

- PFAN CHARTER -

**MISSION STATEMENT
&
REGULATORY FRAMEWORK & OPERATING GUIDELINES
FOR THE
GOVERNANCE, MANAGEMENT & COORDINATION
OF THE
PRIVATE FINANCING ADVISORY NETWORK
HOSTED BY UNIDO & REEEP
- PFAN -**

1. PREAMBLE & PURPOSE

This Charter sets out the scope and objectives of the Private Financing Advisory Network, identifies the main stakeholders and participants in the Network and provides an overarching framework for its governance, management and operation. It is intended as a reference of authority for the future operation of PFAN under UNIDO and REEEP hosting and outlines the rules, regulations and statutes of the organisation and the roles and responsibilities of the various management organs and senior officers of the Network.

The aim of the Charter is to provide a clear and robust regulatory framework, which is transparent for all stakeholders, and based on which standard operating procedures can be developed and implemented to ensure the day to day operations of the Network and the delivery of its objectives.

This Charter is conferred and approved by the PFAN Steering Committee in accordance with the PFAN Project Document as approved by the UNIDO and REEEP Executive Boards and the provisions contained herein.

2. DEFINITIONS

For the purposes of this Charter and of related annexes and documents terms and acronyms shall have the following meanings:

- Accepted Project** : Any Proposed Project which subsequent to initial positive review and analysis is recommended for receiving PFAN support and confirmed by the Technical Committee for inclusion in the Development Pipeline.
- Charter / PFAN Charter** : This Charter document as revised and updated from time to time.
- CC (Projects)** : Climate Change (Projects) which for the purposes of this document and for PFAN work in general includes all adaptation related projects which build climate resilience and / or reduce climate vulnerability regardless of the sector they are in but especially in the following sectors: upstream and downstream agriculture, energy access, eco-systems services, forestry, water and sewage treatment, waste treatment and urban development.
- CE (Projects)** : Clean Energy (Projects) which for the purposes of this document and PFAN work in general includes renewable energy and energy efficiency projects, energy access, mini-grid and off-grid projects and in general all low carbon energy projects.
- CCEFF(s)** : Climate & Clean Energy Financing Forum (Fora)

- Network Member** : Any PFAN Network Member who has joined the network pursuant to this Charter.
- CTI** : Climate Technology Initiative, the original initiator of PFAN and the governing body of PFAN up until its transition to UNIDO – REEEP hosting.
- Climate Invest** : The PFAN workflow management system, known as ‘Climate Invest’, which the PMU uses to support the management and administration of project submissions, evaluations and project development.
- (Development) Pipeline** : The list of Accepted Projects, updated from time to time, confirmed suitable for receiving PFAN support and advice whether as Long Term Development Projects, participants in CCEFFs or as Investor Ready Projects.
- Designated PFAN Consultant** : A PFAN Member who, subsequent to a request by the PMU and the Technical Committee, accepts a Project Assignment.
- PFAN Donor** : Any government donor or development finance institution or agency which contributes funding to the PFAN Multi-Party Trust Fund whether as core funding or earmarked funding targeted at a particular region country or defined activity.
- Global Coordinator** : The PFAN Member entrusted by the Steering Committee with the overall management and coordination of the Network in accordance with § 8.2.1.
- ICETT** : International Center for Environmental Technology Transfer, which provided the Secretariat to CTI PFAN and which continues to provide management and administration support to PFAN under a sub-contract with the PMU.
- Investment Opinion** : An opinion based on available information as to the investment / financing potential of any given Proposed or Accepted Project, thereby helping the respective Network Coordinators, the evaluation teams and Technical Committee make informed decisions on which projects to accept into and / or maintain in the PFAN Development Pipeline.
- Network / PFAN** : The Private Financing Advisory Network, the network of companies and institutions identified by this Charter cooperating to provide financing support and advice to project developers of CE and / or CC projects in its countries of operation.
- Network Coordinators** : The Global Coordinator together with one or more of the Regional and / or Country Coordinators as the case may be.

- PFAN Funds** : Those funds made available for financing the activities and operations of PFAN including global funding and earmarked funding received from Funding Partners into the PFAN Multi-Party Trust Fund managed by UNIDO and for handling, allocation and disbursement in accordance with the underlying agreements concluded between UNIDO and the respective Funding Partners.
- (PFAN) Investment Partner** : Any party, as identified in § 7.1, partnering with PFAN as an investor or financier with a view to off-take projects from the Pipeline, from CCEFFs and related network activities for investment and financing purposes.
- Investment Facilitation Services** : Supplementary Support and Advice provided to selected Accepted Projects and their Designated Consultants, which have completed the Development Framework and which are adjudged to be Investor Ready, to help them reach financial close.
- Investment Facilitation Team** : The dedicated team embedded in the PFAN Network, comprising specialists in investment facilitation, which on a case by case basis are mandated to support designated PFAN consultants in providing investment facilitation services to selected Accepted Projects to help them reach financial close.
- (PFAN) Network Member** : Any company, institution or individual identified in this Charter as a PFAN Network Member or subsequently joining the Network in accordance with § 6.1.
- (PFAN) Network Partner** : Any organization which enters into a cooperation with PFAN to achieve certain strategic and operational objectives of the respective organisations and / or which provides institutional support, management and administration services, contributions in kind and other forms of support to facilitate the continued operations and expansion of the Network and / or sourcing of projects as more specifically defined in § 7.1.
- (PFAN) Partners** : PFAN Investment Partners and / or PFAN Network Partners as the case may be.
- Project Assignment** : The assignment of a designated PFAN Consultant to any Accepted Project for the duration of that project's progress through the Project Development Framework and / or for the provision of Tipping Point Technical Assistance and / or for the provision of Investment Facilitation Services.

- Project Development & Financing Initiative (PDFI)** : A project stream for a particular region or aspect of the PFAN programme of work, usually linked to earmarked funding for that region or aspect and leading up to a CCEFF.
- (Project) Development Framework** : The development framework provided in Annex 2 which outlines the typical work programme for guiding Accepted Projects to financial close.
- Project Development Report (s)** : The reports to be provided by Designated PFAN Consultants to document the completion of a material development phase of the Development Framework or the results of Tipping Point Technical Assistance.
- PMU** : PFAN Management Unit
- Proposed Project** : Any project proposed from any source for receiving PFAN support and potential inclusion in the Development Pipeline.
- REEEP** : The Renewable Energy & Energy Efficiency Partnership
- Regional Coordinator** : One of the designated Regional Coordinators for the four main Regional Networks of PFAN coverage: Central America & Caribbean, Latin America, Asia, Southern Africa, East Africa, West Africa, Eastern Europe & Central Asia.
- Regional Network** : One of the four designated regional networks of the PFAN: Latin America Caribbean, Asia, Africa, Eastern Europe & Central Asia.
- SOP(s)** : Standard Operating Procedure(s) - the standard procedures developed in accordance with this Charter, which constitute the operational and procedural protocols for the day to day operations of PFAN and which together form the PFAN operating manual.
- Tipping Point Technical Assistance (TPTA)** : Technical assistance, support and advice, provided in accordance with § 2.2.3. by Network Members, the Investment Facilitation Team or third-party consultants or experts, as appropriate, to selected projects to help them overcome late stage development obstacles, update technical and financial studies, pass due diligence, achieve conditions precedent, address legal issues, and advance to financial closure.
- UNFCCC** : United Nations Framework Convention on Climate Change
- UNIDO** : United Nations Industrial Development Organisation

3. INTRODUCTION TO PFAN

PFAN is a multilateral, public-private partnership initiated in 2006 by the Climate Technology Initiative in cooperation with the UN Framework Convention on Climate Change's Expert Group on Technology Transfer to help accelerate the mobilisation of private-sector financing into clean energy and climate change technology transfer and diffusion projects. In July 2016, after 10 years of continuous operation and considerable success and growth, PFAN started working under the umbrella of the United Nations Industrial Development Organisation (UNIDO) in partnership with the Renewable Energy and Energy Efficiency Partnership (REEEP) to scale up its operations for larger impact.

