

PROJECT PROCESSING PROCEDURES

1. The Pacific Renewable Energy Investment Facility (Facility) will finance a series of individual small-value renewable energy projects in the smallest 11 Pacific Island developing member countries (PIC-11).¹ The Facility will enhance ADB's ability to process small value projects in the PIC-11 faster with lower transaction costs by streamlining ADB project processing procedures. Project approval will be delegated from the Board to the President for the loan and/or grant to each PIC for qualifying projects under the Facility.

2. The Facility will delegate approval of individual project financing to ADB management of up to \$200 million cumulative ADB financing, in accordance with established eligibility criteria presented below. The cumulative approval of \$200 million is across all PIC-11 countries over the implementation period of the Facility of 5 years. Multiple projects may be approved in a single country, however there is no cap on an individual country within cumulative approval threshold. Regional projects may also be considered across multiple PIC-11 countries. There will be no cap for co-financing or Government contributions. Project qualifying criteria consists of the following:

- (i) Project scope includes renewable energy generation and supporting energy sector infrastructure.²
- (ii) Projects are in the PIC-11 countries.
- (iii) Projects are included in national energy sector planning documents as priority investments.
- (iv) Environment Category A projects are excluded in general.³

3. Qualifying projects under the Facility will follow the following processing procedures:

| | Activity | Description | Reference |
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| 1. | Project is included in national sector plans | All projects for consideration under the Facility will be closely aligned with national energy sector development plans. | - |
| 2. | Project is included in the Country Operations Business Plan (COBP) | All projects for consideration under the Facility will (i) be included in the COBP, or (ii) a formal request will have been received from the country focal point for the project to be included in the COBP. | - |
| 3. | Pacific Department (PARD) conducts a Project Scoping Mission | The project scoping mission will be carried out and will sign a Memorandum of Understanding with Government covering the proposed scope of work and implementation schedule. | - |
| 4. | Project Scoping Mission back to office report (BTOR) is approved | The Project Scoping Mission BTOR will outline: <ul style="list-style-type: none"> (i) the proposed project (ii) risk categorization (iii) project procurement classification (iv) design and monitoring framework (v) outline of due diligence requirements (vi) project at a glance | para 5, 6 and 7, Staff Instructions on Business Processes for Sovereign Operations |

¹ Pacific Small Island Developing States comprise: Cook Islands, Federated States of Micronesia, Kiribati, Nauru, Palau, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.

² Supporting infrastructure includes power sector infrastructure required to maintain grid operation. This includes, but is not limited to transmission and distribution assets, diesel power generation rehabilitation and upgrades, and rehabilitation of tank farm assets.

³ In the event there is an Environment Category A project, a paper will be submitted to the Board for its decision whether to authorize the President to approve the financing for the project. This is similar to the approach for MFF second or subsequent tranches that are Environment Category A.

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| | | (vii) transaction technical assistance (viii) proposed co-financing | Project at a glance: Staff Instruction on Project Classification System |
| | | The Project Scoping Mission BTOR will be approved by the PARD Director General (DG) prior to proceeding to due diligence. DG may seek a departmental meeting or request additional review by specific departments. A concept note will not be prepared for each project. | Transaction technical assistance: staff instruction on business processes for transaction TA |
| 5. | PARD conducts due diligence | PARD will engage consultants and conduct full due diligence on each project. | para 8, Staff Instructions on Business Processes for Sovereign Operations, including Table 1 reference documents |
| 6. | Loan Fact Finding | PARD will undertake a Loan Fact Finding to confirm the viability (e.g., adequacy of feasibility studies) and project readiness (i.e., plans for detailed engineering design and issuance of bidding documents). Agreements reached will be documented in a memorandum of understanding. | para 17, Staff Instructions on Business Processes for Sovereign Operations |
| 7. | Prepare Facility Financing Proposal | The Facility Financing Proposal will be prepared for the project following the format of the Report and Recommendation to the President (RRP) | Staff Instructions on Business Processes for Sovereign Operations |
| 8. | Interdepartmental Review | The Facility Financing Proposal will be sent for interdepartmental review. | - Staff Instruction on Interdepartmental Review Management. - para 20-21 and Table 3, Staff Instructions on Business Processes for Sovereign Operations |
| 9. | Quality Assurance Meetings | A Management review meeting (MRM) will be held for complex proposals and chaired by the vice-president. Alternatively, a staff review meeting (SRM) will be held for low-risk proposals and chaired by PARD director general. | para 23-28, Staff Instructions on Business Processes for Sovereign Operations |
| 10. | Loan and Grant Negotiations | Loan and grant negotiations will be held to negotiate and agree upon the draft legal agreements. | para 29-31, Staff Instructions on Business Processes for Sovereign Operations |
| 11. | President Consideration | PARD will finalize the Facility Financing Proposal (including the negotiated legal agreements provided by OGC) and ensure document quality. PARD will submit a memo, through the vice-president, to the President requesting project approval under the Facility. | para 33-34, Staff Instructions on Business Processes for Sovereign Operations |

Project Processing Procedure

