

## REPP Support Policy and Guidelines

### Part A: Introduction

#### 1. Definitions

The following guidelines constitute the “**Support Policy and Guidelines**” of the Renewable Energy Performance Platform (“**REPP**”), a facility initiated by the European Investment Bank and UNEP using funding provided by the REPP donor.

**"Approved Project"** means a Project for which a REPP Proposal has been approved by the Assessment Committee in accordance with article 11 of the Articles of Association;

**"Assessment Committee"** means the Assessment Committee of REPP, consisting of members appointed by directors of REPP and by DECC, established under the Articles of Association for the purpose of assessing Projects;

**"Board"** means the board of directors of REPP;

**"Carbon Benefit"** means a measurable and independently verifiable abatement of carbon emissions arising from the Project, as set against an independently determined and verifiable baseline (“business as usual”) emissions scenario;

**"CERs"** means Certified Emissions Reductions. CERs are units of account on a governmental or intergovernmental registry, representing units issued by the Clean Development Mechanism (“**CDM**”) Executive Board (“**EB**”) in accordance with Decision 17/CP.7 (Marrakech Accords) of the Conference of the Parties to the United Nations Framework Convention on Climate Change (“**UNFCCC**”). CERs result from CDM activities, defined in Article 12 of the Kyoto Protocol. CERs are demonstrated to be reduced or avoided in a specific calendar year by a project (after deduction for leakage) above and beyond the baseline of emissions “without the project”;

**"DECC"** means the Secretary of State for Energy and Climate Change at the Department of Energy and Climate Change of the United Kingdom;

**"Developer(s)"** means any party(ies) developing a Project and committing equity and/or a debt product to a Project Company;

**"DFI"** means a Development Finance Institution;

**"Eligible Country(ies)"** means those countries defined in Clause 3 of Part B of this Support Policy in which REPP is permitted to provide support;

**"EU"** means European Union;

**"EUEI-PDF"** means EU Energy Initiative – Partnership Dialogue Facility

**"Levelised cost of electricity (LCOE)"** means a measure of a power source which attempts to compare different methods of electricity generation on a comparable basis. It is an economic assessment of the [average total cost](#) to build and operate a power-generating asset over its lifetime divided by the total



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power output of the asset over that lifetime. The LCOE can also be regarded as the cost at which electricity must be generated in order to [break-even](#) at a given discount rate over the lifetime of the project;

**“Global Climate Partnership Fund (GCPF)”** is an innovative public-private partnership focused on financing energy efficiency and renewable energy projects for SMEs and private households in developing countries, primarily in cooperation with local financial institutions. The Fund may also finance projects directly.

**“GHG”** means greenhouse gas emissions as defined by the UNFCCC;

**“International Climate Fund”** or **“ICF”** means the International Climate Fund established by the government of the United Kingdom”;

**“Minimum Criteria”** means the minimum criteria the Assessment Committee is to apply to each Support Opportunity before committing to a Support Package;

**“ODA”** means Official Development Assistance

**“OECD”** means the Organisation for Economic Co-operation and Development;

**“Policy Dialogue”** means a dialogue entered into by REPP and/or the REPP Manager with any government department, regulatory body or other relevant body in an Eligible Country to further the objectives of REPP and/or the REPP Donors, the outcome of such dialogue to form part of REPP’s decision on each Support Package;

**“Project”** means a potential opportunity for REPP to provide a Support Package to any venture that is expected to generate Renewable Energy

**“Project Company”** means a Person (other than a natural person) to which REPP provides support;

**“Project Exclusion List”** means the list of excluded activities set out in Appendix 1;

**“Renewable Energy”** means energy generated in such a manner that it is naturally replenished and uses non-extinguishable resources such as the wind, sun (solar), run of river hydro, tides, waves, geothermal heat, sustainable biomass (compliant with the restrictions in Appendix 1) and biogenic gas;

**“Renewable Energy Project”** means any infrastructure or infrastructure-related venture which generates Renewable Energy and that meets the support criteria set out in this Support Policy and that is eligible for REPP support.

