREEE (ECOWAS Centre for Renewable Energy and Energy Efficiency), IRENA/ADFD Third Call for Project Proposals, www.ecreee.org/news/irenaadfd-third-call-project-proposals

B — Presenting the selection process

Description of the selection process

IRENA was responsible for the two-stage summary and full proposal stages of the selection process. Projects were recommended to ADFD for consideration at the end of these two stages. The final stage of selection was conducted under the purview of ADFD.

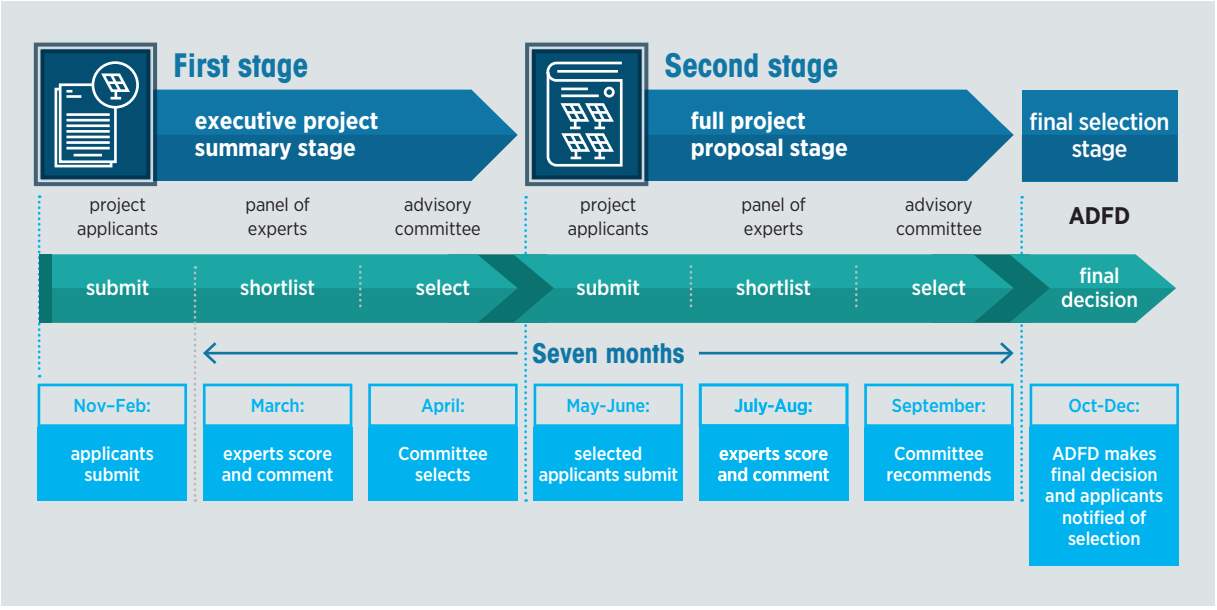
The first stage involved a summary proposal assessment, wherein applicants could submit a concept by the annual deadline of mid-February. If shortlisted by the end of April in each annual cycle, applicants were invited to submit a full proposal by the end of June. IRENA's expert and Committee evaluation process was conducted over seven months.

The intention of IRENA's two-stage process was to consider as many project proposals as possible, as applicants could submit a concept-stage project and then have time to develop a full project proposal for the second phase. The preparations for the second phase also included obtaining the sovereign guarantee letter, which was a core requirement from ADFD to receive funding and often takes time to secure.

Evaluation criteria

Project evaluation criteria were developed by IRENA in consultation with IRENA members and the ADFD. It was further refined and improved in subsequent cycles by IRENA with the input of the Panel of Experts, Advisory Committee, project stakeholders and ADFD. The intention was to ensure various types of projects could be submitted with potentially strong sustainable development benefits. All major considerations were taken into account to assess project feasibility and recommend projects to ADFD for funding that were also national development priority projects.

Figure 1 Timeline of the annual selection cycle



As depicted in Figure 2 below, the three main pillars of the evaluation criteria were:

- technical;
- economic/financial; and
- socio-economic and environmental/sustainable development goal aspects.

It is to be noted that socio-economic and environmental benefit indicators were suggested as options to capture the results and sustainable development impacts of the projects selected for funding by ADFD.

General assistance and advice were provided to applicants to indicate to them what was expected from the project proposal, such as the need for the technology chosen to be tried-and-tested and proof that the project's management team had sufficient relevant experience.

At the second, full project proposal stage in the earlier cycles, detailed indicators were not provided. In subsequent cycles, following further development by IRENA, there were eight main core indicators specified as options for socio-economic and environmental aspects, as depicted in Figure 3 below. The socio-economic and environmental evaluation criteria were designed to cover the UN Sustainable Development Goals (SDGs) including SDG 7 - "affordable and clean energy for all". These indicators were adjustable according to the specific case of the respective projects and others could be added. A baseline value needed to be noted at the operational start date of projects, a target value defined and then the actual project value recorded by the project coordinators.

Figure 2 Summary project stage (EPS) of consideration

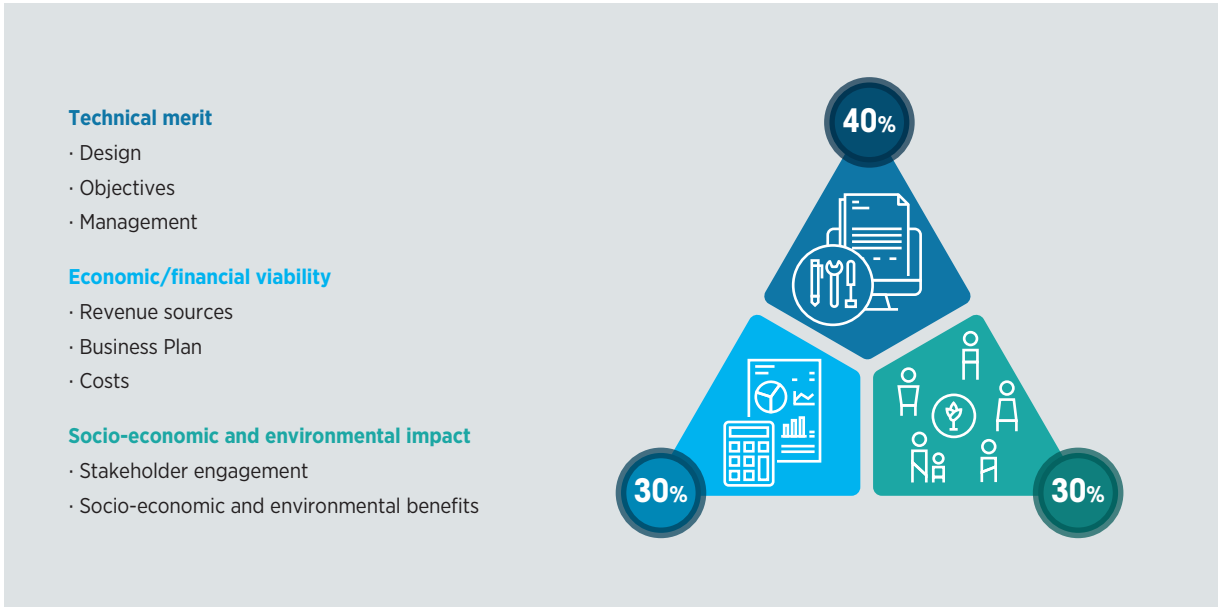


Figure 3 Full project proposal (FPP) stage of consideration

Technical merit

· Detailed project design and output
· Resource assessment
· Monitoring and evaluation
· Implementation plan and operational arrangements
· Technical risk mitigation measures
· Organisational and management capabilities

Economic/financial viability

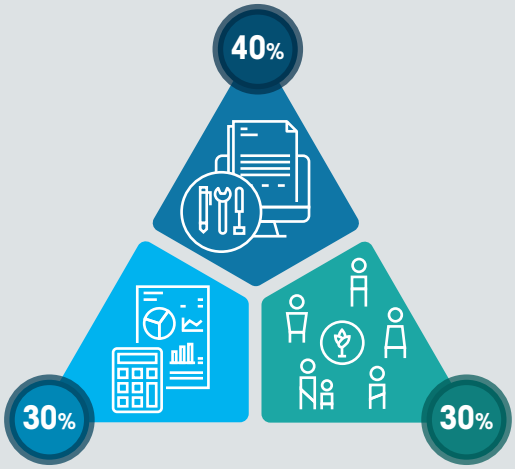
· Full economic/financial feasibility study (EIRR)
· Economic/financial risks and mitigation options
· Co-finance agreements

Socio-economic and environmental impact

· Stakeholder engagement details

Indicators

· Accessibility
· Affordability
· Job creation
· Energy security
· Environmental
· Health
· Education
· Gender
· Other



Note: guidance was provided to applicants, including the full feasibility study requirements (available in endnote [6 and 8]) and the Helpful Hints and Considerations (endnote [7]).