The Private Financing Advisory Network (PFAN) identifies promising clean energy projects at an early stage and provides extensive coaching for development of an investment ready business plan, investment pitch, and growth strategy, significantly enhancing the possibility of financial closure, before projects are presented to investors either through individual introductions and / or at Clean Energy Financing Forums hosted by PFAN across Asia, Latin America and Africa. PFAN operates as an investment banking service, targeting predominantly small to medium businesses and projects that couldn't otherwise access professional support and advice, to provide a variety of targeted services to help climate change and clean energy businesses / projects reach financial closure, deploy clean energy and climate resilient technologies and implement their project plans. Projects are generally in a range of USD 1 – 50 million (or any currency equivalent) of total required initial investment. There is no formal limit on project size and PFAN activities also cover micro-projects (under USD 1 million) and larger projects (over USD 50 million).

The PFAN Network is made up of private-sector companies and individual experts that specialize in providing investment and financing advisory services as consultants (Network Members) and which can demonstrate a track record of deploying financing and / or facilitating financing for clean energy and climate change projects in developing countries. The benefits of Network membership and the roles and responsibilities of the different Network Members are described more specifically in § 6.

PFAN is funded by Donors as Funding Partners who provide funding through a Multi-Party Trust Fund managed by UNIDO. This enables PFAN to provide its services at no up-front cost to Accepted Projects. Accepted Projects which successfully raise financing as a result of support and advice provided by PFAN are liable to payment of success fees. There is no cost for projects which do not raise financing.

PFAN operates primarily through its private sector network but also develops partnerships in each region / country of operation in order to build and expand local in-country presence and to align its service offering with local conditions and requirements. These partnerships fall into 2 principal categories: Investment Partners and Network Partners, whose respective roles and responsibilities are more specifically described in § 6.

PFAN has over 10 years of project origination and preparation experience and has developed a project pipeline of over 440 clean energy and climate change projects in developing countries across Africa, Asia, Central America and the Caribbean, Latin America, Eastern Europe and Central Asia. It has raised over USD 1.2 billion of private

sector financing, representing ca. 740 MW of clean generation capacity and an aggregate annual GHG mitigation potential of over 2.6 million tonnes of CO₂ e.

4. PFAN MISSION & OBJECTIVES

PFAN addresses concerns of countries in the climate change negotiations that not enough is being done to provide finance for low carbon and climate resilient projects or build local technology and financial capacity in developing countries.

Under its new governance and organization structure with UNIDO and REEEP PFAN's main objectives are

- to bridge the investment gap between investors and entrepreneurs and developers of clean energy and climate change projects by facilitating investment into promising clean energy and climate change projects;
- to accelerate technology transfer and diffusion under the UNFCCC;
- reduce greenhouse gas (GHG) emissions;
- promote low-carbon, sustainable economic development;
- to help facilitate the transition to a low-carbon economy by increasing and mainstreaming private sector financing opportunities for promising clean energy and climate change projects.

PFAN achieves this by originating technically and commercially viable clean energy and climate change projects, nurturing their development through coaching provided by networks of in-country financing advisors and technical experts and then facilitating investment through its global investor network. PFAN:

- Broadens access to financing for climate friendly projects in the low carbon energy (renewable and energy efficiency) and climate adaptation sectors in developing countries;
- Strengthens the capacity of financial and low carbon energy / energy efficiency technology sectors to develop and finance projects and transform markets for low carbon energy and climate adaptation goods and services in developing countries;
- Mainstreams climate finance and increases the number of low carbon energy and climate resilience projects getting finance and thereby accelerates technology dissemination and fosters low carbon energy technology markets.

PFAN's project origination preparation and financing facilitation services are focused especially on creating investment pipeline for private sector investors of varying appetites and types (including for example but not limited to impact investors, philanthropic funds, family offices and foundations, private equity funds, venture capital, commercial and investment banks and increasingly also the capital markets); under UNIDO hosting, PFAN also works to create project pipeline for public funders like the Green Climate Fund under

the UNFCCC, the regional development banks and other multilateral and development institutions and organisations. PFAN supported projects increase access to clean and modern energy services and increase climate resilience, helping reduce poverty and positively impacting sustainable development goals (health, gender equality, education, employment). The PFAN approach also contributes to the establishment and development of local financial and consultancy markets and project development eco-systems in the countries in which PFAN operates.

5. FUNDING & GOVERNANCE

5.1. PFAN DONORS

PFAN is funded by Donors which provide both core and earmarked funding to defray the cost of operating the Network via a Multi-Party Trust Fund which is managed by UNIDO. Donor funds are not used to invest directly into Accepted Projects themselves but to fund the provision of the PFAN support and advice and technical assistance services. This enables PFAN to provide its services at no up-front cost to Accepted Projects.

5.2. STEERING COMMITTEE

The PFAN Steering Committee is the governing board of key stakeholders responsible for providing guidance to PFAN on strategic issues, including on implementation of PFAN's work programme and execution of network activities. This group is consulted for decisions of strategic importance, such as the PFAN's overall strategic direction, issues and priorities in light of evolving circumstances, and provides programmatic oversight, including guidance on PFAN's strategic objectives and work programme and budget. The Steering Committee is established by the approved UNIDO Project Document and consists of:

- Voting members:
 - Representative of developed country or regional economic integration organisation that provides a minimum financial contribution to core funding of USD 300,000 annually in average over 3 calendar years;
 - Representative of developing country and emerging economy that provides a minimum financial contribution to core funding of USD 150,000 annually in average over 3 calendar years; and
 - Representative of UNIDO (ex officio).
- Non-voting members:
 - Representative of REEEP;
 - Representative of the Climate Technology Initiative's (CTI) Executive Committee (until existing PFAN contracts with CTI are closed out);
 - Representative of each country providing a financial contribution below the amounts listed above; and
 - Representative of each strategic and implementing partners, as determined by the Steering Committee.

The Steering Committee has the following responsibilities:

- i. Provide guidance on PFAN's overall strategic direction, issues and priorities in light of evolving circumstances and provide programmatic oversight, including guidance on the PFAN's strategic objectives, work plan and budget, as well as PFAN engagement and exit strategy;
- ii. Review and advise on revisions of the PFAN logical framework, expected results and performance indicators;
- iii. Endorse resource allocation and activity priorities at the programmatic level by approving the annual PFAN program of work, including corresponding budget;
- iv. Set guidelines for special projects activities to ensure they are consistent with and do not divert from the agreed core multilateral mission of PFAN;
- v. Review performance/results and progress towards objectives and strategic guidance provided, including annual activity and financial reports vis-a-vis approved work program and budget, as submitted by PFAN;
- vi. Recommend future activities and programmatic adjustments;
- vii. Provide direction and advice on operational matters when requested by UNIDO or PFAN
- viii. Support raising awareness of PFAN, including mobilizing stakeholders and their commitments and conducting outreach at events and meetings on behalf of PFAN;
- ix. Promote collaboration between PFAN and other relevant initiatives and institutions; and
- x. Revise these Terms of Reference, in accordance with the approved UNIDO Project Document and applicable UNIDO rules and regulations related to technical assistance delivery.

The Steering Committee meets biannually and is chaired by one of its voting members. UNIDO functions as the Secretariat to the Steering Committee.

5.3. PFAN MANAGEMENT UNIT (PMU)

The PFAN Management Unit is the dedicated management unit resourced by UNIDO and REEEP, which manages and administrates PFAN activities and which is the principal interface between the Steering Committee and the PFAN private sector Network and which assures the smooth and transparent deployment of funding in accordance with PFAN's objectives and underlying donor funding agreements.

In accordance with UN practice and guidelines the PMU is structured in 2 distinct sections:

- **Implementation** which is managed principally by UNIDO and which covers Fund Management, Secretariat Services, Administration, Donor Relations, Investor Relations and Partnerships
- **Execution** which is managed principally by REEEP and which covers programme operations, contracting, coordination and management of Network activities

Contracts with PFAN are signed either by UNIDO or by REEEP depending on the above areas of responsibility.

5.4. TECHNICAL COMMITTEE

The Technical Committee is responsible for ultimate review, approval and quality assurance of individual Proposed Projects in response to recommendations made by the Global Coordinator and respective evaluation teams, ultimate review and approval of TPTA applications, authorization of fund allocations from the PFAN Funds and review and approval of the technical evaluation teams, proposed by the Global Coordinator. The Technical Committee comprises the UNIDO Programme Manager, the REEEP Director of Execution and the Global Coordinator. The Technical Committee is chaired by the UNIDO Programme Manager.

The Technical Committee is supported by technical evaluation teams of experts assembled and proposed by the Global Coordinator (supported by the Regional Coordinators) on a case by case basis for each project stream / programme of work / activity and sourced from UNIDO, REEEP and PFAN expert pools, Networks and Partners, according to technical and geographic priorities and requirements.