**“REPP Anti-corruption and Integrity Policy and Procedures”** means the anti-corruption and integrity policy and procedures approved by the Board;

**“REPP Donors”** means the Secretary of State and any additional donors to REPP from time to time;

**“REPP Environmental and Social Policy and Procedures”** Environmental and Social Policy and Procedures approved by the Board;

**“REPP Financial Model”** means the financial model developed by REPP for its business as updated from time to time and as current prior to REPP committing to a particular Renewable Energy Project;

**“REPP Manager”** means the manager appointed by REPP inter alia to source and recommend to the Board Projects eligible for REPP funding, to provide access to financial instruments of REPP Partners and to provide results-based financing according to these support guidelines;



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"REPP Partner" means any institution with whom REPP has established an agreement for the purpose of introducing the provision of support by that institution to an Approved Project;

"REPP Proposal" means a detailed proposal report to be prepared by the Manager on the merits of a Support Package by REPP to a Project, including such supporting internal project assessment and other reports, valuations, models, projections, cost and man hour analyses and budgets, in such detail and containing such information as the Assessment Committee may require;

"REPP Risk Management Policy" means the risk management policy approved by the Board;

"REPP Support Agreement" means a legally binding written agreement entered into between REPP and the relevant counterparty in respect of a REPP Support Package;

"REPP Support Package" means any package of REPP Support of any description (howsoever made) to be provided by REPP to an Approved Project;

## 2. Amendments

This Support Policy may only be amended by unanimous agreement of the REPP Management Board.

## Part B – Support Policy

### 1. Overview of support policy

- 1.1. This Support Policy sets out matters which the REPP Management Board, the Assessment Committee and the REPP Manager are to address in deciding whether to proceed with a proposed REPP Project, each such assessment covering how well the Project would meet the REPP Donors' objectives.
- 1.2. The Donors' objectives in funding REPP is mobilising private sector development activity and investment at scale in small and medium scale renewable energy projects in sub-Saharan Africa and improving the access of previously off-grid communities to clean energy. REPP's primary target is to achieve a total installed capacity of up to 150MW in between five and twelve Eligible Countries within five years. The ultimate beneficiaries of the REPP are the communities and businesses who will gain access to a reliable source of electricity where, prior to the intervention provided by REPP, often they either had no supply of electricity or the supply of power was unreliable. Further beneficiaries are private sector developers of small-scale renewable energy projects that will benefit from a market seeded by REPP.
- 1.3. The REPP contributes to the Donors' objectives by achieving positive demonstration effects, providing aggregated benefits to small-scale renewable energy projects, unlocking private sector finance for small-scale renewable energy projects and familiarizing Project Developers with risk mitigation instruments. Such renewable energy projects have considerable untapped potential in the region and offer a number of important environmental and social co-benefits. Simultaneously they can help to reduce the countries' long-term dependence on fossil fuels and hence their vulnerability to fossil fuel price volatility and shortages. REPP will not support any projects that will harm the environment or increase GHG emissions. Projects supported by REPP should help shift a country onto a low carbon development pathway.
- 1.4. REPP will use its funding to offer Technical Assistance, due diligence support, Result Based Financing and to provide collateral to selected Renewable Energy Projects. REPP will also fund the activities of the REPP Manager who will develop innovative financial structuring models by providing access to financial instruments from REPP Partners, including risk mitigation instruments and long-term loans from DFIs and local commercial banks.
- 1.5. In some cases REPP may "bundle" smaller projects (<1MW) that contribute to meeting REPP objectives, enabling such projects to access REPP products and services without unduly increasing transaction costs.
- 1.6. REPP will also ensure that each REPP Project supports the REPP Donors' wider development objectives, as measured by the following ICF Key Performance Indicators<sup>1</sup>:
  - KPI 2: Number of people with improved access to clean energy
  - KPI 5: Direct jobs created (disaggregated by gender)
  - KPI 6: Greenhouse gas emissions avoided
  - KPI 7: Level of installed capacity of clean energy
  - KPI 11: Public finance leveraged

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<sup>1</sup> Data will be collected by the REPP Manager to measure contribution to KPIs. If data is not available, an explanation will be given in the REPP logframe

KPI 12: Private finance leveraged

KPI 15: Transformational change

- 1.7. The REPP Donors and REPP mutually acknowledge the importance of these objectives for achieving value for money for taxpayers in the Donor countries.