The scoring system

Expert scoring

In any evaluation process, there is an element of subjectivity in the evaluation of the experts involved. To ensure comparability, three approaches were taken to increase the objectivity of project review and evaluation:

a. To achieve a common review approach, scoring and understanding of projects amongst experts, an evaluation rubric and Likert scale were introduced. Statements on certain aspects of the three pillars – technical; economic/financial; and socio-economic/environmental benefits of projects – were made in the evaluation criteria rubric. A Likert scale approach to evaluation involves a statement on each question at the Executive Project Summary and Full Project Proposal stages that each expert is asked to strongly agree, agree, be neutral, disagree or strongly disagree with. In addition, experts are asked to justify each level of agreement.

b. The Likert scale was applied on these three pillars to capture the Panel's level of agreement with these statements. The experts scored the three pillars of the projects individually and then convened on a three-member Panel to come to a common understanding if there was a significant imbalance in scoring between them. As appropriate, and where agreed amongst the experts, scores were then adjusted.

Table 1 Summary scoring considerations

Score	Description
5	Excellent and thorough understanding of issues, experience and capability to deliver effectively.
4	Understanding of issues; good level of experience; capability to deliver.
3	Understanding of issues but limited experience and capability to meet all delivery requirements.
2	Insufficient understanding of issues; low level of relevant experience and capability to deliver.
1	Poor understanding of issues; inadequate demonstration of relevant experience and capability to deliver.
0	Complete failure to understand issues or demonstrate capability to deliver.

Each of the three pillars were scored as in Table 1 and then multiplied by the weighting for that section to determine the scoring of each of the three experts assigned for each project. An average score was taken for each of the three pillars.

c. Simple statistics were used for normalising the expert scores. Expert scores were examined across three groups with a standard deviation and an average for each group, and across all groups. This was to reduce any bias in the scores due to differences between the experts in terms of, for example, their knowledge of particular technologies, country situations or implementation experience that may influence their perceptions of the relative merit of specific projects. The top scoring projects were then selected from each group by reconciling the averages across the groups so that the projects selected were truly representative.

For more information on the methodology used to normalise the expert scores and reduce bias, refer to Annex 4.

Strategic considerations

Overlaying the technical considerations and evaluation by the experts were strategic considerations of the Advisory Committee in the selection and recommendation process. These considerations were intended to help ensure geographic spread; technology diversity and alignment with national priorities; and, in particular, the provision of a government guarantee as per ADFD selection and recommendation requirements.

Stakeholders in the project evaluation mechanism

Project screening and the recommendation process were carried out through two bodies:

- a strategic Advisory Committee (Committee), appointed annually by the IRENA Assembly; and
- an independent Panel of Experts established by the Committee.

The Advisory Committee

The Committee was formed based on a call for nominations sent by the Director-General of IRENA to its Members in the third quarter of each year, in advance of the opening of each annual cycle. Members and alternates were officially appointed by the IRENA Assembly each year.

The Committee was, to the extent possible, representative of the geographic spread of the Agency's membership and covered a variety of renewable energy sources and technologies. It comprised up to seven IRENA Members and seven alternates. Members and alternates have included Deputy Ministers, Ambassadors, IRENA permanent representatives and directors of national renewable energy bodies.

IRENA/ADFD Advisory Committee members meeting in Abu Dhabi (June 2013)
Photograph: IRENA

Before carrying out a review of the projects at each of the two stages of the evaluation process, the Committee members had to declare if they had any conflict of interest in reviewing them. An alternate from the same region would be assigned if they indicated this.

The Committee considered the evaluated and scored list of projects by the Panel of Experts to determine which applicants should be invited to submit a full proposal. At the second stage, the Committee made project recommendations to ADFD based on the ranked list of projects by experts and again on the basis of geographic spread, technology diversity and alignment with national priorities – particularly the provision of a government letter, a core requirement of the ADFD.

The Committee had a second role to ensure ongoing improvements in the effectiveness of the Facility. For instance, IRENA worked in close consultation and under the guidance of the Committee and the ADFD to develop a refined set of procedures and conditions for the Facility replacing the selection procedures previously prepared by the Preparatory Commission of IRENA (please see endnote [3] and [4]).

Note: feedback from the experts on the selection process is provided in section 3 of this report, as well as in Annex 3.
The Guidelines for Experts can be found at the end of this report in endnote [9], while the list of members of the Panel of Experts engaged in all seven cycles is available in endnote [10].

The Panel of Experts

The applications were evaluated by a set of external renewable energy experts who were either nominated by IRENA's members based on the Agency's knowledge of experts in the field or by regional organisations such as ECREEE; or were drawn from those who proposed themselves independently. The 90 experts involved throughout the seven cycles included global, regional and local renewable energy technical specialists, with expertise in economic and financial analysis, sustainable development and advisory activities, drawn from the public sector, regional organisations, associations, institutes, private companies, development funds, funding platforms, NGOs and academia.

The experts signed a Statement of Undertaking to work pro bono, independently and objectively and with the obligation to indicate any conflict of interest, maintain the confidentiality of the proposals and work in the time period of three months (in April and then in July and August) in total on the evaluation of projects. Despite the lack of remuneration, experts continued to return to the Panel each year, even from the private sector, as they communicated that they found benefit in viewing the projects and each other's work and coming to a common understanding on the evaluation. Each project proposal was reviewed by three experts coming from different backgrounds, following the scoring system described above. The engagement with experts from member countries provided an added benefit, in that they understood the practicalities and challenges of project funding and execution in eligible developing countries. This experience, shared amongst the experts, assisted in building their own capabilities in the renewable energy market.

Webinars were carried out for the experts by IRENA during the selection process to ensure consistency in scoring. Webinars were also organised between the experts and the Committee during the selection process to present and discuss the scoring and evaluation with the Committee and assist in facilitating a fair and transparent project evaluation, shortlisting and recommendation scheme. IRENA noted a strong engagement from the experts, reflected by their continual commitment in the technical review of projects, feedback on the process and support of certain project initiatives.

The online collaborative application and evaluation portal

The online system was instrumental in ensuring the timely implementation of the selection process. It allowed transparency in the application, sharing of the requirements via automated eligibility checks, and the uploading of documents and webinars. It was also a vehicle to capture learning from one cycle to the next (more details on the digital platform are provided in Annex 5).

The automated eligibility checks were applied based on the size of the loan requested, the country in which the project is taking place and the government guarantee requirement. These automated eligibility checks ensured that the applicant respected ADFD requirements on loan size (between USD 5 and 15 million), the percentage of total funding that this represented (not more than 50 percent), and that the project was taking place in a country that was on the OECD DAC list of ODA recipients (which determined the applicable loan rate [1 or 2 percent]).

The online tool facilitated the fair and transparent implementation of the evaluation of projects by experts with limited administration costs. The interface enabled each expert to evaluate their allocated projects before accessing the evaluation of the other two experts reviewing the same project.

The system allowed for changes to their evaluations, if deemed necessary, and the sharing of a joint explanatory statement. The system flagged major differences in opinion on each part of the application signaling to experts the need to convene to establish a common understanding of projects and to explore the possibility of harmonising their scores.

C — Type of projects received

In 2012, the Facility was a unique platform to facilitate funding for the deployment of renewable energy projects in developing countries, at a time when such projects were not as commercially viable, mainstream, affordable and straightforward as they are now. The Facility attracted 602 renewable energy project proposals from developing countries over the seven annual cycles. The locations of projects, types of technologies and project stakeholders involved evolved over the seven years, as the target market became more familiar with the Facility and as the renewable energy market developed.

As prices of solar PV have fallen significantly through the life of the Facility, the commercial attractiveness of solar PV projects has improved – as is clearly apparent from the growth in the number of such projects submitted from the fourth to the seventh cycles. The effects of this and other cost reductions, in parallel with growing familiarity and promotion of renewable technologies, saw an increasing number of project applications advancing through the evaluation and selection process, as shown in Figure 6 below.