The Technical Committee will convene as required, including by telephone or video conference to consider and effect decisions relating to implementation and execution of PFAN's programme of work and project origination and development operations. The work of the Technical Committee will be organized, coordinated and documented through PFAN's ***Climate Invest*** project management system.

6. PFAN NETWORK

6.1. NETWORK MEMBERSHIP

- 6.1.1. PFAN operates primarily through its private sector Network. The Network is an open source informal alliance of private sector companies and individual experts which are specialized in providing financing advice and investment to clean energy and climate change projects in developing countries.
- 6.1.2. The Network comprises Members as outlined and defined in § 6.4 and is further supported by Investment and Network Partners.
- 6.1.3. Membership is open to all companies and individuals which can credibly demonstrate a track record of providing financing advice, raising financing and or deploying investment in clean energy and climate change projects in developing countries. Membership applicants must also demonstrate that their (corporate) objectives and operating parameters and philosophies are broadly aligned with PFAN's objectives.
- 6.1.4. Membership is without formal obligations except those construed by this Charter and free of charge for all applicants which are accepted.
- 6.1.5. The list of Members is provided at Annex 1 and shall be regularly updated as required and will also be included in the relevant membership section of the PFAN website.

- 6.1.6. Each PFAN Network Member shall designate one officer to represent their respective interests in respect of PFAN and to act as principal point of contact and liaison with the PMU and other PFAN Network Members and Partners.
- 6.1.7. All Network Members of the original CTI PFAN Network, the predecessor of the PFAN Network, shall be considered members of the PFAN Network subject to a simple confirmation of no-objection and acknowledgement / recognition of the PFAN Charter.
- 6.1.8. All PFAN Members shall acknowledge and agree the benefits and provisions of PFAN membership as set out in the Charter.

6.2. MEMBERSHIP APPLICATION

- 6.2.1. Additional parties may become PFAN Members at any time in accordance with the provisions set out in this Charter.
- 6.2.2. Parties interested in becoming new PFAN Members may submit a Membership Interest form at any time (e.g. via the website or via Regional Coordinators). All applicants will be submitted to a due diligence investigation conducted by the respective Regional Coordinator of the applicant's region. Applicants will be required to reasonably demonstrate that they have requisite experience and expertise in providing financing and investment and / or financing consultancy services to CE and CC projects in PFAN's regions of operations, that they are financially sound, that they enjoy an irreproachable reputation, and that they will complement the other Network Members and support PFAN's goals and objectives.
- 6.2.3. Recommendations for New Members shall be submitted to the Global Coordinator and the PMU Director of Execution for consideration. Accession to the Network of a new PFAN Member shall remain at the discretion of the PMU. The PMU may consult the respective Network Coordinators, other PFAN Members and Partners as appropriate. The decision of the PMU shall be final.
- 6.2.4. In the event that a new party is accepted as a PFAN Network Member, accession to the Network shall be documented by an accession letter substantially in the form of Annex 2, signed on behalf of the PMU and acknowledged / confirmed by the new Member. Once the accession letter has been acknowledged, the accessing party shall be considered as a PFAN Member and shall be considered to enjoy the benefits of PFAN Membership and to be bound by the provisions of this Charter.
- 6.2.5. Upon accession of the new Member the membership schedules in Annex 1 will be updated and amended accordingly.

6.3. BENEFITS OF NETWORK MEMBERSHIP

The PFAN Network consists of a pool of highly specialized consultants able to provide expert advice and guidance to Accepted Projects to help them raise investment and financing. Network Members also represent a potential source of new projects for PFAN.

Accordingly, PFAN Network Members seek to share their respective strengths, experiences, methodologies and resources (human, financial and in-kind) in order to achieve PFAN's goals and objectives as set out in § 4 of the Charter. In doing this the following mutual benefits and synergies are envisaged to flow from the cooperation of the PFAN Members and their interaction with the PFAN Partners:

PFAN is designed to identify, nurture and promote local consultancy expertise through the creation of in-country project development eco-systems and financing and consulting markets. PFAN always prioritises the assignment of local consultants to Accepted Projects enabling such consultants to develop and grow their own businesses and ensuring proximate and cost-effective deployment of resources. PFAN Network Members:

- i. may be assigned / contracted to provide PFAN support and advice to Accepted Projects and may also be contracted to provide ancillary support services in the organization of PFAN events
- ii. will be exposed to and become involved with projects and deal flow that they would not have otherwise;
- iii. may propose projects for inclusion into the Development Pipeline;
- iv. have the right to make requests / proposals to PFAN for the provision of Tipping Point Technical Assistance for Accepted Projects (and other projects) on which they are acting as Designated PFAN Consultants or with which they have a commercial / working relationship;
- v. may participate in success fees of projects on which they have worked and which go on to successfully raise financing based on PFAN efforts;
- vi. may be asked to represent PFAN at PFAN events and or events organized by PFAN Partners and other actors in the CE and CC spaces, thereby helping to raise their own profile, visibility and credibility by association with PFAN;
- vii. have access to the PFAN Investor Network for support with Financing Facilitation activities. This support is provided and coordinated through the PFAN Investment Facilitation Team. This multiplies and globalises the investor base available to individual PFAN Consultant Members;
- viii. are free to negotiate and conclude separate commercial agreements for the provision of consultancy and financing services in respect of Accepted Projects to which they have been assigned (as a Designated Consultant or as a provider of Tipping Point Technical Assistance) provided always that the Technical Committee and the respective Network Coordinators are informed of the existence of such agreements, that they are concluded on an arms-length basis, on market terms,

and that they are in no way detrimental to or in conflict or competition with the provision of PFAN support and advice;

- ix. may access the central technical support and advice teams provided by PFAN (and its hosts UNIDO and REEEP) for project development support (including specifically the cash flow modelling support and audit team and the technology expertise);
- x. have access to PFAN's knowledge database which draws aggregated, anonymized learnings from systematic analysis of the projects in PFAN's Development Pipeline, its successes and failures.

6.4. MUTUAL BENEFITS

- i. PFAN Partners and Donors shall be provided access to the financing and investment knowhow of the PFAN Network via the PMU and the Technical Committee in order to raise finance for projects sourced through their organisations and networks;
- ii. The PMU and specifically the Global Coordinator and, where appropriate, the Regional Coordinators will work with PFAN Partners and PFAN Donors, their officers, regional and country representations and related networks to generate new project sources and to coordinate PFAN activities with their other developmental initiatives and programmes as and where appropriate;
- iii. Subject to the agreement of appropriate cost covering and compensation measures (to be negotiated on a case by case basis between the involved parties) PFAN Donors and Partners will be able to call upon PFAN Network Members to support their capacity building and outreach activities.

6.5. ROLES OF NETWORK MEMBERS

6.5.1. **PFAN Network Members** are predominantly highly specialized consultancies, investment banking boutiques and individual experts, which have a demonstrated track record of facilitating financing for low carbon, climate-friendly projects. Consultant Members may be identified as such in PFAN's membership records and documentation and on the PFAN website and other promotional material.

6.5.2. In accordance with their respective expertise and main area of activity, the PMU may call on Network Members to provide the following consultancy and advisory services from time to time:

- i. to act as a Designated PFAN Consultant on a Project Assignment for an Accepted Project;
- ii. to provide Investment Facilitation services to investor ready Accepted Projects as a member of the Investment Facilitation Team;
- iii. to provide Tipping Point Technical Assistance to an Accepted Project

- iv. to evaluate Proposed Projects and / or the progress / performance of Accepted Projects as members of a technical evaluation team;
- v. to act as a Country Coordinator;
- vi. to represent PFAN at conferences, workshops, seminars and other similar events.

6.5.3. Network Members may not be assigned as Designated PFAN Consultants to projects which they have evaluated. This notwithstanding, Network Members may provide coaching, evaluation and investment facilitation services to different projects and project streams from time to time.

6.5.4. PFAN Network Members who act as Designated PFAN Consultants on Project Assignments and / or who provide Tipping Point Technical Assistance and / or who provide evaluation services will be entitled to compensation, subject to approval by the Technical Committee, in accordance with the prevailing agreed PFAN fee schedule as more particularly defined in Annex 3. The terms and conditions of Project Assignments will be regulated by service orders and contracts negotiated and signed with the PMU (REEEP / UNIDO as the case may be).

