

Guidelines for Tipping Point Technical Assistance

1. Description

Tipping Point Technical Assistance (TPTA) is a flexible form of support which is designed to overcome late stage development obstacles and help projects achieve financial close. It is predicated on a result-based funding approach, which finances defined outputs and deliverables instrumental in helping the project reach financial close.

These guidelines are intended as follows:

- to indicate eligible uses of TPTA;
- to clarify eligibility criteria for Tipping Point Technical Assistance applications;
- as a guideline tool for coaches and project developers to help them create and submit TPTA applications;
- as a reference point for the PMU in conducting initial eligibility assessments of applications before applications are referred to the Technical Committee;
- as a reference point for the Technical Committee in their decision making.

2. Uses of TPTA

TPTA is flexible and can be used for a wide range of investment related interventions. The following identifies eligible uses and attaching conditions for TPTA:

- 2.1. Services provided under TPTA funding must be additional to any services and support already provided by PFAN under the Development Framework and / or Investment Facilitation (and / or by other donor activities and funders).
- 2.2. Eligible uses of TPTA include:
 - Updates and revisions or audits of earlier (technical or financial) studies / reports
 - Financial or technical audits
 - Finalisation and audit of the financial model
 - Negotiation and finalization of key project agreements (EPC Contract / PPA / Feedstock agreements etc.)
 - Completion of Due diligence
 - Completion of Conditions Precedent
 - Legal documentation and addressing arising legal issues
- 2.3. TPTA may also be deployed to finalise the investment structure, the financial model and / or confirm the various agreements amongst an investor group / consortium when the investment intent of the investors is clearly documented and the TPTA is likely to lead to financial close and as long as these activities were not already funded directly by earlier PFAN (or other donor activity) support.

- 2.4. TPTA may also be used to support a PFAN Coach acting as a financial advisor to the project developer to facilitate and orchestrate investment negotiations, especially where these negotiations are between multiple parties with diverging interests and / or where there is a risk of the project developer's interests being subrogated and / or where there is a high risk of failure or breakdown in negotiations if these are not managed / guided appropriately.
- 2.5. TPTA may also be used to cover travel required for performance of the envisaged activities under the TPTA intervention. If travel is required then the estimated costs and travel objectives should be detailed separately to the other TPTA amounts. The total amount of travel cost plus other TPTA uses cannot exceed the maximum allowed TPTA amount as defined in 3.3.
- 2.6. The above list is illustrative and not exhaustive. Other uses are equally eligible as long as they lead demonstrably to financial closure and as long as they are additional.
- 2.7. TPTA can only be deployed through a third-party service provider and cannot be a direct investment in the project. PFAN Coaches are eligible service providers as are e.g. reputable lawyers, consultants, advisors, auditors, specialists, experts etc. (see also 5.8).
- 2.8. TPTA interventions can be of varied duration to accommodate the specified work. Generally, they are expected to be completed within a period of 3 – 9 months from the date of the TPTA contract.

3. Project Eligibility

TPTA can generally only be deployed for mature projects for which a concrete investment interest has been identified. The following conditions should be fulfilled:

- 3.1. Projects must be at an advanced stage of development and have an investment ready business plan and related documents and fulfil either of the following criteria:
 - 3.1.1. Projects should have been inducted into the PFAN Development Pipeline and have received (be receiving) support through the PFAN Development Framework or through Investment Facilitation;
 - 3.1.2. Projects not having been supported by PFAN should be explicitly recommended by the respective Regional Coordinator for deployment of TPTA to a non-PFAN project;
- 3.2. The investment structure must be clear and a concrete investment interest from a third-party investor must be satisfactorily documented in the form of e.g. – a term sheet, a conditional offer of investment, a letter of intent from the respective investor, an underwriting commitment, a draft contract or other similar instrument / documentation.

- 3.3. The maximum application amount for the PFAN contribution is USD 50.000; applications from USD 35.001 – USD 50.000 require special justification from the respective Regional Coordinator and a specially commented decision from the Technical Committee.
- 3.4. Applications must demonstrate co-funding of in the magnitude of 50% of the envisaged intervention. The co-funding should be provided by the investor and / or Project Developer and / or a related party to the investment transaction (e.g. EPC contractor / shareholder, etc.). Lower rates of co-funding can be considered, provided the overall proposition is, in the estimation of the Technical Committee, equitable. Lower co-funding rates should be appropriately justified in the proposal and recommended by the respective Regional Coordinator. Co-funding contributions must be satisfactorily documented and reported during performance of the TPTA assignment.
- 3.5. Any exceptions to eligibility criteria must be justified by the respective Regional Coordinator and deemed acceptable by the Technical Committee in explicit remarks / comments accompanying their decision.