## 2. Support Categories

- 2.1. REPP will only support Renewable Energy Projects in the 1MW to 25MW capacity range<sup>2</sup>. Eligible project types include projects that generate power from the wind, sun (solar), run of river hydro), tides, waves, geothermal heat, sustainable biomass and waste-to-energy (subject to compliance with the conditions in Section 7 and the restrictions in Appendix 2). Where specific conditions are met as set out in Section 7 on Social and Environmental Impact, waste to energy and landfill gas projects may be considered by REPP. Both on-grid and off-grid projects may be supported.
- 2.2. REPP shall only support projects which are undertaken by:
  - a) majority private sector owned, managed and controlled entities;
  - b) community-owned entities
  - c) privatised or to be privatised entities provided that the Eligible Country has made a contractual commitment to reduce its holding, whether direct or indirect to 49% or less and thereby cede control, within the initial REPP 5-year term

and that in each case that are engaged in the development, financing, construction, rehabilitation, restructuring, expansion, and/or operation of all forms of Renewable Energy Projects in Eligible Countries, including the following activities:

- (i) Start-ups or Greenfield Developments: Renewable Energy Projects that have received (or will have received prior to disbursement) the relevant permits, licences and concessions from governmental entities;
  - (ii) Operating Renewable Energy Projects: Renewable Energy Projects that are in operation but require finance for upgrades, expansions or other forms of growth;
  - (iii) Other Operating Projects: conversion or expansion of existing power projects to the extent that such conversion or expansion is based on Renewable Energy.
  - (iv) Associated grid connection infrastructure: where this is a link of limited length and/or transformer and/or substation that is an integrated part of a Renewable Energy Project as defined at (i) to (iii) above connecting the project to the local distribution or national transmission system.
- 2.3. Except as set out at (c) above, REPP will not support publicly owned businesses or parastatal agencies. The REPP Manager will seek a waiver from the REPP Management Board if he thinks there is an exceptional case where such support would assist the delivery of REPP's objectives.
  - 2.4. To reduce pipeline risk and to support the achievement of donor objectives, REPP will adopt a policy of portfolio diversification. REPP will therefore support a balanced portfolio of projects from at least 5 but not more than 12 eligible countries within 5 years. REPP will also seek to ensure a balanced portfolio of projects between countries in categories A, B or C, as defined in

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<sup>2</sup> Note projects <1MW may be supported when included as part of a 'bundle' of similar projects where the total capacity of the bundle is at least 1MW. Projects >25MW will be subject to Management Board approval.

clause 3.1 below. Similarly, REPP will seek to support projects using a range of technologies, ensuring that no one technology accounts for more than 60% of the portfolio of supported projects.

### 3. Eligible Countries

3.1. Initially, REPP will seek to support projects located in the nineteen identified pilot countries, namely Benin, Burkina Faso, Burundi, Cote D'Ivoire, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Nigeria, Rwanda, Senegal, Sierra Leone, Tanzania, Togo and Zimbabwe. A balance will be sought between projects located in:

- (i) Category A countries, those countries with a liberalized power sector, being open to private actors and having implemented specific regulations dedicated to IPPs, including standardized Power Purchase Agreements and RE specific feed-in tariff schemes that provide certainty and visibility to investors (Kenya, Tanzania, Ghana).
- (ii) Category B countries, those countries that are in the process of unbundling and/or privatizing the power sector and of implementing IPP dedicated frameworks, including a specific framework for RE generation (Cote D'Ivoire, Ethiopia, Mozambique, Nigeria, Rwanda, Senegal).
- (iii) Category C countries, those countries with an immature energy sector and a bundled and vertically integrated power sector, leaving very limited opportunities for IPPs intervention beyond emergency power producers (Benin, Burkina Faso, Burundi, Liberia, Madagascar, Malawi, Mali, Sierra Leone, Togo, Zimbabwe).