6.6. RESTRICTIONS AND LIMITATIONS OF MEMBERSHIP

6.6.1. The PFAN Network is construed as an informal alliance of member companies, organisations and individuals. For the duration of their affiliation with PFAN and with respect to all work performed in connection with PFAN activities each Network Member acts in its own interest, on its own responsibility and at its own risk. Except in the event of gross negligence, professional misconduct or illegal activity no Member shall be held liable in any way in respect of advice and opinions given or in respect of decisions made or not made by any other party as a result of such advice and opinions.

6.6.2. Nothing in the terms of PFAN Network Membership shall be deemed to constitute a partnership or other type of legal entity or personality between the Members, nor constitute any party the agent of another party or otherwise entitle any party to have authority to oblige or bind another party for any purpose whatsoever. Each Network Member retains their own separate and unique missions and mandates, and their own accountabilities.

6.6.3. No party will be responsible for any expenses incurred by any other party unless specifically agreed to in advance in writing. This Charter is not an obligation of funds, nor does it constitute a legally binding agreement or commitment by any party, nor does it create any rights in any third party.

6.6.4. Membership is not open to any company which is involved in criminal or fraudulent activity of any kind, including money laundering, drug trafficking, human trafficking and terrorism. Members acknowledge and accept the fact that PFAN is committed to the relevant international counter-terrorism treaties and UN Security Council Resolutions 1267 (1999), 1373 (2001) and successor

resolutions of not providing direct or indirect support or resources to organizations and individuals associated with terrorism.

- 6.6.5. Any members found to have links with any of the prohibited activities outlined in § 6.6.4 will be immediately excluded from membership and will no longer be permitted to participate in any Network operations or activities.

6.7. RESIGNATION OF MEMBERSHIP / WITHDRAWAL

- 6.7.1. PFAN Network Members may resign their membership at any time without notice by simple letter of resignation addressed to the PMU.

- 6.7.2. Except where the resigning member is a country coordinator or contracted under an outstanding Project Assignment the resignation shall take effect within 1 month of the date of the notice; in the case where a Project Assignment is ongoing then the resignation shall take effect at the conclusion of the Assignment. The schedules in Annex 1 shall be updated and amended accordingly.

- 6.7.3. Designated Country Coordinator Network Members are required to provide 3 months' notice of their resignation.

7. PFAN PARTNERS

7.1. ROLE OF PFAN PARTNERS

PFAN develops partnerships in each region / country of operation in order to build and expand local in-country presence and to align its service offering with local conditions and requirements. Typically, partnerships are sought to both assist with and expand project origination or to support investment facilitation and project off-take. Partnerships fall into 2 principal categories: **Investment Partners** and **Network Partners**.

- 7.1.1. **Investment Partners** comprise a range of investors and financiers ranging from impact and philanthropic investors, family offices, specialist private equity funds, development capital and venture funds, corporate and institutional investors as well as commercial and development banks; PFAN also works closely with Development Finance Institutions and Multilateral (Regional) Development Banks. These investors represent a source of potential investment / finance for projects maturing from the PFAN Development Pipeline, from CEFFs and from the Investment Facilitation Team. Investment Partners may be identified as such in PFAN's records and documentation and on the PFAN website and other promotional material.

- 7.1.2. The PMU may call on Investment Partners to provide the following financing and advisory services in relation to Accepted Projects from time to time:

- i. to provide Investment Opinions;
- ii. to consider making investments in Accepted Projects which have reached Investor Maturity;

- iii. to evaluate Proposed Projects and / or the progress / performance of Accepted Projects as members of a technical evaluation team;
- iv. to participate in Climate & Clean Energy Investment Forum as a judge;
- v. to represent PFAN at conferences workshops, seminars and other similar events;

7.1.3. **Network Partners:** PFAN seeks synergies and partnerships with organisations and activities that address enabling environment, promote innovation, provide technical assistance and development funding, fund technical, impact and feasibility studies, can offer PFAN implementation platforms in countries and regions and which have similar mandates and objectives and specifically which can assist with project origination. Typically, these are government agencies, such as rural electrification agencies, national development banks, regional institutions such as the Regional Centres for Renewable Energy and Energy Efficiency or national institutions and associations, which are active in the clean energy and climate spaces and / or which have a development financing mandate.

7.1.4. The roles of Network Partners are decided and agreed on a case by case basis depending on circumstances and requirements. Network Partners support PFAN activities by helping align PFAN activity with local policy and priorities, disseminating information, facilitating access to project developers and other stakeholders, originating projects, participating in design and execution of activities and provision of local logistical support. They often make in-kind contributions to activities by the provision of personnel resource or event facilities at no or reduced costs, but without providing hard cash or direct funding

7.1.5. **Strategic Partners:** partners from either category may be identified as Strategic Partners from time to time to signify an intense cooperation and alignment of objectives and interests. Strategic Partnership may involve joint activities, provision of multi-directional funding (ie - either to PFAN for PFAN activities or from PFAN for joint activities) and joint fund-raising. Strategic Partners may also provide services to the PMU from time to time and / or cooperate with PFAN in the co-organisation of events such as the CCEFFs.

7.1.6. The identification of PFAN Partners as Investment Partners, Network Partners and Strategic Partners is primarily descriptive and non-exclusive. Identification as an Investment Partner does not preclude such Partner from also being involved as a Network Partner and vice versa. In some cases, PFAN Partners may also act as Designated PFAN Consultants provided, however, there is no conflict of interest. Investment Partners are prohibited from acting as Designated PFAN Consultants for any project in which they have an investment interest, for which they have provided an Investment Opinion or for which they have performed an evaluation.

7.2. BENEFITS OF PARTNERSHIP

7.2.1. **Benefits for PFAN Investment Partners.** PFAN experience has shown that Investors of all sorts are frequently frustrated by the lack of good deal flow.

Projects are poorly prepared and presented and developers are not aware of investors' expectations and requirements. Additionally, developers have poor understandings of how investor-ready they are and unrealistic financial and economic expectations. This represents a large real and opportunity cost and is consequently a significant barrier to doing business. PFAN is designed to remove the uncertainty in this equation and prepare projects so that they meet investors' expectations and are presented in way which is readily accessible and understandable. PFAN Investment Partners:

- i. have priority access to PFAN's portfolio of investment-ready projects with attractive potential returns and verified climate, environmental and development benefits. Accepted Projects which have successfully completed PFAN's development process and reached investor maturity have investor ready documents and are able to withstand a detailed investigative and due diligence process;
- ii. receive active support and dedicated attention from PFAN's Investor Facilitation Team. Based on close and longstanding relationships this team builds a profile of each Investment Partner, so as to understand and be aware of each investor's unique requirements, conditions and parameters and be able to show investors appropriate projects from the Development Pipeline, CCEFFS and the Investment Facilitation Team as these mature and become investor ready;
- iii. have priority access to high quality projects from the Development Pipeline as a source of longer term potential new investment and financing opportunities;
- iv. may propose projects for inclusion into the Development Pipeline (e.g. which have approached the Investment Partner but which require further development work and preparation);
- v. receive *a right of first offer* to make investment / financing proposals for PFAN Accepted Projects, which they have introduced to PFAN and / or in which they have been involved (e.g. by providing an Investment Opinion);
- vi. have access to the PFAN Network and can request PFAN to make Network Members available to provide targeted technical assistance and support to help selected projects achieve financial closure;
- vii. have the right to make requests / proposals to PFAN for the provision of Tipping Point Technical Assistance for Accepted Projects (and other projects) in which they are considering investing;
- viii. have access to PFAN's knowledge database, which draws aggregated anonymized learnings from systematic analysis of the projects in PFAN's Development Pipeline, its successes and failures.

7.2.2. **Benefits for PFAN Network Partners** will vary from partner to partner and from case to case. Some of the typical benefits can be identified as follows:

- i. Increased capacity to identify and prepare investor ready projects;
- ii. Access to a large ready-made network of locally based private sector consultants with expertise and proven track records in climate and clean energy financing;
- iii. Access to a large private and public sector investment network for climate and clean energy projects;
- iv. Investment off-take for own projects;
- v. Development and expansion of local financing, consultancy and professional service eco-systems;

7.3. RELATION OF PARTNERS TO THE NETWORK / DOCUMENTATION

- 7.3.1. PFAN Partners are not Network Members but are considered important stakeholders in the Network and are direct and / or indirect beneficiaries of PFAN activities. They can also provide resources and / or enabling support to PFAN and its activities.
- 7.3.2. PFAN Partners may also participate in network activities as co-organisers and / or facilitators of activity. They may also provide both hard financial resources and in-kind indirect resources (human and / or logistical facilities) to support Network activities.
- 7.3.3. Partners will be identified and approached in accordance with the PFAN partnership strategy. Partnerships will be negotiated between the respective partner and the PMU and documented by an appropriate bi-lateral agreement which sets out the nature and objectives of the partnership and intended cooperation in each case. The PMU may create standardized templates for these partnership agreements especially in respect of Investment Partners.
- 7.3.4. PFAN Partners may terminate their association with PFAN either on completion of their agreed contribution to the Network (as regulated by the partnership agreement) or if not stipulated in the partnership agreement by letter of termination addressed to the PMU giving 90 days' notice of such termination and the reasons therefore. PFAN Partners who have completed their agreed contribution to PFAN may remain associated with the Network as a PFAN Partner if they so choose.