Figure 4 Distribution of projects submitted by region, per cycle

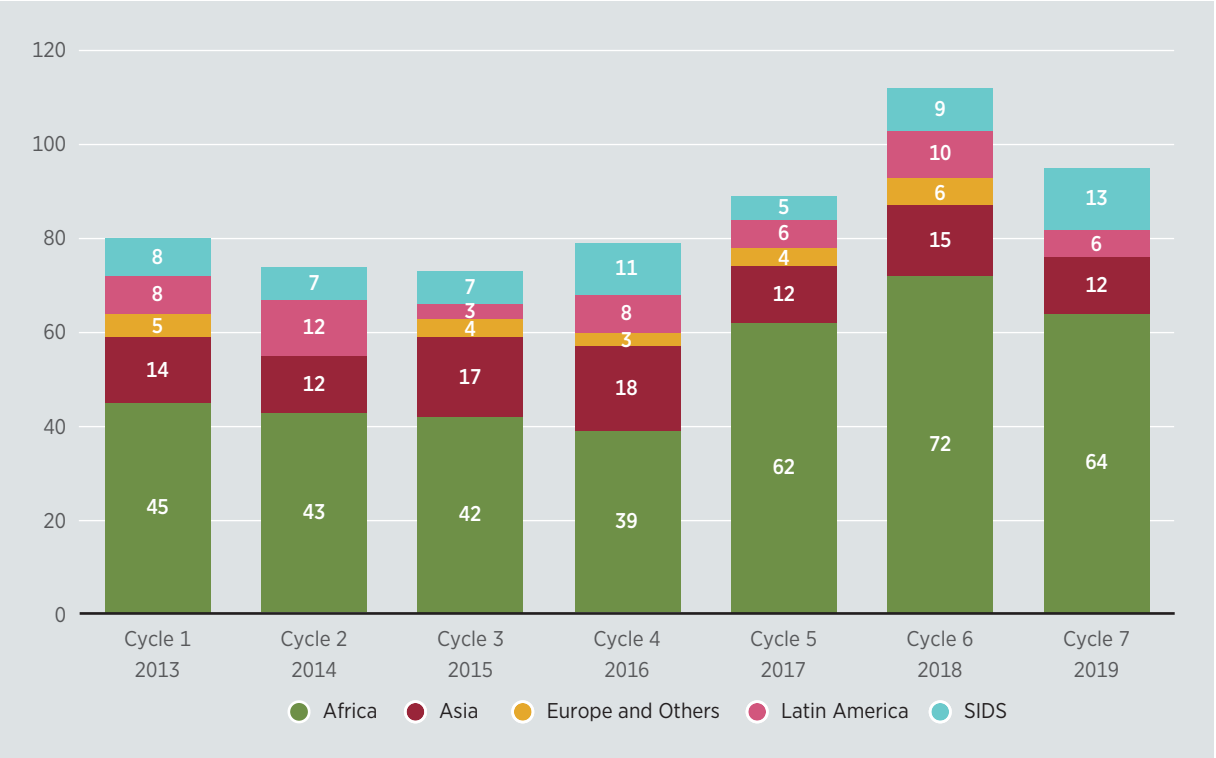


Figure 5 Projects submitted by technology, per cycle

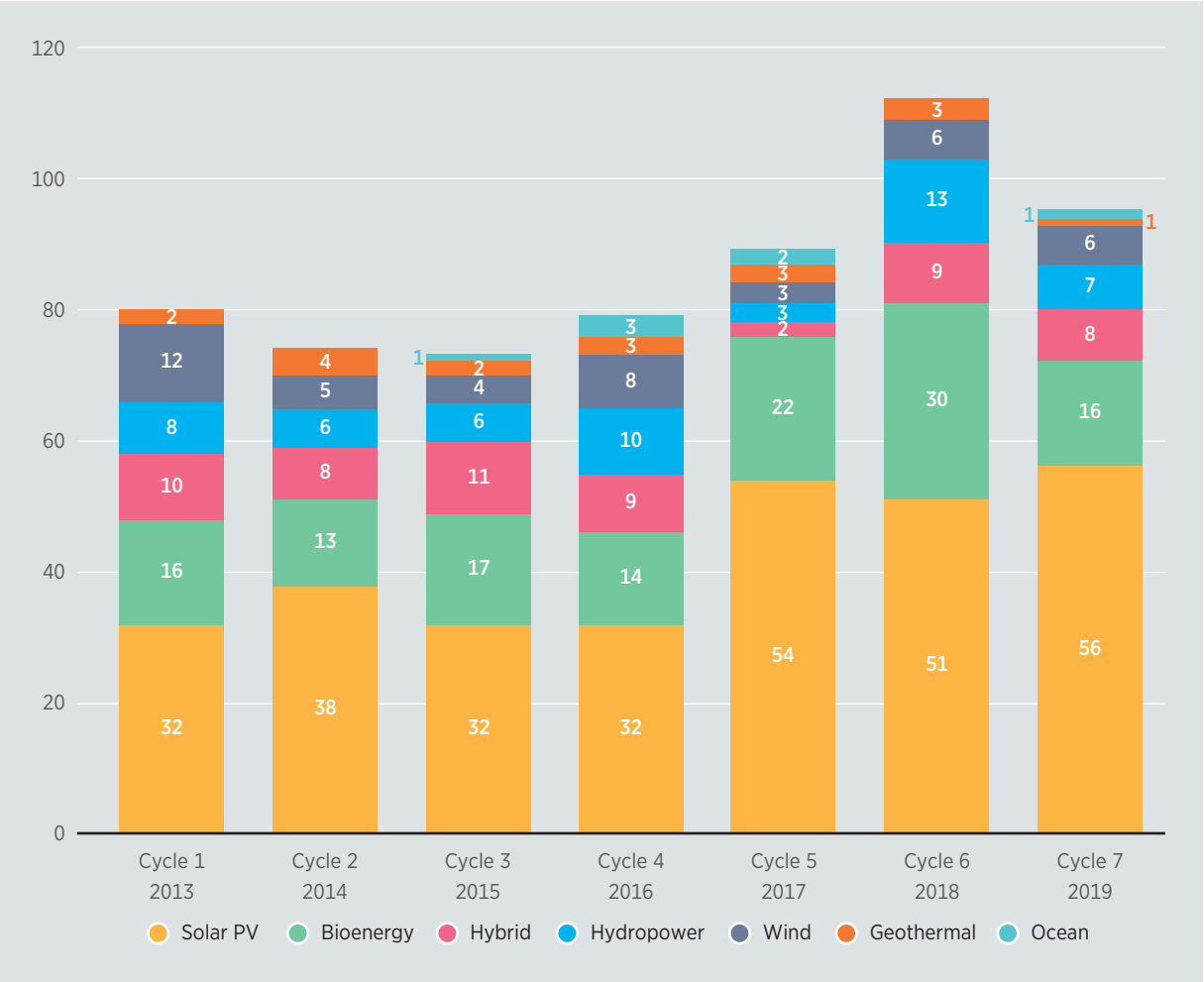
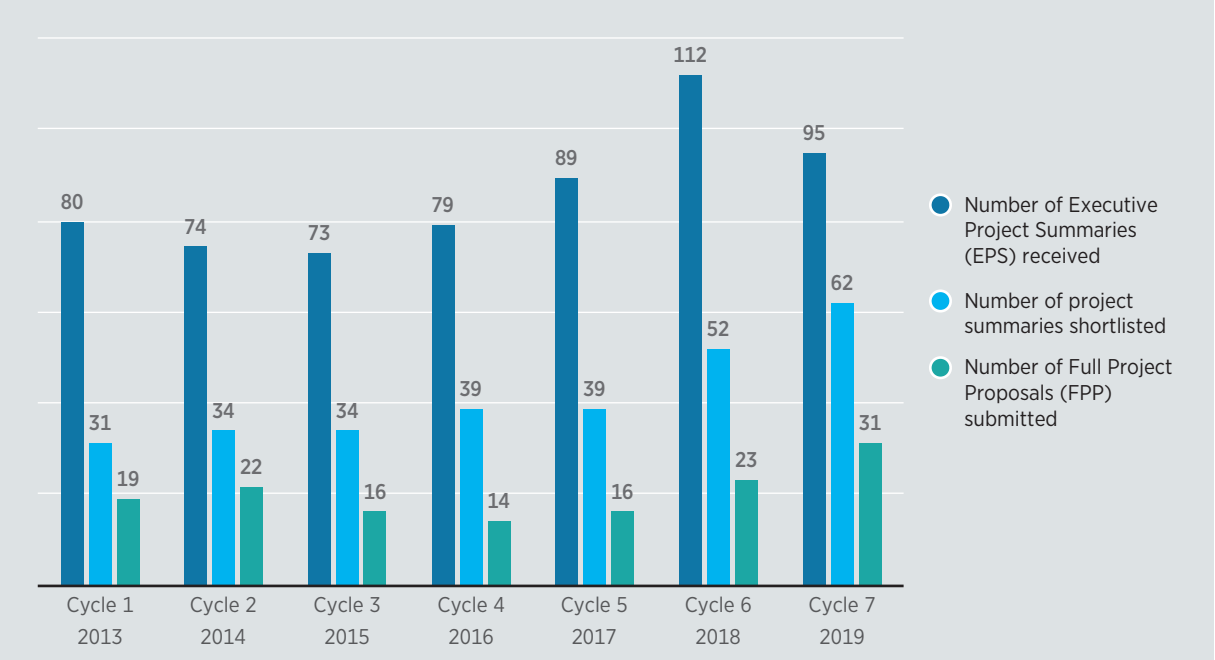