### 4. Minimum Criteria

4.1. The REPP Manager must ensure that:

- a) its support is additional
  - (i) the REPP Manager has outlined any prior efforts made by or on behalf of the Project Company (and/or its sponsor(s)) to seek Private Sector Commercial Funding for the relevant project, and has confirmation from the Project Company (and/or its sponsor(s)) that it has not received any acceptable offer that would enable the relevant project to proceed without any support from the REPP, including an explanation of why it was not acceptable; and
  - (ii) the Management Board is satisfied that the private sector would be unlikely to provide equivalent support and the Project Company would be unlikely to be able to proceed with its Renewable Energy Project, or proceed on a reasonable timetable, at the same scale, at the same standard, in the target geographical area or on reasonable terms, without the support of REPP
- b) tariffs to the customer which result from the application of the Support by REPP should not be market distortive but should assist the Eligible Country move to tariffs that are economically sustainable while still making electricity more widely available
- c) there are demonstrable economic benefits for the Eligible Country, with socio-economic and environmental benefits validated in accordance with Clause 7 below which is likely to contribute to a reduction in poverty
- d) sustainable funding ratios are achieved in supported projects:

- (i) an equity rate of return for the Developer and Equity sponsors comparable with but not exceeding current market returns for renewable energy projects of a comparable size in the Eligible Country or countries with similar risk profile, whichever shall be more appropriate
  - (ii) an equity/debt ratio appropriate to a Renewable Energy Project, recognising the variation between technologies and locations, and ensuring a minimum level of equity investment on the part of the Developer and Equity sponsors;
  - e) the risk(s) that REPP is to accept are reasonable, taking into account the REPP objectives and Support Policy, based on due diligence and any related matter in respect of the Renewable Energy Project and the bankability level of the project and
  - f) the Renewable Energy Project has passed market standard integrity due diligence in line with the requirements of the Anti-Corruption and Integrity Policy and Procedures and REPP's "know your client" and project assessment process.
  - g) That the project does not cause material harm to the donor's reputation.
- 4.2. Further, the REPP may only support projects which are in accordance with the following transformational indicators. REPP projects must:
- a) Be financially sustainable once a support from the REPP finishes.
  - b) Have the potential for replication (in terms of technology, financing structure or mechanism) in the country or region.
  - c) Attract at least some private sector funding.
- REPP projects must also meet at least one of the following indicators:
- a) Be novel in terms of technology, country, size, financing structure or mechanism in the country or region
  - b) Have the potential to build capacity amongst project developers and commercial finance institutions in the country/ region.
  - c) Have the potential to strengthen political buy-in and support for small-scale renewable energy projects in the country/ region.

## 5. CERs

- 5.1. Projects which receive support from the International Climate Fund via REPP may not receive, and shall not be expected to receive, revenues from carbon credits through the CDM or any other formal carbon market mechanism relating to the emission of CO<sub>2</sub> or greenhouse gases (but excluding any certificates or other benefits relating to the generation of electricity from renewables (including, but not limited to, equivalents of feed in tariffs or renewable obligation certificates). REPP shall therefore include as binding conditions for each Support Agreement that a Project Company:
- (i) shall not seek CDM accreditation except with the consent of REPP or accreditation in respect of any other carbon market mechanism relating to the emission of CO<sub>2</sub> or greenhouse gases (but excluding any certificates or other benefits relating to the generation of electricity from renewables (including, but not limited to, equivalents of feed in tariffs or renewable obligation certificates); and
  - (ii) shall either undertake not to apply for CERs or similar credits or shall assign any such CERs or credits to REPP, REPP may then cancel on the DECC's behalf, or, in the case of other carbon market revenues, shall undertake not to apply for such revenues.