8. NETWORK OPERATIONS

8.1. GENERAL PRINCIPLES OF NETWORK OPERATION

- 8.1.1. The PFAN Network is the primary delivery channel for PFAN activities and the coaching support and advice that PFAN provides to Accepted Projects.
- 8.1.2. The PMU contracts with and interacts with Network Members in a number of different ways to assure performance of Network Operations and delivery of PFAN objectives. The activities and processes of the PMU are codified in Standard Operating Procedures, which facilitate the interface and interaction between the PMU and the Network and which are governed by the statutory provisions of this Charter.
- 8.1.3. The PMU may update the SoPs from time to time to reflect market developments and exigencies of operational requirements.

8.2. NETWORK COORDINATION

- 8.2.1. **Global Coordination:** the Global Coordinator is the figure head and executive head of the private sector network, providing strategic and substantive advice to PFAN. The Global Coordinator and support staff coordinate PFAN services and activities at the global level, and are the prime interface between the PMU and the Network and report to the Steering Committee through the PMU. The Global Coordinator will be designated by the PMU and approved through the Steering Committee.

The Global Coordinator has the following roles & responsibilities

- i. overall management and coordination of the Network its members and resources;
 - ii. coordination of the Regional Networks and their respective Coordinators;
 - iii. liaison and communication with the PMU, the Steering Committee and PFAN Partners;
 - iv. project acquisition and development of the Pipeline and allocation of projects to Network Members as Designated PFAN Consultants;
 - v. reporting to PMU and the Steering Committee;
 - vi. acquisition of new PFAN Members and Partners;
 - vii. development and guidance of PFAN global strategy;
 - viii. with the PMU development and execution of PFAN's capital market and securitization strategy;
 - ix. Fund raising for PFAN Funds and Donor liaison together with the PMU;
- 8.2.2. **Regional Coordination:** the Global Coordinator will designate regional Coordinators for each of the main regions of PFAN's operations (Africa, Asia, Latin America and the Caribbean, Eastern Europe & Central Asia) for approval through the PMU. The main regions may be further sub-divided into sub-regions as geography and level of activity may require (e.g. Southern, West and East Africa / Central America / the Caribbean / Latin America) in which case regional coordinators may also be designated.

The Regional Coordinators are responsible for:

- i. the management and coordination of Regional Network Members and resources;
- ii. allocation of Accepted Projects to Regional Network Members as designated PFAN Consultants;
- iii. liaison and communication with the Global Coordinator and where appropriate and with PFAN Partners at the regional level;
- iv. project acquisition and development of the Pipeline in their respective regions;
- v. acquisition of new regional PFAN Members and Partners;
- vi. reporting to the PMU in respect of their respective regions.

8.2.3. **Specialist & Technical Coordination:** the PMU and the Global Coordinator may propose the creation of specialist coordination units / teams – e.g. for the Investment Facilitation, Cash Flow Modelling, Technology Specialisations (e.g. Solar). These units will be headed by Specialist Coordinators proposed by the Global Coordinator and approved through the PMU. The roles of these specialist coordination units will be defined as and when they are created, however their overarching objective will be to support the project development process and enhance the Development Framework.

8.2.4. The membership listing annexes of the Charter will be updated from time to time to show the identities of the Global Coordinator, the respective regional Coordinators and the Specialist Coordinators. This information will also be published on the PFAN website and in other promotional and informational documents from time to time.

8.3. PROJECT ORIENTATION & SUBMISSION OF PROPOSALS

8.3.1. Projects may be sourced / identified from any source, including through introductions from Network Members, PFAN Partners and PFAN Donors. Applications must be made to the PMU through the on-line submission form in the Climate Invest. Applications consist of the Proposal Document (plus annexes including a cash flow model) as well as the completed online application forms.

8.3.2. The Climate Invest operates on an open call basis with the submission window for project applications being open for ca 8 – 9 months out of each 12 -month period and the window closing only for short intervals to facilitate the evaluation and selection of projects on a revolving basis. Project Submissions are thereby possible at any time.

8.3.3. In addition to the continuous open call, PFAN from time to time issues requests for proposals (RFPs) linked to regional or thematic **Project Development & Financing Initiatives (PDFIs)**. The windows for submission to these PDFIs are open for a limited period only. Each PDFI is in turn generally linked to a Climate and Clean Energy Financing Forum.

- 8.3.4. The respective RFPs for regional and specialised stream PDFIs will be published on the PFAN website and disseminated through the PFAN network and through PFAN Partners' networks. Applicant projects should apply either through the open call or through the PDFI window that best relates to their project at the time of application.
- 8.3.5. In all cases the submission of any project application must be made through the Climate Invest System.

8.4. PROJECT EVALUATION & SELECTION

- 8.4.1. All Project Applications will be assessed and scored by at least 2 expert evaluators from the PFAN Network and PFAN Partners, using the established PFAN evaluation methodology as updated from time to time and available on the PFAN website and / or published in the guidelines / documentation accompanying the RFP for the respective PDFI.
- 8.4.2. Based on their assessment / scoring the evaluators will make recommendations to the Technical Committee to either select the project for receipt of PFAN services or to reject it.
- 8.4.3. Projects approved by the Technical Committee as Accepted Projects will be allocated into 3 different work streams, depending on the maturity of the respective project, the recommendation of the evaluation team and the decision of the Technical Committee:
- i. Less mature and long-term development projects will be inducted to the PFAN Development Pipeline for ongoing project development support in the context of the Development Framework;
 - ii. More advanced projects will be allocated to an upcoming CCEFF Stream for participation in and showcasing at an imminent financing forum in the respective region;
 - iii. Investor Ready projects will be placed directly with the Investment Facilitation Team for receipt of immediate financing and deal facilitation support.
- 8.4.4. The progress of projects in the Development Pipeline will be regularly reviewed and re-evaluated with a view to proposing maturing projects to the Technical Committee for inclusion in future CCEFF streams and showcasing them at financing fora or for receipt of financing and deal facilitation support through the Investment Facilitation Team.

8.5. CONTRACTING FOR DESIGNATED COACHING ASSIGNMENTS

- 8.5.1. All Accepted Projects will be assigned a Designated PFAN Consultant from the PFAN Network to provide the PFAN services and guide the project through the Project Development Framework and / or prepare it for showcasing at a CCEFF. Investor Ready Projects will be assigned a Designated PFAN Consultant from the Investment Facilitation Team for identification and introduction of investors and related financing facilitation work.
- 8.5.2. Designated PFAN Consultants will be assigned under the terms of this Charter using a 3-way agreement between the PMU, the Accepted Project and the Designated Consultant. The Scope of Work of the Coaching or IFT Assignment will be documented in the Terms and Duties of Coaching and / or the Terms of Reference which will be annexed to the Assignment Agreement.
- 8.5.3. Only Network Members in terms of the PFAN Charter are eligible for being assigned to Accepted Projects as Designated Consultants.
- 8.5.4. All Coaching Assignments will additionally be subject to the **Standard Terms & Conditions of PFAN Coaching Assignments** (as provided at Annex 3).