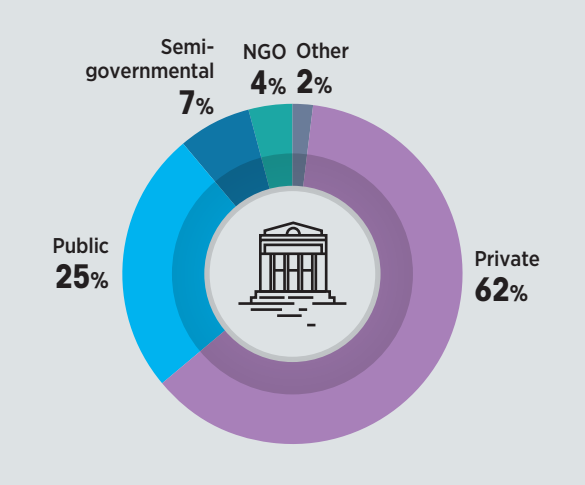
Figure 6 Number of projects shortlisted, per cycle



Among the 602 project proposals received over seven years, 291 projects were shortlisted and 141 of them went on to submit a full project proposal. Out of the 68 full project proposals that were recommended, 32 projects were selected for funding by ADFD.

The Project Facility confirmed that the demand for renewable energy financing, within the criteria for selection, is high. The total project funding sought from the Facility through all applications was USD 5.9 billion in loans from ADFD over the seven cycles, for projects which would need gross investments of USD 20.7 billion, meaning that USD 14.8 billion would need to come from other funding sources.

Figure 7 Type of organisations submitting projects in cycles 1–7



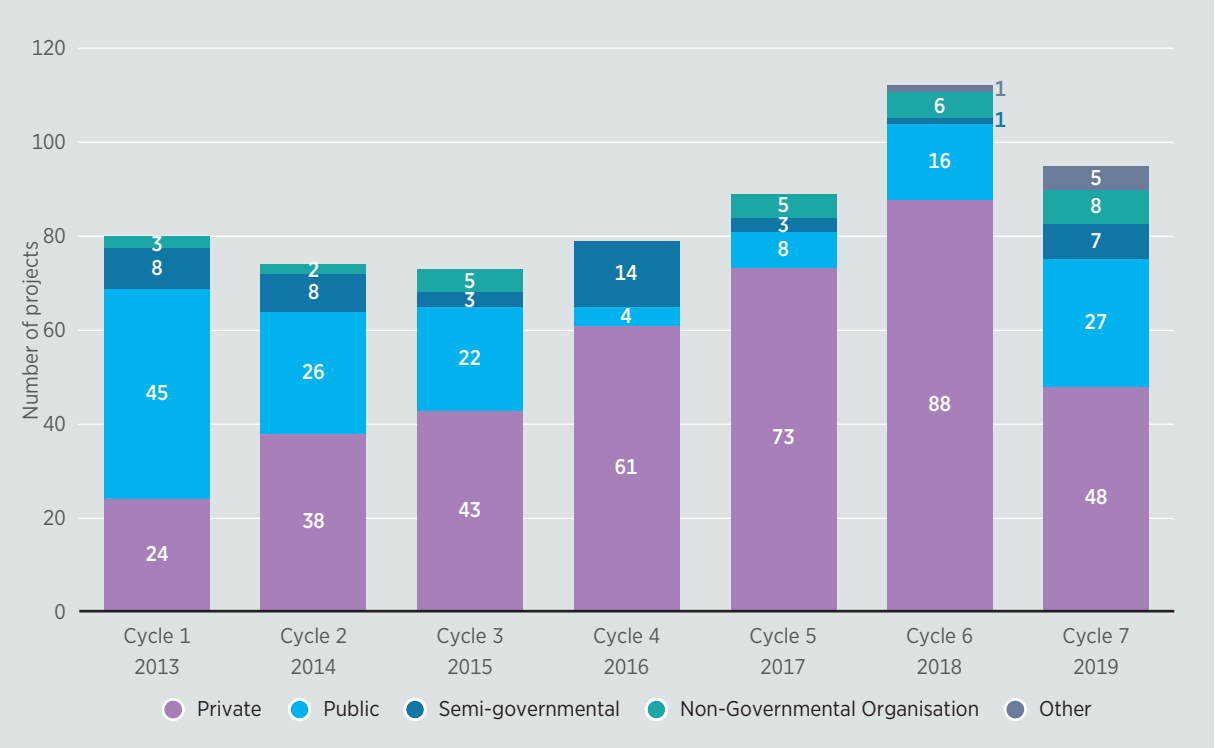
It is noteworthy that most of the applications received were from the private sector and tended to meet most of the requirements of the selection process, although they were often unable to obtain a government guarantee, which is a mandatory ADFD requirement for funding. Figure 7 demonstrates that 62 percent of the submissions in all seven cycles came from the private sector; 25 percent from the government sector; 7 percent from semi-governmental organisations; and the rest from NGOs and other entities.

Importantly, as the outreach carried out for the final cycles was increased, this gave IRENA the opportunity to continually highlight the fact that access to funding was conditional on obtaining a government guarantee; this attracted more compliant project applications, notably from the public sector, as shown in the following chart (Figure 8). The final cycle, therefore, resulted in the highest number of projects shortlisted and selected in any cycle (see Figure 6 above), with several public sector projects supported by a government guarantee.

It is also worth mentioning that applicants who had successfully achieved funding in previous cycles with ADFD applied in subsequent cycles either for different projects in the same country or second phases of the same project, which demonstrates a certain level of confidence in the selection process and its outcomes. Indeed, this was the case for five out of the eight projects selected in the seventh cycle; the projects in Antigua and Barbuda and the Maldives were selected by ADFD for the second phase of previously selected projects, whilst projects in Burkina Faso, Cuba and Saint Vincent and the Grenadines were for new projects. The expectation is that the lessons learnt from the previous engagement with ADFD will allow a smoother and quicker implementation of projects.

As a final remark on the type of projects selected, while initial evaluation criteria were not influenced by geographic considerations, where the number of shortlisted projects with government support allowed it, the Committee was asked to consider a balanced spread of global projects with different technologies, if appropriate, in its final recommendation to ADFD.

Figure 8 Number of applicants per type of organisation and cycle



KEY LESSON

Strengthened, targeted outreach efforts improved the number and quality of applications, as well as the geographic coverage and range of technologies.

Phase II: Hybrid (foldable) wind turbine and solar PV project in Antigua and Barbuda selected in the seventh cycle of the IRENA/ADFD Facility for climate resilience and transformation of the water and health sector

Photograph: Ministry of Health and the Environment, Antigua and Barbuda

D — Improvements implemented in the selection cycle

Over the seven years of the Facility, IRENA regularly requested and consulted stakeholders' feedback (including from project proponents) on what could be improved (reflected in the annual Chair reports referenced at the end of the report). As a result, some significant enhancements were put in place while the Facility was running, the most crucial of which are presented below.

Improvements for applicants

Sharing of stakeholder experiences at IRENA events

IRENA members from selected projects and experts on the Panel shared their experiences and knowledge of the selection process with applicants during IRENA outreach events at the IRENA Assembly and Abu Dhabi Sustainability Week, helping to improve proposal submissions in the subsequent cycles.