- 5.2. Projects which receive support from non-ICF funding via REPP, are not subject to the above restrictions but REPP may require the developer to enter into an upside-sharing mechanism with the REPP in respect of any appreciation in value of any CERs generated.

## **6. Application of Minimum Criteria**

- 6.1. Prior to making support decisions, the REPP Manager will develop guidelines (to be included in the REPP Operation Manual) that it will use in assessing project opportunities and making recommendations to the Assessment Committee, to ensure that they are in line with this Support Policy, including the Minimum Criteria.
- 6.2. Prior to receiving support from REPP, the REPP Manager will prepare a proposal to the REPP Assessment Committee. This proposal will outline how the proposed project meets the Minimum Criteria outlined above and the support required from REPP. The proposal should follow the procedures and templates given in the Operation Manual and supporting documentation should also be prepared in line with the Operation Manual requirements.

## **7. Social and Environmental Impact**

- 7.1. All of REPP's support decisions shall be taken having regard to the impact of such support on the environment and on social inclusion, and in accordance with the requirements of the REPP Environmental and Social Policy and Procedures (which are the International Finance Corporation's Performance Standards on Environmental and Social Sustainability), including the respective sections on gender. REPP requires that project developers follow the REPP Environmental and Social Policy and Procedures as a condition of support from REPP.
- 7.2. The REPP Manager shall include in its due diligence for each REPP Project an analysis of the social and ecological impacts to its environment, including the methods and processes used by the Project Company to assess and mitigate any material negative impacts, in accordance with the REPP Environmental and Social Policy and Procedures and the REPP Environmental and Social Management System with the clear understanding of both the REPP Manager and the Project Company that REPP may not proceed with support if any negative impacts cannot be satisfactorily mitigated within a reasonable time. Environmental, technical and social support shall be utilised by REPP as required by each transaction. On-going support from the REPP (e.g. Results Based Finance) will be contingent on continued compliance with the REPP Environmental and Social Policy and Procedures by the Project Company and existence of an ongoing Environmental and Social Management System.
- 7.3. A waste to energy or landfill gas project will only be considered by the Management Board as being the subject of a REPP Support Package if it is part of a sustainable waste management strategy and meets the waste hierarchy principles of the EU Waste Framework Directive. Energy from waste needs to support, not compete with, both increased diversion from landfill and increased recycling whilst also ensuring waste reduction and reuse are not compromised. Any projects that use energy from waste should treat waste to increase biogenic content through removing fossil based carbon (e.g. plastics). Waste to energy projects will only be considered for funding providing the residual waste being used has the right renewable content and is matched with a plant that is efficient enough at turning the waste to energy.

## 8. REPP Instruments

8.1. REPP will, through the REPP Manager, be able to offer a Project Company one or more instruments. It will be for the REPP Manager to fine tune the facility to the requirements of each Renewable Energy Project. REPP will maximise the impact of donor funds through its principle of applying instruments in stages according to individual project need, i.e. gradually bridging the gap between LCOE and FIT level by using risk mitigation and long-term lending instruments before the last-resort option of result based finance. REPP may also in time wish to adapt the structure and charges for the facility, develop and deploy alternative instruments to respond to requirements in the market, subject to approval by the REPP Management Board.

8.2. **Technical Assistance:** REPP will offer a Technical Assistance facility to provide support to selected developers during the development phase in order to reach financial close. The facility will be designed with the aim that the majority of the funding will be recovered and recycled into new projects. Only projects which are deemed to be potentially bankable by the REPP Assessment Committee will be supported by the Technical Assistance facility.

Technical Assistance support will fall into 2 categories:

- a) Third party costs: some developers might require assistance in undertaking technical studies, grid connection studies, environmental and social impact assessments, and legal review of project documents. These independent assessments may be required to engage with private sector lending partners.