4. Application Procedure

- 4.1. Applications from PFAN projects may be submitted at any time via Climate Invest. Non-PFAN Project applicants will first need to register in Climate Invest.
- 4.2. Applications must be submitted to the PMU through Climate Invest and consist of 4 components:
 - 4.2.1. The filled in application form in Climate Invest;
 - 4.2.2. A free form proposal which should substantially follow the suggested structure / outline of the provided Template and which should address / respond to the questions and thematic areas indicated as closely as possible (See Proposal Template and 4.5 below). Section 1 of the Free-form Proposal and the Online Application Form are identical and should contain the same information;
 - 4.2.3. A recommendation from the assigned PFAN Coach;
 - 4.2.4. A recommendation from the respective Regional Coordinator;
- 4.3. The recommendations are to be provided in the appropriate fields of Section 1 of the Proposal **and** in the application in Climate Invest.

- 4.4. If the Project was not previously in the PFAN Project Development Pipeline, or if the Coach's recommendation is for any reason not available, then the recommendation of the respective Regional Coordinator suffices, provided that the absence of a Coach's recommendation is readily explained and not the result of a negative opinion on the TPTA application.
- 4.5. All Applications / Proposals must credibly demonstrate that the TPTA intervention will lead to financial closure.
- 4.6. Proposals should be made in the form of the Proposal Template for TPTA updated from time to time and include the following information:
- Project Description;
 - Rationale for TPTA;
 - Documentation of Investment Interest;
 - Description of the proposed Intervention;
 - Amount of TPTA requested;
 - Amount, Source & Purpose of Co-Funding;
 - Service Provider;
 - Outline ToR for the TPTA;
 - List of Deliverables;
 - Suggested Disbursement Schedule;
 - Arrangements for Success Fees (if any – see also 4.7);
 - Recommendation.
- 4.7. The Free-Form proposal should be as concise as possible while providing all salient information. The Proposal can reference other documents and should include documentary support as necessary (e.g. of co-funding and investor interest) but should be able to be read and be understood as a stand-alone document. It should be created as a text document and may be submitted in a word document format or as a PDF file; presentations and other formats will not be eligible. Proposal lengths will likely vary from project to project, however, would normally be expected to be between 3 – 5 sides in total (plus any supporting documentation).
- 4.8. The finalised Proposal should be uploaded to Climate Invest in the field provided under the Online Application Form.

5. Evaluation & Decision Procedure

- 5.1. Applications for Tipping Point TA will be considered by the Technical Committee on a first-come first served basis.

- 5.2. On submission the PMU will conduct an initial eligibility review of the Application and the Proposal to ensure it complies with these Guidelines. Deficient applications may be requested to resubmit or may be rejected out of hand depending on the nature of the deficiencies. Applicants will be informed by the PMU once their application has been accepted as complete and eligible.
- 5.3. In normal circumstances, a decision on a TPTA application can be expected within 4 weeks of the submission of the accepted Application in Climate Invest (provided the application is complete and eligible).
- 5.4. Decisions for deployment of TPTA will be based on the merit of the application and subject to the availability of funding.
- 5.5. The Technical Committee reserves the right to offer a lower amount of TPTA funding if the application amount is deemed to be excessive and / or if the co-funding amount is considered not sufficient in relation to the overall proposition (see also 3.3 and 3.4).
- 5.6. The Technical Committee, at its sole discretion, may also propose other conditions than proposed in the Application / Proposal for provision of the TPTA.
- 5.7. Any exception to these Guidelines must be explicitly justified in the respective Technical Committee decision.
- 5.8. Assignments for provision of Tipping Point TA may be awarded to Designated PFAN Consultants and Coaches, other Network Members, PFAN Network Partners or third-party service providers as the case requires and will be documented accordingly in a 3-way contract. In the case where contracts are awarded to Network Members relevant provisions of the PFAN General Terms & Conditions for Coaching Assignments and the PFAN Coaches Code of Conduct contained therein apply.
- 5.9. The decision of the Technical Committee is final and not subject to appeal.