Earlier availability of the application form

In response to feedback from earlier cycles that there was insufficient time for project proponents to familiarise themselves with the requirements of the Facility and the online platform, the online application was opened in May 2018 instead of November 2018, well before the submission date in mid-February 2019 in the final seventh cycle of the Facility. As a result, not only did project proponents gain valuable additional time to submit their proposals, but they also engaged with IRENA well before the official opening to clarify requirements and improve their proposals accordingly.

Increased guidance and support during the selection process

IRENA became more involved during the selection process, carrying out webinars (including in French) at the Executive Summary stage to clarify the selection process and criteria (including ADFD requirements) and later to improve the Full Project Proposals. For instance, during the fifth cycle, over 150 potential project proponents participated in the webinars. An additional webinar was then conducted for the 26 shortlisted project proponents on preparing Full Project Proposals, which included expert feedback about improving the proposals. This expert feedback was a summary of confidential evaluation comments on the Executive Project Summary proposals outlining how best to improve the projects. Requirements for funding were repeatedly communicated to applicants at every opportunity, notably at side events of the IRENA Assembly each year or during webinars. ECREEE assisted some of the project applicants, helping them to translate documents from French to English for their applications.

Projects also benefitted from certain technical assistance providers. For example, UNDP supported the Mauritania wind power project selected in the first cycle with a grant of USD 1.2 million for the feasibility study, while UNIDO/REEEP/PFAN provided coaching and support to three projects.

Clearer guidelines

A first version of the Guidelines for Applicants was produced in the first cycle in consultation between IRENA and ADFD. These provided the selection and evaluation criteria for the projects and a simple statement that ADFD terms and conditions would apply after selection. There was a lack of clarity on the government guarantee requirement in these guidelines. Furthermore, selected project proponents highlighted that there was no information provided on the details of the ADFD terms and conditions, and in particular on the tendering and procurement requirements of ADFD after selection. As a result, the Guidelines for Applicants were updated in the second and subsequent cycles to be clearer on the government guarantee as a cornerstone requirement for selection by ADFD. ADFD terms and conditions to be applied after selection were further elaborated in the Guidelines to include requirements related to the ratification of the loan agreement and the fact that tendering and procurement procedures would need to be applied for the consultant and contractor and be overseen by ADFD. The Guidelines for Applicants was translated into Arabic, French and Spanish.

Clearer and easy-to-use application forms were introduced to capture quantitative data points. Data points included energy output, workforce/jobs and total project costs. In the first and second cycle, the sustainable development part of the full project proposal application form and evaluation criteria only provided an overall consideration of the SDG goals. In subsequent cycles, this and other parts of the full project proposal requirements were further refined, providing specific options for development indicators as explained in the description of the selection process (section 2.b. above).

The feasibility study requirements at the full proposal stage were clarified in the sixth and seventh cycles to make them more helpful to applicants, indicating, for example, how to calculate the Economic Internal Rate of Return (EIRR) – an ADFD requirement.

IRENA's tools were referenced in the forms to assist applicants and included: the Global Atlas for Renewable Energy for resource assessment; IRENA's Project Navigator; costing analysis for cost estimates; and socio-economic and environmental benefit publications on potential benefits, including job creation and gender impact.

Increased outreach efforts

As mentioned in the previous section, outreach to project proponents was initially conducted via the IRENA Council and Assembly meetings and webinars, but more recently the Facility gained substantial exposure through regional events, especially in 2018 for the final cycle. The online application portal was then presented and feedback from experts on the applications made in previous cycles were shared, which allowed project proponents to understand how their project was going to be evaluated. With this greater face-to-face outreach, the seventh cycle had the highest number of projects meeting the core requirement of a government guarantee (as documented in section 2.c.).

Sharing promising projects with other funding and technical assistance contacts

The Facility increased its efforts to facilitate co-funding through coordination with external partners. Some examples of external partners that took on projects for co-funding include: the Arab Fund for Economic Development in Africa (BADEA) for the Mali project in the first funding cycle and the UNDP Global Environment Facility for the wind project in Mauritania. The working agreement between the ADFD and the French Development Agency (Agence Francaise de Developpement [AFD]) signed in 2016 outlines further cooperation on financing renewable energy projects through the Facility. More information on further co-funding initiatives is provided in Annex 6.

Improvements to the Panel of Experts

Simpler points and scaling systems

For easier and more transparent strategic decision-making, a simple points system and a new scaling system were introduced to assist experts in establishing common understanding on the evaluation of projects. This system assisted the Committee when carrying out the strategic review of projects considering expert scores and geographic spread, technology diversity and government priorities (including government guarantee).

Increased expertise and diversity among experts

In cycle four, greater efforts were made to solicit experts from IRENA Members, regional networks, partners and the public. As a result, 16 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. Well over 20 experts were engaged in each of the final three cycles.

Webinars to guide experts

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

Improved evaluation criteria indicators and framework

Expert input was used to improve the evaluation criteria indicators and framework in each cycle. The scoring scheme was developed from being largely quantitative to being a mix of quantitative and qualitative scoring based on common understanding amongst the experts on the criteria for selecting promising projects.

KEY LESSON

The feedback loop from stakeholders in the selection process was absolutely essential to make continual, immediate improvements.

03

ASSESSMENT OF THE PROJECT FACILITY

This section assesses the partnership between IRENA and ADFD within the context of the Facility, based on feedback from ADFD staff. It also explores both positive and negative feedback from our stakeholders on crucial aspects of the Facility – including from the Committee and the project applicants, who will be the key beneficiaries of subsequent improvements. The final section (on the evaluation process) is mainly based on the feedback received from our Panel of Experts.

A — Partnership with ADFD

As was best described by the ADFD staff involved in the Project Facility – Mr Tarig Hamza and Mr Mohammed Al Hamedi, who were interviewed for the purpose of this assessment – the nature and efficiency of the partnership between IRENA and ADFD can be best characterised as a valuable learning curve. Over the years, IRENA and ADFD learnt to understand each other better and worked more closely together; as a result, the team and Facility's performance steadily improved.

Benefits of having IRENA acting as a third-party for ADFD

Typically, ADFD focuses on larger-scale investment opportunities, given the disproportionately higher transaction costs that smaller projects can entail. The Facility saved a lot of time for ADFD by handling the selection process; IRENA guided project proponents to present promising applications and pre-screened these projects to ensure they could be implemented and taken forward with ADFD co-funding.

Improvements in concessional borrowing terms

A sign of ADFD's commitment to the Facility was the reduction of loan rates from the first to the second cycle in response to the situations of the countries applying to IRENA. With the information collected by IRENA on the debt limitations for countries applying, ADFD assessed the situation and decided to reduce their loan rates, making them the lowest rate ever offered by ADFD. They reduced them from between two and six percent, to between one and two percent. This was particularly beneficial to the Caribbean countries, many of which have severe limitations on borrowing, where the population is small, the economy is highly dependent on tourism and electricity is vital. Under standard ADFD requirements, the rate applied would be as high as five percent, as they would qualify as middle-income countries according to the OECD DAC List of ODA Recipients. Through the Facility, the rate was two percent.

The tenure period was also lengthened, going from a 15-year loan period including a three-year grace period to a 20-year loan tenure with a five-year grace period.

Outreach challenges

As described in sections 2.c. and 2.d., the outreach to potential project applicants was quite limited in the early days of the Facility. It took some years before outreach was expanded to regional meetings for the Facility to gain exposure, especially among the public sector.

With improved outreach in the regions (notably direct messaging to regional organisations and eligible countries, social media campaigns to government contacts in developing countries, and webinars organised to target eligible countries), coupled with greater coordination between IRENA and ADFD, and as the selected projects started to show success towards implementation, the number of suitable applications received from the public sector substantially increased.

Improvement of guidance to applicants and working more closely together

From the third cycle onwards, IRENA and ADFD began to work more closely together as both entities became involved in both parts of the process. For instance, ADFD worked with IRENA on more detailed feasibility study guidelines to provide applicants further clarity, helping them submit better proposals, while IRENA assumed a greater role in supporting ADFD with post-selection activities, including on-site appraisals and facilitating communications between ADFD and project proponents.

In a number of cases, ADFD utilised existing appraisals conducted by other funders contributing to the projects and, if considered acceptable by ADFD, waived the onsite appraisal requirement, leading to a faster and less costly advancement of projects towards implementation. More recently, ADFD has moved to virtual project appraisals – instead of onsite – to help projects move forward and tackle the challenges posed by COVID-19.

Improvement of commitments and partnerships

ADFD became more closely involved in the Facility, notably through the agreement signed with IRENA in April 2016, whereby ADFD directly contributed funding to support the Agency in place of the UAE contribution. This was to facilitate and improve the remaining cycles and the Facility as a whole.