8.6. TIPPING POINT TECHNICAL ASSISTANCE

- 8.6.1. Projects which have successfully completed the Project Development Framework are eligible for Tipping Point Technical Assistance. This assistance is designed for mature projects for which a concrete investment interest has been identified / established and can be used to overcome late stage development obstacles, update, revise or confirm earlier technical and financial studies, confirm or conduct financial and technical audits, support due diligence, achieve conditions precedent, address legal issues (etc.) and thereby advance the project to financial closure.
- 8.6.2. Applications for Tipping Point TA must be made by the Designated Consultant on behalf of the Project and must be submitted to the PMU through the Climate Invest, substantially in form of the Tipping Point TA application / proposal form. Applications must demonstrate and document a credible and tangible investor interest and substantial co-funding in the magnitude of ca 50% of the total required amount. The co-funding should ideally be provided by the interested investor and / or the project developer, but can also come from other sources. Applications need to credibly demonstrate that the provision of Tipping Point TA will lead to financial close.
- 8.6.3. Projects not in the PFAN Development Pipeline can also be proposed for receipt of Tipping Point TA.
- 8.6.4. Applications for Tipping Point TA will be considered by the Technical Committee based on their merit and subject to the availability of funding.
- 8.6.5. Assignments for provision of Tipping Point TA may be awarded to Designated Consultants, other Network Members, PFAN Partners or third-party service

providers as the case requires and will be documented accordingly. In the case where contracts are awarded to Network Members relevant provisions of the PFAN Standard terms & Conditions for Coaching Assignments and the PFAN Coaches Code of Conduct apply.

8.7. COACHING FEES & COSTS

- 8.7.1. PFAN's business model is predicated on payment for completion of agreed deliverable milestones and not on the payment of a time-based rate.
- 8.7.2. Compensation to PFAN Network Members in respect of services provided as Designated PFAN Consultants and / or for the performance of Tipping Point Technical Assistance shall be dependent on the provision of the agreed deliverables as itemized in the respective Terms & Duties of Coaching / Terms of Reference in accordance with the Development Framework, most usually the submission of the agreed Project Development Reports in terms of the of the Project Development Framework.
- 8.7.3. Compensation shall be paid in accordance with the Fee Schedule as provided in the Project Development Framework as updated from time to time.
- 8.7.4. Compensation will only be due on production of the respective Project Development Report or other deliverables specified in the Terms of Reference.
- 8.7.5. Compensation payments may be made in aggregated amounts in respect of more than one Project Development Report and will be made periodically every 3 or 6 months subject to authorisation of the Technical Committee.
- 8.7.6. Payments for compensation for the performance of Tipping Point TA will be made in accordance with the provisions of the respective agreement in each case. Payments shall be construed wherever possible on a milestone deliverable basis and not on a time-based rate.
- 8.7.7. In the event that Network Members are required to travel in connection with the performance of Coaching Assignments, Tipping Point Technical Assistance mandates and / or representation of PFAN at events, conferences and other activities, reimbursement for travel costs and other out of pocket expenses will be made in accordance with the PFAN travel policy guidelines as updated by the PMU from time to time. Travel costs and out of pocket expenses can only be reimbursed to the extent they has been contractually agreed and / or to the extent it has been explicitly authorized by the PMU or Technical Committee.
- 8.7.8. Compensation for Project Assignments, IFT Assignments and Tipping Point TA Mandates is predicated on the assumption that Designated PFAN Consultants are expressly allowed and encouraged to participate in the projects' upsides. Unless there is a conflict of interest and provided that all arrangements are made on an arms-length basis on normal commercial terms, Designated PFAN Consultants are able to

- i. Participate in agreed Success Fees in accordance with the Guidelines on Success Fees;
- ii. Negotiate and agree commercial arrangements with their assigned projects for further or different work, including work on different projects;
- iii. Participate in the non-executive management of their projects after financial close;

8.8. DEVELOPMENT FRAMEWORK

- 8.8.1. All project development work on Accepted Projects will be organised to the extent possible according to the outline provided in the Project Development Framework provided in Annex 3. The Development Framework tracks the development progress of each Accepted project as it matures towards investor readiness and provides an indication of the respective status of project development.
- 8.8.2. The Project Development Framework is to be seen as a guiding framework and is exemplary. The content / object of the various development phases of individual projects may deviate from the prescribed model, especially in the case of medium sized, small and micro projects / enterprises or very large projects or projects at a very early stage of development. In such cases the involved parties will propose and agree an individual development framework / programme of work that best meets the requirements of the project(s) in question.
- 8.8.3. The structure and content of the Project Development Framework phases may be updated from time to time by the PMU to reflect exigencies of project development and current market practices and investor requirements. This shall not affect a project's acceptability for PFAN support provided always the evaluators and the Technical Committee are of the opinion that the project remains feasible and can reasonably be brought to financial close.
- 8.8.4. Designated PFAN Consultants will be required to produce a Project Development Report for each material phase of an Accepted Project's development either in accordance with the Project Development Framework or in accordance with any other programme of work agreed from time to time between the concerned parties. The PDRs represent the deliverables against which Designated Consultants will be paid.
- 8.8.5. Project Development Reports will be standardised according to a model developed by the PMU and may also include underlying original project documents such as the business plan and / or related documents.
- 8.8.6. Project Development Reports may also be required from PFAN Network Members assigned to provide Tipping Point TA.

8.9. INVESTMENT OPINIONS

- 8.9.1. From time to time the PMU and / or a regional Coordinator may request an Investment Opinion from a PFAN Investment Partner. This helps the PMU to make informed decisions in the project assessment and selection process and the allocation of resources.
- 8.9.2. Investment Opinions are made at no obligation or liability on the respective Investment Partner and cannot be relied on as a firm indicator of a project's actual investment potential. Investment Opinions will be treated in strict confidence and will not be communicated outside the PMU.
- 8.9.3. Investment Opinions are informal and made free of any charge and there is no compensation.
- 8.9.4. Investment Partners may elect to reserve a right of first offer on projects for which they provide an Investment Opinion. In this case PFAN will not show the project to other investors until such time as the respective Investment Partner indicates it is no longer interested in the project in question.

8.10. SUCCESS FEES

- 8.10.1. In consideration of the fact that PFAN provides its services to projects developers at no upfront cost to the Project developer it reserves the right to charge success fees on successful raising of investment or financing due to PFAN support.
- 8.10.2. Success Fees are negotiated at the time the Accepted Project is inducted into the Development Pipeline and the Designated Consultant is assigned to the project. The Success Fee is documented in the 3 way agreement between the PMU, the Project and the Designated Consultant and / or the respective Terms of Reference and must be in accordance with the provisions for success fees outlined in the PFAN Standard Terms & Conditions of Coaching Assignments / Guidelines on Success Fees.
- 8.10.3. In consideration of the fact that the Coaching Services provided by PFAN Consultants are below standard market rates the Designated Consultant is entitled to participate in the success fees in accordance with the provisions outlined in the PFAN Standard Terms & Conditions of Coaching Assignments / Guidelines on Success Fees.

8.11. CLIMATE & CLEAN ENERGY FINANCING FORA (CCEFFs)

- 8.11.1. CCEFFs are organized by PFAN on a regular recurring basis in connection with a PDFI and to showcase investor ready projects from a particular region or in reference to a particular aspect to investors, with the aim of arousing investor interest and accelerating the path to financial close.
- 8.11.2. Projects for showcasing at CCEFFs are selected by the Technical Committee based on recommendations from the respective evaluation teams and where appropriate the Designated PFAN Consultant from the Development Pipeline

and / or from applications to the respective PDFI in connection with a dedicated RFP or with the running open call for projects.

8.12. LIMITATIONS

- 8.12.1. Any PFAN Member can, at its sole discretion and without prejudice, refuse to accept any Project Assignment or request for Investment Opinions or contract to provide Tipping Point TA, provided always however that the reasons for such refusal are communicated to the PMU as appropriate. It is emphasised in this connection that “negative” feedback on projects is valued by the PMU as highly as “positive” information since this helps to identify weak projects on which resources should ideally not be expended.
- 8.12.2. It is understood and accepted that all investment decisions in respect of PFAN projects in which an Investment Partner becomes involved in whatever way shall be made at that Investment Partner’s sole discretion and in accordance with its usual investment policies and guidelines. The fact that an Investment Partner is prepared to provide Investment Opinions, accept Project Assignments and / or provide Tipping Point TA shall in no way be construed as an undertaking or commitment to make investments in such projects in the future.

9. COMMUNICATION, MARKING & BRANDING

- 9.1. Current PFAN Partners and Network Members may be identified as such in all appropriate PFAN documentation, presentation, marketing and public information materials, websites and documents. Parties having resigned or discontinued their association with PFAN will no longer be included in membership lists, presentation, marketing and public information materials, websites and documents.
- 9.2. In all communications to third parties, documents, presentations (verbal or written) about PFAN and its activities the Network shall be referred to and branded as “**Private Financing Advisory Network**” and / or “**PFAN**” (and / or any appropriate combination thereof).
- 9.3. All documentation and information about PFAN provided to third parties, including written and verbal presentations, fact sheets, programme summaries, information posted on websites, and the like, shall be branded and / or marked with the PFAN Branding.