Third party costs will be recovered in two ways:

- (i) Returnable grants: if the project is successful in reaching financial close and the developer is bringing equity for construction (or receives a free carry), the grant would be converted into a loan which the developer would then have to reimburse within a reasonable amount of years. The interest rate and tenor of the loan will be decided on a project-by-project basis.
- (ii) Exit multiple: if the developer exits the deal before or at financial close the grant would need to be reimbursed with a reasonable exit multiple. Conversion to a loan would therefore be better than repayment with multiple hence the developer is incentivized to remain as a partner in the project.

- b) Due diligence costs: the REPP Manager may organize the due diligence for potential lenders and REPP Partners. Certain aspects of due diligence may be undertaken in-house by the REPP Manager team; other aspects may be out-sourced to suitably qualified third parties, according to the procedures laid out in the Operation Manual and the specific requirements of the project and its funders. If due diligence can be consolidated by REPP this may allow the alignment of the due diligence between project partners and ultimately the reduction of these costs. Most of the due diligence costs will be recovered from the project at financial close.

Third party costs and due diligence costs complement each other: third party costs happen earlier in the development phase while due diligence costs happen at a later stage, just before financial close. It is expected that overall project development costs will be lower if REPP funds third party costs earlier in the development process.

REPP may work with other existing facilities to provide:

- c) Training to financial institutions: there are only a few local banking institutions active in Renewable Energy finance. REPP may arrange for the provision of training to local institutions on an ad-hoc basis to build up their Renewable Energy finance capacities.

d) Support to governments and specific market analysis: the EUEI PDF and the REPP Manager will work closely together to provide policy dialogue and source specific market studies needed to deploy REPP in a specific country or for a specific Technology.

8.3. **Access to Risk Mitigation Instruments:** REPP may provide Project Companies with access to a variety of risk mitigation instruments in order to decrease their Levelised Cost of Electricity and thereby improve their financial viability. Alongside Technical Assistance, REPP would provide access to risk mitigation instruments as a first step in supporting a project to decrease its Levelised Cost of Electricity. Where a change in policy and/or creation of new policies at a national level are needed to facilitate private sector engagement (for example, burden sharing of investment risk between developer and government in the form of Government guarantees), the REPP Manager will aim to work with existing DFI facilities to engage in policy dialogue with the government. REPP will initially begin with a to-be agreed-upon set of risk mitigation instruments offered by REPP Partners. New and additional risk mitigation instruments from new or existing REPP Partners may be added to the REPP offering at a later date, pending approval by the REPP Management Board

The cost of risk mitigation instruments would be born by the Project Company.

8.4. **Long-term financing:** REPP will help Project Companies to access long-term financing on commercial and/or concessional terms, either provided by local or regional African banks or by development finance institutions and donor facilities. REPP will support access to long-term financing as a second step in supporting a project to decrease its Levelised Cost of Electricity and improve its financial viability.

Priority for commercial financing will be given to local and regional African banks. REPP will not be primarily reliant on credit from GCPF or other donor funded institutions/facilities, and will only make recourse to donor or DFI financing in instances where affordable long-term financing is not available from local or regional African banks. GCPF/donor/DFI financing will not compete with locally available commercial credit that is affordable and long-term.

The cost of borrowing will be borne by the Project Company.

8.5. **Results Based Financing support:** REPP may provide Project Companies with access to results-based funding on an “as needed” basis. REPP may provide results-based financial support to a project as a third step in supporting a project to decrease its Levelised Cost of Electricity and improve its financial viability.

REPP will only provide results-based financing in circumstances whereby a project-based additionality check carried out by the REPP Manager has confirmed that a fundamentally sound project is nearly but not yet financially viable without such support. Results-based financing will be determined on a project-by-project basis, will be driven by the required equity IRR (which will be dependent on country, technology and project size) and will only be provided at a level that allows a project’s Levelised Cost of Electricity to meet the tariff offered by the electricity off-taker. The decision to award results-based financing will be taken based on a number of factors including the contribution of the project to REPP KPIs, the amount of private sector finance leveraged and the additionality and demonstration effect of the project. Results-based financing provided will not result in windfall profits for a Project Company as the amount awarded will be driven by the required equity IRR, as outlined above and as approved by the Assessment Committee. In addition, on-going monitoring by the REPP Manager prior to Results Based Financing being paid will aim to ensure that actual revenue and costs are in line with those estimated ex ante to calculate the equity IRR. Provisions for repayment of Results Based

Financing in specific conditions will be added in the REPP Support Agreement to further prevent windfall profits.