ADFD representatives, upon the invitation of the Chair of the Committee, increasingly participated in Committee meetings and offered to assist the continued development of the Facility. The DG of ADFD was always present for the announcement of the selected projects in the IRENA Assembly and the Director of Operations at ADFD became more involved. The announcement of results for selected projects was given increasing prominence in the IRENA Assembly in the seventh cycle, reflecting the growing success of the Facility. The ADFD staff interviewed for this report noted that IRENA gave ADFD greater exposure, especially in the final years.

ADFD staff also stated that IRENA and ADFD became one strong coordinated team which, by presenting a united front, engaged successfully with external parties. Notably, ADFD staff discussed the sharing of projects with other funds (such as the Coordination Group of Arab Funds).

IRENA and ADFD management teams at partnership agreement signing in 2016
Photograph: IRENA

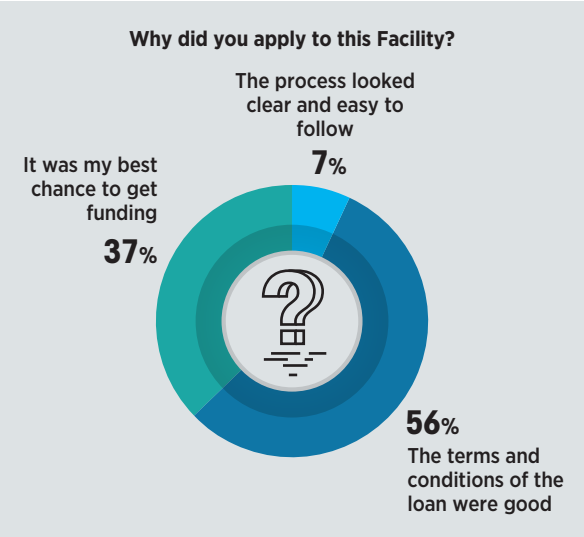
ADFD and IRENA brought their experience and expertise together via this synchronised team. The valuable areas of collaboration between IRENA and ADFD included working together with the panel of experts and the Committee on the online platform, on the use of IRENA tools to support the development of proposals during submission as well as on setting up webinars to answer applicants' concerns.

The ADFD staff interviewed mentioned that the evaluation model of the Facility, utilising the experts and the Committee, was of great benefit to ADFD. There were guidelines for experts to ensure that bankable projects could be selected. ADFD responded to clarification questions during meetings with the Committee that included experts. For instance, in the beginning, some of the experts recommended projects from the private sector that did not have the support of their respective governments. ADFD clarified that only government-driven projects could be supported under their mandate on the Facility. Thanks to the meetings held, the experts and Committee were able to learn more about ADFD considerations.

As for areas of improvement, ADFD staff brought to IRENA's attention the fact that increasing efforts should be made to encourage more stakeholders to get involved, bring more funds and explore more options in terms of financing tools, as one institution cannot cover all the financial needs of the renewable energy sector.

B — Inclusivity and flexibility of the Facility

Figure 9 Project application motivators



Note: data collected from project applicants in April 2020 through the survey.

I. What worked

IRENA created a platform so that project proponents from all eligible developing countries could present their needs in terms of assistance and funding. The Facility was designed to be as inclusive as possible, giving a chance not only for big projects (including utility-scale projects) but also for projects that often struggle to find funding, such as small-scale projects or atypical expertise projects in areas such as geothermal. As shown in the figure below, the majority (56 percent) applied due to the concessional terms of the loans, whereas the rest mostly applied as they found it challenging to find access to funding elsewhere.

> *"The criteria definition was pragmatic, not too specific so that more projects could be included. The system was good because it was flexible, accessible and hands-on."*
>
> **Mike Allen, Chair of the IRENA/ADFD Advisory Committee, Special Envoy for Renewable Energy, Ministry of Foreign Affairs and Trade, New Zealand.**

- **Flexibility of the selection criteria**

Instead of having to fill in standardised indicators, the proponents could use their own existing data and project information to present their project, provided it was sufficient to allow evaluation of fundamental technical, economic and sustainable development considerations as outlined in the application process. Note: the process is described as flexible because it allowed applicants to submit supplementary documentation to answer certain sections and encouraged experts to view the projects in a holistic manner rather than scoring based on whether text was put in the right place.

II. What could be built upon

Two project proponents voiced their wish for the Facility to **offer a lower loan amount** from ADFD than a minimum of USD 5 million, allowing for a total project cost of USD 5 million, as the cost of renewable energy projects have come down.

One project proponent asked the Facility to **prioritize specific countries/regions** depending on their level of need, rather than choosing the best project proposal written. Another project proponent suggested that a **mandatory parameter** be included to reward projects that **demonstrate significant local content presence.** [It is to be noted that even if not mandatory, local content was a consideration in the application form and evaluation criteria.]

- Three stakeholders asked to make the selection criteria, requirements and priorities of financiers clearer from the start:
  - In one case, it seems the required degree of tried-and-tested level of technology was not clear enough – particularly what this meant in terms of level of maturity of the technology.
  - One applicant mentioned that it should be clearly stated that even if the application form asks how much energy is to be produced or how much CO_2 emissions the project would save, it does not mean that this is necessarily the main determinant for project selection within the application form. (It is to be noted that the guidance webinars did state that the project would be evaluated in a qualitative manner on overall considerations and that if the project does not focus on certain parameters, it does not mean that it is unlikely to be selected.)
- The Facility should have found alternative funding sources and financial tools for projects that were unable to obtain a guarantee letter:

Fifty-five percent of the project proponents who replied to the survey stated that they wished their project could be eligible for funding without the guarantee letter. Three project proponents from countries in Africa highlighted the fact that because their governments are under pressure from IMF obligations and/or regulations stipulated by other MDBs, the provision of a sovereign guarantee is discouraged or not possible. Even when it is possible to obtain a government letter, the process is long and tenuous, as the project must be approved by various ministries before being submitted to the Parliament, and it then must be selected against other crucial projects in different priority sectors like health and education.

Even if the sovereign guarantee is obtained, one project proponent interviewed pointed out that, notably in many countries in Africa, as the renewable energy market has evolved, the most efficient projects are being led by the private sector, independently of the government.

> *"There is a clear line of success in going to the private sector rather than government, because the government's position can change whereas the private sector, being the investor with the resources invested, will ensure that the final singular goal is achieved. [...] From a risk perspective, it is better to deal with the project itself that has already invested and has stake in the pie, than the government or a third party [...] If the objective is to help the country, it is better to go through the private sector due to the spillover effect into sustainable jobs, skills learnt, a strong private sector which can support the government in ensuring their objectives to power the country and having a long-term sustainable project are achieved."*
>
> **Kofie Macauley, CEO of Sewa Energy Resources (SL) Ltd., Betmai Hydroelectric Project, Sierra Leone, shortlisted in the seventh cycle.**

One project proponent suggested an alternative to the government guarantee requirement:

> *"Other kind of guarantees could be used such as MIGA from the World Bank, or other banks that could support and guarantee the project. I personally think that such mechanism should be included as an alternative to the sovereign guarantee in order to make sure projects are successful."*
>
> **Saida Omar Abdillahi, Director, Ministry of Energy in Djibouti, shortlisted project "Energy Efficiency of Public Buildings" in the seventh cycle**

C — Timeline

I. What worked

The timeline was considered remarkably short by the Committee members, who praised the Facility for being able to screen and recommend projects within a seven-month timeframe.

IRENA's two-stage process allowed for project proponents to apply with concept-stage projects and have time to prepare the full project proposal and procure the government letter. Eighty-three percent of project proponents stated that the two-stage process was easy to follow and 87 percent confirmed that they managed to submit their full proposal for the second phase on time.

IRENA/ADFD Advisory Committee Chair and ADFD colleagues engaging with stakeholders at IRENA's 9th Assembly in 2019
Photograph: IRENA

> *The timeline is exceptional, thanks to the management of the process done at IRENA. In most places, it is much longer. The webinars run for applicants, experts and the Committee allowed the timeline to be so short. This was due to a dedicated program lead and team within IRENA to direct and facilitate this."*
>
> **Mike Allen, Chair of the IRENA/ADFD Committee, New Zealand.**

> *"I am familiar with the process through participation in European Commission (EC) panels for proposal selection. In both cases – EC and IRENA – I have the feeling it is the best there is. In this case, about selection of investment projects, the workload of the experts is considerable, as is the workload for the organisations that submit a proposal. However, the consequences of the investment projects are considerable. Therefore, I think the required standards should be high and that the workload is justified."*
>
> **Jan Zeevalkink, Senior Consultant at AYA Consultancy, expert in the seventh cycle.**

II. What could be built upon

- Substantial workload on the evaluation experts:

Most of the experts interviewed mentioned the tight timeline to evaluate projects, especially for the first stage of the evaluation. One expert thought that the three-month gap between the first and second stage was also problematic, as some experts dropped out after evaluating the projects in the first stage. This issue could be overcome by spreading the process to cover more of the year. Another suggestion is to have more experts involved, so that fewer projects are evaluated by each expert.