10. CHANGES & REVISIONS

This Charter is a living document and may be updated from time to time to reflect operational requirements, current practice and usage. Major revisions of material substance will be presented to the Steering Committee for acknowledgement and subsequently notified to the Network Members and PFAN Partners.

11. CONFIDENTIALITY OF INFORMATION

- 11.1. For practical reasons PFAN cannot enter into confidentiality agreements. This notwithstanding all project and related information submitted to PFAN shall be treated as confidential and subject to limitations on disclosure outside the PMU, PFAN and PFAN Members and Partners, unless explicitly documented otherwise, formally approved for general public consumption, or provided by law. All such information will be treated with the same level of security that PFAN uses to protect its own confidential information and used only for the purposes of the PFAN programme and its activities.
- 11.2. When submitting information to PFAN applicants may use the following protection disclaimer in respect of any confidential or proprietary information:
- “This [name of information] is confidential and is presented solely for the purpose of evaluation and use in the PFAN Programme [name of stream of PDFI if appropriate]. This information may not be reproduced or redistributed except in connection with its use in the PFAN Programme. By accepting a copy of this information, the recipient agrees not to reproduce or disclose the contents of this information to third parties outside PFAN without the prior written consent of its authors.”*
- 11.3. Accepted Projects may request and negotiate confidentiality agreements with their Designated PFAN Consultants to facilitate the exchange of information in relation to the contracted project development and financing facilitation work.

12. MISCELLANEOUS

Nothing in the operation of the Network, the relationship of the various parties to each other or the implementation and execution of the PFAN programme of work shall be construed so as to create an obligation against or recourse to any member of the PFAN Steering Committee, other PFAN donors, UNIDO or REEEP, except as explicitly contracted from time to time.

LIST OF ANNEXES

- 1. Membership Listings (Withheld)**
- 2. Accession Letter**
- 3. PFAN Development Framework**
- 4. General Terms & Conditions for PFAN Agreements**

Form of Accession Letter to be provided by new PFAN Members (Coaches) accessing the Network in accordance with § 6.2. Membership Application of the PFAN Charter

On (Company) Letterhead of new / accessing Member

To: The Global Coordinator of PFAN
c/o PFAN Management Unit

REEEP Project Officer

[Date]

Accession of [(Company) Name] to the PFAN Network

Dear Sirs,

[I / We] write to you in connection with our recent discussions about [(Company) Name] becoming a member of the PFAN Network.

On behalf of [*Legal Name of Accessing Entity / Company*], having its registered offices at [address of registered offices / legal permanent address if individual] [I / we] now confirm herewith [*my / our*] decision to access and become a member of the PFAN Network.

In this connection [I / we] confirm having received a copy of the PFAN Charter. In accordance with § 6.2. of this Charter [I / we] hereby expressly confirm our acknowledgement and acceptance of the terms and conditions thereof and understand that by this acceptance [I / we] shall forthwith be considered as a PFAN Member and be considered to enjoy the benefits of the Charter and to be bound by its agreements and provisions as if [I / we] had been an original Party to it.

Furthermore in connection with § 6.4.1 of the Charter [I / we] notify you herewith that our principal role in the Network shall be as a Coach with the [Latin American Caribbean / Asian / African / CIS & Central Asian] Regional Network[s]. The principal point of contact for [company name] in respect of all matters relating to PFAN and for inclusion in Annex 9 shall be

[Name of Contact]

[Contact address]
[E-mail & telephone coordinates]

[I / We] look forward to working with you and the other PFAN Members and Partners.

Yours faithfully.

For and on behalf of [(Company) Name]

Legal Signatures

[Name of Signatory]
[Title of Signatory]

[Name of Signatory]
[Title of Signatory]

In accordance with § 6.2 of the Charter, the accession of [(Company) Name] is confirmed. [(Company) Name] is forthwith a PFAN Member.

Legal Signature of the Global Coordinator

Please insert and / or delete the italicized information in the square brackets as required

DEVELOPMENT FRAMEWORK & FEE SCHEDULE

Introduction

In accordance with § 8.7.3 of the PFAN Charter the following PFAN Development Framework outlines the typical development phases that an Accepted Project can be expected to undergo during project development and coaching received under the PFAN Support. The structure and content of the Project Development Framework phases may be updated from time to time by the PMU to reflect exigencies of project development and current market practices and investor requirements.

The specific deliverables and attached fees for each coaching assignment will be defined in the coaching contract to be agreed among PFAN PMU, the assigned coach and the project developer, and may deviate from the development framework and the fee schedule described in the following sections.

PFAN Development Framework

The Development Framework is used to provide a methodology for the provision of PFAN Support and Services on project development and financing.

Designated PFAN Consultants shall provide support and advice on developing and advancing the business plan for the Project with a view to sourcing the required financing or investment and helping the Project Developer prepare and finalise the Project Deliverable Documents, including but not limited to:

- Elaborating and optimising the business model and the financing structure for the project;
- Helping the Project Developer prepare and finalise the Project Deliverable Documents;
- Identifying potential investors and financiers for the project and introducing these to the project developer, where appropriate, with support from the PFAN Investment Facilitation Team; as the project matures, prepare the project developer for investment facilitation, and as and where appropriate to negotiate and close deals with potential investors and where appropriate, working with the PFAN Investment Facilitation Team to this same end.

The framework is defined by deliverables consisting of Project Development Reports (PDRs) as Coaching Deliverables, and Project Deliverable Documents (PDDs) as Project Deliverables. The respective deliverables are as outlined below.

Project Development Reports (PDRs) as Coaching Deliverables:

- PDR 1 - PFAN Assessment Report including a recommendation for the Project Deliverable Documents (PDD) to be defined in Terms of Reference (TOR);
- PDR 2 - PFAN Final Coaching Report including a recommendation for possible future support (e.g. Investment Facilitation and Tipping Point Facility); and,
- Only in the event that the Project reaches financial closure: Finance Facilitation Report (FFR) to be submitted up to 30 days after the financial closure.

Project Deliverable Documents (PDDs) as Project Deliverables:

- PDD 1 – At least one appropriate Project Deliverable Document as agreed in the TOR together with updated project data (including for instance Feasibility Study Report, Technical Study Report, Financial Model, etc. ;
- PDD 2 – At least one further appropriate Project Deliverable Document as agreed in the TOR, but not duplicated with PDD 1, together with updated project data: (including for instance Feasibility Study Report, Technical Study Report, Financial Model etc.; and,
- PDD 3 – Updated Business Plan and Executive Summary together with updated project data.

The **deliverable timelines** shall be set out clearly in the TOR (see PDR 1). The Final Business Plan, Executive Summary and updated project data (PDD 3) shall be submitted at the same time as PDR 2 no later than 18 months after the start of PFAN support. Deliverables shall be submitted by uploading them in the Climate Invest Management System.

PFAN Investment Facilitation

Investor Ready Projects will be assigned a Designated PFAN IF Consultant from the Investment Facilitation Team for identification and introduction of investors and related financing facilitation work.

The Designated PFAN IF Consultants undertake to provide the following **core services/functions**:

- Work with the Project Developer in structuring an investment transaction, identifying investors from PFAN's global pool, facilitating investor introductions and negotiating an investment commitment/reaching financial closure.

According to the specific project requirements, the Designated PFAN Consultant shall provide the following **additional services** to complement and augment the core services/functions outlined above:

- Structure and negotiate investment transactions leading to the commitment of investment and financial closure;

- Assist the Developer in developing high quality financial models, cash flow projections and financial outputs and indicators, which accurately reflect the “ask”;
- Provide inputs, guidelines and advice on valuation for equity investment and (interest rate) pricing for debt financing;
- Facilitate and support investment negotiations;
- Support due diligence processes (especially financial due diligence);
- Assist in satisfying conditions precedent as per investment contracts.

The Designated PFAN IF Consultants shall provide the following **Investment Facilitation Deliverables** (IFD):

- IFD 1 - Gap Analysis Report & Recommendation (GARR): outlining gap analysis on financial model, ask and valuation within three months after the Agreement has been fully signed;
- IFD 2 - Investment Facilitation Report (IFR) which should document the financing facilitation work engaged specifically identifying the investors approached and recording their responses while providing an investment status and prognosis for the Project, composed term sheet, state of negotiation, and recommendation for Tipping Point Facility, if any; and,
- Only in the event that the Project reaches financial closure: Financial Mobilisation Report (FMR) to be submitted up to 30 days after the financial closure.