Results-based financing may take different forms, for example:

- results-based cash payments after construction phase
- PPA top-ups
- Payments made for avoided CO2 emissions
- Payments made for connections to a mini-grid

Decisions on providing results-based financing will be made by the REPP Management Board following a recommendation by the Assessment Committee. The cost of results-based financing provided will be borne by the REPP Donors and managed by the REPP Manager.

- 8.6. In some instances, where collateral is needed from REPP, the REPP Manager will be allowed to post collateral within limits set by the Management Board.

## 9. Support restrictions and prohibitions

- 9.1. Projects Exclusion List: With effect from the date hereof, REPP shall not support any projects which would be excluded pursuant to the Projects Exclusion Lists as set out at Appendix 1 (Projects Exclusion List) to this Support Policy.

9.2. Prohibited Payments and Sanctions

9.2.1. The REPP Manager shall comply with the Anticorruption and Integrity Policy and Procedures. REPP shall ensure and require the REPP Manager to ensure that corresponding provisions are included in the documentation for any support made after the date hereof in order to ensure that REPP is able to comply with its obligations under the Anticorruption and Integrity Policy and Procedures.

9.2.2. The REPP Manager shall systematically avoid or appropriately manage any conflicts of interest or perception of conflicts of interest according to the REPP Manager's own conflict of interest procedures.

9.2.3. The REPP Manager shall comply with the REPP Procurement Policy. REPP shall ensure and require the REPP Manager to ensure that corresponding provisions are included in the documentation for any support made after the date hereof in order to ensure that REPP is able to comply with its obligations under the Procurement Policy.

## 10. Management and Operation of REPP

- 10.1. Three main bodies will be involved in the implementation of the REPP, namely the REPP Manager, the REPP Management Board and the REPP Assessment Committee:

- 10.1.1. The REPP Manager will implement all decisions taken by the Management Board and take care of all operational aspects of the implementation vehicle. The REPP Manager will play a dual role for the Platform:
- a front office role including (a) the origination and due diligence of eligible small scale RE projects in Sub-Saharan Africa and (b) the support role in structuring viable project finance proposals; and
  - a back office role including administrative support required by the Platform (apart from certain functions where REPP will appoint professional advisors).

- 10.1.2. The REPP Management Board will take all strategic decisions on REPP including, the development of new products, addition of new REPP Partners, the annual budget, all relations with the donors and contributors of REPP as well as with the third parties identified here above.
    - 10.1.3. The REPP Management Board will establish an Assessment Committee composed of a member of the Management Board and expert independent members. The Assessment Committee will consider REPP Manager Proposals for REPP support for potential projects selected by the REPP Manager and in particular any financial support of projects, including technical assistance.
  - 10.2. The role of the REPP Manager will be further defined in and subject to the REPP Management Services Agreement to be signed by the REPP Management Board and the REPP Manager. Further details on the role of the REPP Manager, the Assessment Committee and the Management Board are also given in the “REPP Organisation Structure”.
  - 10.3. The interface between the three bodies is outlined below and further articulated in the “REPP Organisation Structure”:
    - 10.3.1. The REPP Manager will provide monthly, quarterly and annual reports to the Management Board on all aspects of the REPP performance
    - 10.3.2. The REPP Manager will inform the Assessment Committee of the REPP project pipeline and prepare a REPP Proposal for support from REPP to projects. The Assessment Committee will make recommendations to the Board for Technical Assistance and Due Diligence support to projects, as well as for Result Based Finance and collateral.
  - 10.4. The operation of the REPP and the support offered to projects will follow the procedures laid out in the Operation Manual, developed by the REPP Manager.
  - 10.5. Projects supported by REPP will be required to submit data relating to the performance and operation of the project, as required by the REPP Monitoring and Reporting Procedure developed by the REPP Manager. The REPP Manager will be responsible for collecting data from projects supported by REPP and collating data from individual projects to provide programme level data. This data will be submitted periodically to the REPP Management Board and REPP donors to assess performance against the REPP KPIs, as outlined in paragraph 1.6 of this Support Policy.