D — Digital platform

I. What worked

The platform was easy to use:

- Ninety percent of project proponents who replied to the survey stated that the platform was easy to use.

> *"The IRENA funding Facility is one of the best, if not the best multilateral finance facility out there in terms of easy applicability. The Facility delivers the goal it set out to achieve and cut out unnecessary bureaucracy."*
>
> **Cameron Johnson, Project Manager at ICIMI, Beoumi Rural Solar Electricity Project in Côte d'Ivoire, shortlisted project in the seventh cycle.**

- All Committee members and experts interviewed thought the platform was very good. One committee member from Pakistan mentioned that the system of shortlisting and selection of the projects through IRENA's panel of experts by incorporating their inputs on a dashboard was innovative. The design of the platform, which was improved over the cycles, was outlined as a distinguishing factor.

> *"The platform is extremely intuitive, well-thought-out, well-designed and highly operational."*
>
> **Saïd Rahmani, IRENA–ADFD Advisory Committee member, France.**

- Technical problems: 67 percent of project proponents said that they did not encounter any technical issues.

When issues were faced, 93 percent said they had timely feedback to their inquiries from the Facility team.

- *"The feedback was timely and the team made exceptional follow-up where there were issues for clarification";*
- *"IRENA staff's advice and support has been very useful and helpful."*

- Particularly useful features of the Facility:

Two respondents mentioned that the downloadable Excel template with commentary on each field was very helpful. Another project proponent mentioned that some of the datasets on projects were useful. One expert thought that the clarifications and further guidance provided by the Facility helped project proponents, for example, with calculating their potential Economic Internal Rate of Return (EIRR), which is an ADFD requirement.

Success story from a selected project in Cuba:

"The particular features of the selection process that made a difference were:
• the regular communication between IRENA, ADFD and the applicants;
• the acceptance by IRENA and ADFD of the Cuban consultant contracting process;
• the visits by IRENA and ADFD to the beneficiary country allowed for greater understanding of the project."

Installation Program of 4 Photovoltaic Solar Farms (PSF) in Cuba, Isla de la Juventud.

15 MWp grid-connected solar PV Project in Cuba selected through the IRENA / ADFD Facility
Photograph: IRENA

II. What could be built upon

Mechanics of the application form: one project proponent said that the platform should allow the copying and insertion of a full table with the components of the budget of the project into the application form to make the process faster and easier. It was noted that tables could be submitted as attachments, but it would be helpful if they could be submitted into the text fields.

E — Communication and collaboration among stakeholders

I. What worked

- Guidance to project proponents: 100 percent of project proponents who responded to the survey stated that the guidance was clear. Ninety percent said they had support from IRENA to clarify the issues faced.
- Guidance to experts and Committee members through IRENA webinars: all stakeholders interviewed mentioned how valuable the webinars were.
- There were many opportunities to share the lessons learnt from all stakeholders, among the Committee, the experts, ADFD and the project proponents, as well as to capitalise on lessons learnt from the previous cycles and provide feedback to project proponents. These included:
  - workshops facilitated at the World Future Energy Summit each year, where project proponents could share lessons learnt amongst themselves; and
  - Committee meetings (including experts) at every IRENA Council meeting in June and November, as well as in January at IRENA's General Assembly, to reflect on the cycle and suggest improvements to the process and for the next cycle.
- Integration of feedback from experts and Committee members allowed for numerous enhancements to be made along the way. For instance, one expert thought that the communication among experts improved as they exchanged more on disagreements and reached common understanding.

II. What could be built upon

- More detailed feedback and justification could be provided by IRENA as to why projects were rejected. The applicants expected to understand why they were not chosen and to know their scores for potential use in securing co-funding.
- More engagement between the evaluation experts could be encouraged, which will be detailed in section G.

R.Vandhoo island waste to energy facility in the Maldives selected in the first cycle through the IRENA/ADFD Facility
Photograph: Ministry of Environment and Energy of the Maldives

F — IRENA's positioning

I. What worked

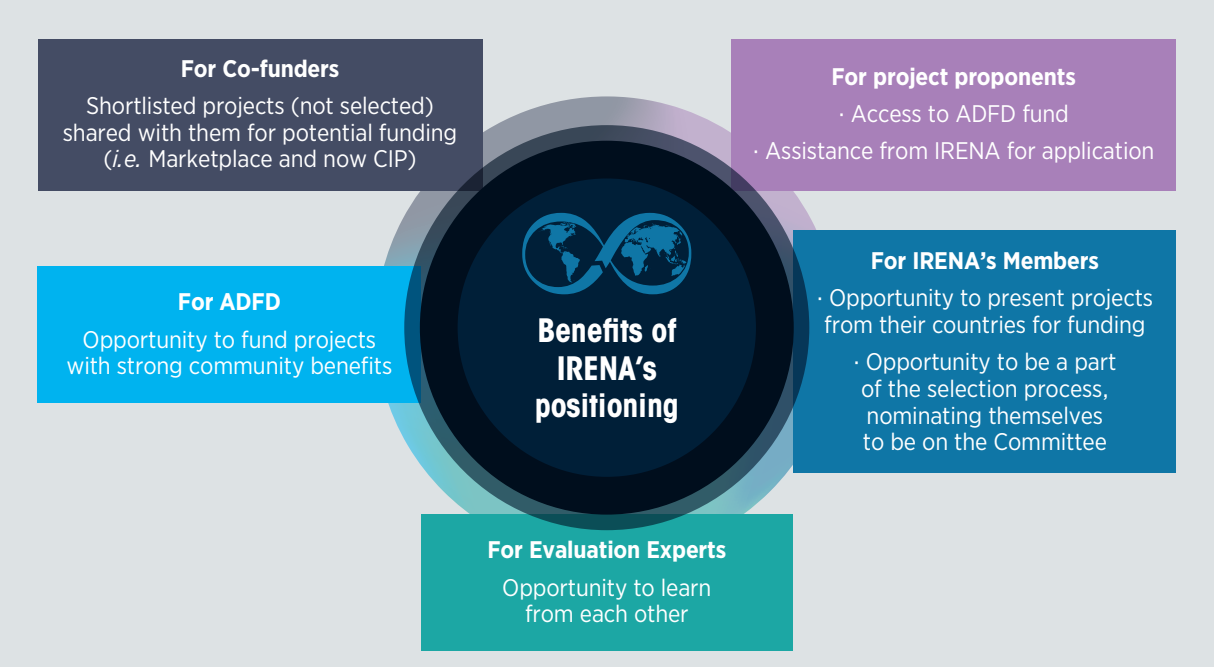
- The three Committee members interviewed agreed that IRENA met its Members' needs.
- IRENA's knowledge of renewable energy policy, socio-economic and environmental impacts, costing, statistics, technology, project facilitation and financing strengthened its capacity to manage the Facility. For example, the design of the economic and environmental indicators in the evaluation criteria benefitted from internal collaboration at IRENA.

II. What could be built upon

- Publicity of the Project Facility could have been carried out at a wider scale from the start, with extensive marketing to ensure more applications (comment from Advisory Committee members). This was resolved during the seven cycles.
- IRENA should engage with more financial partners and explore other financial tools so that all promising projects (including those that could not be chosen by ADFD) may be funded. This comment was received from all stakeholders. Project proponents also suggested a mechanism be established to introduce projects to other funders. Committee members also recommended that investment mechanisms be broadened (with sovereign guaranties, donations, venture capital, etc.).

Note: projects that were shortlisted but not chosen were shared on IRENA's Sustainable Energy Marketplace, giving them another opportunity to find funding. These same projects are now being shared via IRENA's work on the Climate Investment Platform.

Figure 10 Benefits of IRENA's positioning, by stakeholder



G — Evaluation process

I. What worked

> *"The philosophy of the process should be highly praised, with its combination of experts, being volunteers from the private sector or the government, who took time to evaluate the projects with high professionalism. I have never seen this evaluation mechanism before and I think it should be promoted and deployed."*
>
> **Saïd Rahmani, Deputy Permanent Representation of France to IRENA, Committee member.**

- The three-expert mechanism: all experts stated that having three experts coming from different backgrounds and regions – who were able to complement one another's fields of expertise and approaches and come to a common understanding – allowed the process to be fair, balanced and qualitative.
- A transparent process: the three committee members interviewed described the selection process as transparent.

> *"It is a well-thought-out and transparent process of selecting promising renewable energy projects. The multi-tier selection process at expert and political levels was the positive aspect of the Facility."*
>
> **Sibtain Afzaal, Committee member/alternate, Pakistan.**

- Explanatory note: after the technical evaluation is carried out by experts, the Committee, which is the strategic body represented by countries (political level), is the ultimate decision-maker.

All experts interviewed agreed that this evaluation system was a very effective model for the Facility.

Figure 11 Experts' feedback on the evaluation process

Source: data collected from the survey questions distributed to the Panel of Experts.

II. What could be built upon

- As the workload is substantial, it was pointed out that some experts might not be in a position to spend sufficient time to complete a thorough evaluation. Three experts recommended that **experts' work could be better monitored**. It was advised that experts not be permitted to view their colleagues' evaluations without completing their own first.
- One expert mentioned that many experts had sufficient technical expertise but did not have the necessary "business approach" to score the projects. He advised that the Facility employ **a more diversified panel** (which would include more representatives of Development Finance Institutions [DFIs] for example). (Note, however, that there were indeed some representatives from DFIs on the panel.)
- **Make sure final comments include more than the lead expert's considerations**: two experts emphasised the importance of discussing differing evaluations among the experts, as stipulated by IRENA's secretariat.

Other challenges and recommendations

- **Pre-screen applications** before sending them to experts for full evaluation:

  one expert noticed that some proponents provided very little information in some sections or did not attach sufficient documentation. An additional requirement could be to have a feasibility study (even if a bit old) submitted in the first (EPS) stage rather than in the second stage, to make sure that the proponent has a serious proposal.

- IRENA could also provide experts with greater clarity on certain criteria, as some experts, for example, used different criteria to assess the level of maturity of a given technology.
  - Five experts recommended working pro-bono to maintain their independence and objectivity. Nevertheless, more initiatives to reward their efforts were encouraged, such as more opportunities to meet IRENA staff and stakeholders and invitations to relevant events.
  - Two experts thought that because of the substantial workload, it would be good to be paid a fee.
  - Three experts pointed out that even if they were happy to evaluate projects with no remuneration, providing remuneration could be a good way to attract more experts and increase their accountability to deliver professional work.

Figure 12 Challenges in organising three experts to evaluate each project

Source: data collected from the survey questions distributed to the Panel of Experts.

H — Current status of selected projects

A crucial aspect that ought to be investigated when assessing the selection process is its outcomes: 32 projects were selected, equating to USD 350 million committed by ADFD by the end of the seventh and final cycle; 26 projects are progressing through the various implementation stages, with some already generating power in 2020. The installed capacity from the portfolio is expected to total 183 MW, with an additional 50 MW of thermal output. The projects comprise solar PV, wind, bioenergy, hydropower, geothermal and hybrid technologies including battery storage (mini-grid, off-grid and utility scale), and will benefit a cumulative 3.5 million people in 21 countries in Africa, Asia, Latin America and the Caribbean and Pacific regions.

IRENA has played a role in facilitating subsequent monitoring and reporting on the projects after selection, encouraging project proponents/beneficiaries to share their experiences and knowledge with each other to help advance the projects and produce an annual report, *Advancing renewables in developing countries*, where the status of the projects selected through the Facility is well-detailed. The first two reports were published in 2019 and 2020 and the next is expected in January 2021. The 2020 report can be found in endnote [10].

IRENA/ADFD Facility selected project workshop to share lessons at Abu Dhabi Sustainability Week (January 2020).
Photograph: IRENA

04

CONCLUSIONS AND HIGHLIGHTS

Key successes of the selection process

- The Facility **responded to the high demand for concessional loans** in developing countries.
- **The flexibility of the application form** and evaluation process **encouraged the submission of a good cross-section of different types of projects**.
- **Strengthening outreach efforts** (notably by introducing the Facility at relevant regional events and engaging with potential applicants there) **improved the number of appropriate and relevant proposals** from different regions and featuring a variety of technologies.
- The **digital platform was assessed as an easy-to-use tool** that facilitated the application and evaluation processes.
- **Opening the project application digital platform earlier in the final cycle gave applicants more time** to prepare their applications and seek guidance.
- **Dedicating more time to assisting applicants led to better project proposals** and optimised timelines; this experience reinforces the value of project facilitation in any such initiative.
- **The knowledge-sharing approach to guide project proponents** with their applications and share summaries of expert comments through webinars, presentations and the digital platform, allowed proposals to be improved.
- The **evaluation system, with the Panel of Experts and Committee**, was seen by applicants as **fair and transparent** (although see recommendations section for improvements).
- **Asking for stakeholders' feedback during the process and integrating changes ensured the continuous improvement of the Facility.**
- **The sharing of project experiences and lessons learnt amongst the project proponents** was considered of central importance to help in the preparation of projects for selection and to advance projects to implementation.
- Post-selection: As described in section 3.i., selected projects are moving ahead and showing promising results, demonstrating that the selection process worked well.
- Demand for the future: project, expert and funding stakeholders stated that they hoped that IRENA would build on the Facility to continue to respond to the need for investment in renewable energies in developing countries.

Aspects to build upon in any potential future collaboration

- **Clearer communication to project proponents is required regarding loan conditions** from the outset.
- **Give project proponents more specific feedback to explain why they were not chosen** (especially when they have been shortlisted and submitted the Full Project Proposal (FPP) in the second phase).
- **Attract more funding institutions and offer more financing tools so that all promising shortlisted projects can secure funding.**
- **Facilitate more funding for technical assistance**, helping applicants to enhance their proposals.
- **Encourage sharing of experiences, knowledge and even provision of technical assistance** by beneficiaries of previous cycles to other developing countries.
- **Improve marketing from the start**, notably by presenting the collaborative platform at regional events in which IRENA participates.
- **Ensure sufficient experts to review projects** (decrease their workload by giving them less projects to review) and that they have regional knowledge and market awareness to evaluate the projects effectively.
- **Improve monitoring of experts' work to make sure final comments reflect the three experts' considerations and that they deliver the best standards.**

Endnotes

[1] Chair reports [www.irena.org/ADFD/Apply/Helpful-Resources]

[2] 2009 UAE bid document "Future is Here" The proposal of the United Arab Emirates to host the Interim Seat of the Secretariat for the International Renewable Energy Agency (IRENA)

[3] 2010 "Selection procedures for projects applying for funding from the Abu Dhabi Fund for development" (PC.4/DC.4) [www.irena.org/-/media/Files/IRENA/Agency/About-IRENA/Preparatory-Commission/Fourth-Preparatory/PC4DC4Selection-proceduresADFD.pdf]

[4] 2014 "IRENA/ADFD Project Facility - General Principles" (A/4/13) [www.irena.org/-/media/Files/IRENA/ADFD/Helpful-Resources/A_4_13_ADFD_General-Principles.pdf]

[5] "Decision on the General Principles for the IRENA/ADFD Project Facility" (A/4/DC/4) [www.irena.org/-/media/Files/IRENA/Agency/About-IRENA/Assembly/Fourth-Assembly/A_4_DC_4_ADFD-General-Principles.pdf]

[6] Guidelines for applicants [www.irena.org/ADFD/Apply/Helpful-Resources]

[7] Helpful Hints and Expert Considerations [www.irena.org/ADFD/Apply/Helpful-Resources]

[8] Full feasibility study [www.irena.org/ADFD/Apply/Helpful-Resources]

[9] Guidelines for experts [www.irena.org/ADFD/Project-Facility/Selection-Process]

[10] List of Panel of Experts engaged in all seven cycles www.irena.org/ADFD/Project-Facility/Selection-Process

[11] Advancing Renewables 2020 [www.irena.org/-/media/Files/IRENA/Agency/Publication/2020/Jan/IRENA_ADFD_Advancing_Renewables_2020.pdf]

ANNEXES

IRENA ADFD
PROJECT FACILITY

IRENA/ADFD PROJECT FACILITY:

Lessons from the selection process

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