## Appendix 1: Projects Exclusion List

1. This Projects Exclusions List defines the types of activities conducted by Project Companies in respect of which the REPP shall not make support.
2. Support of any kind in the following activities are prohibited:
  - (i) non-renewable fossil fuel power plant construction, extension or operation;
  - (ii) coal, oil and gas exploration, export transportation, production or distribution;
  - (iii) the financing of a switch from one non-renewable fossil fuel to another non-renewable fossil fuel in standalone grid-connected electricity generation plants;
  - (iv) hybrid power systems (including biomass / fossil fuel co-firing systems);
  - (v) the production of nitrous oxide/NOX (except in connection with waste and biomass projects) or the production of hydrofluorocarbons; and
  - (vi) nuclear energy generation.
3. Support for activities that could reasonably be expected, at the time such support is given, to cause a significant negative overall impact on the environment and/or increase GHG are prohibited.
4. Support of any kind in the following activities is prohibited:
  - (i) production or activities involving harmful or exploitative forms of forced labour<sup>3</sup> or child labour<sup>4</sup>;
  - (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phase-outs or bans, including but not limited to (a) pharmaceuticals<sup>5</sup>, pesticides, and herbicides<sup>6</sup>, (b) ozone-depleting substances<sup>7</sup>, (c) polychlorinated biphenyls<sup>8</sup> and other hazardous chemicals<sup>9</sup>, (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora<sup>10</sup>, and (e) trans-boundary trade in waste or waste products<sup>11</sup>;
  - (iii) production of or trade in weapons and munitions, including paramilitary materials;
  - (iv) production of or trade in alcoholic beverages, excluding beer and wine; <sup>12</sup>
  - (v) production of or trade in tobacco;<sup>13</sup>

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<sup>3</sup> Forced labour means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

<sup>4</sup> Child labour means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" ([www.ilo.org](http://www.ilo.org)).

<sup>5</sup> A list of pharmaceutical products subject to phase-outs or bans is available at <http://www.who.int>.

<sup>6</sup> A list of pesticides and herbicides subject to phase-outs or bans is available at <http://www.pic.int>.

<sup>7</sup> A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phase-out dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

<sup>8</sup> A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

<sup>9</sup> A list of hazardous chemicals is available at <http://www.pic.int>.

<sup>10</sup> A list is available at <http://www.cites.org>.

<sup>11</sup> As defined by the Basel Convention; see <http://www.basel.int>.

<sup>12</sup> This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>13</sup> This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

- (vi) gambling, casinos, and equivalent enterprises;<sup>14</sup>
- (vii) production of or trade in radioactive materials,<sup>15</sup> including nuclear reactors and components thereof;
- (viii) production of, trade in, or use of un-bonded asbestos fibres;<sup>16</sup>
- (ix) commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests; and
- (x) marine and coastal fishing practices, harmful to vulnerable and protected species in large numbers or damaging to marine biodiversity, including but not limited to large-scale pelagic drift net fishing and fine mesh net fishing.

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<sup>14</sup> This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>15</sup> This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which GICI considers the radioactive source to be trivial and adequately shielded.

<sup>16</sup> This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.



Renewable Energy Performance Platform

## **Appendix 2: Biomass and Biogas Project Acceptance Criteria**

A biomass or biogas project will only be considered by the Board as being the subject of a REPP Support Package if it is developed with an overall net positive impact on greenhouse gas emissions (considering baseline energy use and emissions from the biomass supply chain). Projects should demonstrate that renewable biomass sources are used and, in cases where energy crops are used, that the growing of these energy crops will not negatively impact on food supply or protected species.