The services and advice will be provided remotely and performed on a best efforts basis. Arrangements for face-to-face meetings that necessitate travel expenditure or other costs require the prior approval.

PFAN Tipping Point Technical Assistance (TPTA)

PFAN may provide Tipping Point Technical Assistance (TPTA) support and advice to selected projects to help them overcome late stage development obstacles, update technical and financial studies, pass due diligence, achieve conditions precedent, address legal issues, and advance to financial closure.

Fee Schedule

Based on the above outlined Framework the following Fee Schedule is currently in force until further notice:

Coaching Deliverables		Project Deliverable Documents	
Deliverable	USD	Deliverable	USD

PDR 1	1.500,00	PDD 1	1.000,00
PDR 2	1.000,00	PDD 2	1.000,00
FFR	Success Fee	PDD 3	1.500,00

Investment Facilitation Deliverables	USD
Gap Analysis Report & Recommendation (GARR)	500,00 (Investor-Ready Projects) 1.000,00 (Investor Forum-Ready Projects)
Agreed Scope of Work (SoW)	1.000,00
Investment Facilitation Report (IFR) Financial Mobilisation Report (FMR)	1.000,00

This Schedule is subject to changes, additions and updates from time to time reflecting new funding streams and / or revisions / amendments to the existing funding Awards. These revisions, updates and changes do not require renegotiation or re-signature of the Charter and the Fee Schedule can be updated to reflect new arrangements at any time.

General Terms and Conditions for PFAN Agreements

(version 1.1: February 2018)

Subject matter

These General Terms and Conditions are **applicable to all types of PFAN Agreements** (hereinafter referred to as "the Agreement") concluded between REEEP, the respective PFAN Consultant/PFAN IF Consultant/PFAN TPA Consultant (hereinafter referred to as "the PFAN Consultant") and the respective Project Developer. They constitute an **integral part of each Agreement** and are included in each Agreement as an Annex. The **provisions** contained herein **apply to all three Parties of the Agreement**.

Confidentiality

The Parties acknowledge that all knowledge and information concerning the other Parties (including, but not limited to, any information relating to the other Parties' operations and procedures) and PFAN activities that may be required in connection with the Agreement are confidential unless explicitly indicated otherwise (hereinafter referred to as "Confidential Information"). Notwithstanding the aforementioned, Confidential Information shall exclude information that is already generally available to or known by the public at the time of disclosure or thereafter becomes generally available to or known by the public without any breach of confidentiality by the Parties.

The Parties undertake to keep Confidential Information strictly confidential and not to make it available to third parties without the prior formal written consent of the other Party to which the information relates. The Parties undertake to use such Confidential Information solely for the purposes for which it was received and not to exploit it in any manner whatsoever.

The confidentiality obligations of the PFAN Consultant also apply to any information relating to other PFAN Projects, other PFAN Consultants, PFAN network members, PFAN Strategic Partners or PFAN Resource Partners if the confidentiality of the information was indicated at the time of the disclosure.

The rights and obligations resulting from the above provisions shall be effective for an unlimited period of time and shall thus survive other contractual relationships.

Intellectual Property Rights

REEEP and PFAN shall have the right to use all information and data received from the Consultant and the Project Developer for non-commercial purposes connected with monitoring, reporting and evaluation of the PFAN programme activities.

They shall not have the right to transfer any licence for the use of the deliverables and the information and data contained therein to third parties outside of the PFAN programme and its donors.

Any distribution and publishing of information and data outside of the PFAN programme and its donors shall only be permitted if this information or data has been aggregated and depersonalised in such a way that its confidentiality is preserved.

Communication between the Parties

Unless otherwise specified, all exchange of information and documents between REEEP and the PFAN Consultant and/or the Project Developer shall be done via REEEP's Climate Invest Management System.

Unless otherwise agreed, the PFAN Consultant shall be the principal point of contact for the Project and shall be responsible for reporting the status of project development, financial closing (if applicable) and other significant project events to REEEP, the respective Regional Coordinator and the Global Coordinator.

If a formal notice, consent or approval is required, this notice shall be signed by an authorised representative of a Party and uploaded on the Climate Invest Management System.

The user data for the Climate Invest Management System is strictly personal and users are responsible for safeguarding their confidentiality and security. Transfer or disclosure of the user data to third parties is not permitted.

Any change of the contact details indicated in the Agreement shall be updated in the Climate Invest Management System without undue delay.

Any information or document provided via the Climate Invest Management System is deemed to have reached the other Party on the day on which it was submitted to the system.

Liability

PFAN services, support and advice are provided on a best efforts basis and according to the highest professional and ethical standards, based on information available at the time when such services are performed. The Project Developer uses the services, support and advice at his own risk and remains solely responsible for all commercial, investment and related decisions.

Except in the case of intent, gross misconduct or illegal activity, neither PFAN, REEEP nor the PFAN Consultant accept liability of any kind whatsoever to the Project Developer in respect of decisions made, or not made, or actions taken or not taken, based on the services and advice provided under the Agreement.

Each Party shall be solely liable for any loss, damage or injury to third parties resulting from the performance of the said Party's obligations under the Agreement. No Party shall be liable to the other Parties for any indirect or consequential damages or losses such as, but not limited to, loss of production, profit or goodwill, except in cases of illegal activity, wilful misconduct, gross negligence or a breach of confidentiality.

The Agreement shall not create a direct or indirect liability or obligation of any sort against REEEP, UNIDO, PFAN Funding Partners, their representatives, officers and governing bodies for the payment of fees, performance of work, provision of services or financing or of any other kind except as defined in the Agreement or otherwise explicitly Agreed.

Financial Examinations

All supporting documents on all financial transactions pertaining to the Agreement must be kept for a period of eight years after the completion or termination of the Agreement.

6.1 Financial Examinations by REEEP

REEEP preserves the right to examine all financial transactions and related evidence pertaining to the Agreement in the event of REEEP or PFAN suspecting

- a) cases of fraud, corruption, and/or terrorist activities by the PFAN Consultant or the Project Developer or
- b) serious irregularities and/or a breach of the Agreement in relation to success fees received as a result of the efforts undertaken under the Agreement.

Financial examinations of the PFAN Consultant and/or the Project Developer must be authorised by the PFAN Technical Committee in advance. Examination costs shall be borne by REEEP.

6.2 Financial Examinations by UNIDO

Any Party receiving remuneration or funding under the Agreement is obliged to permit UNIDO to inspect all of their accounts and records and other documents relating to the Agreement and to have them audited by, or on behalf of, UNIDO.

Conflicts of Interest

The PFAN Consultants must take all measures to prevent any situation where the impartial and objective implementation of the consulting service is compromised for reasons involving economic interest (other PFAN Consulting Services, business interests and activities), political or national affinity, family or emotional ties or any other shared interest ("Conflict of Interests").

If a Conflict of Interest nevertheless arises, the PFAN Consultant must immediately notify REEEP in writing and take all the necessary steps to rectify this situation and/or to recuse him/herself from the Agreement.

Compliance Provisions

The Parties acknowledge and accept that REEEP and PFAN have a zero-tolerance approach to bribery and corruption, terrorist activity, money laundering and human trafficking. It is REEEP's policy to comply with the laws and regulations of Austria, the European Union and the United Nations concerning the ineligibility of vendors, partners, suppliers and suppliers of services for reasons of fraud, corruption, terrorist activity or human trafficking. These laws and regulations prohibit REEEP from doing business with or providing support to any persons or entities that have been found to be engaged in or provide support for any such activities.

The Parties acknowledge and accept the fact that REEEP is committed to the relevant international counter-terrorism treaties and UN Security Council Resolutions 1267 (1999), 1373 (2001) and successor resolutions of not providing direct or indirect support or resources to organisations and individuals associated with terrorism.

The Parties agree to comply with the principles of REEEP's Anti-Corruption and Anti-Bribery Policies and equivalent national policies. The Parties commit not to engage in any corrupt practises, money-laundering or fraudulent activities. For the purposes of this provision, "corrupt practises" are the offer or acceptance of a bribe, gift, gratuity or commission to any person as an inducement or reward for performing or refraining from any act relating to the Agreement.

Social amenities (such as modest client entertainment associated with legitimate business relationships) as well as the negotiation and agreement of Success Fees in accordance with the provisions of the Agreement are permissible.

The Parties commit to report immediately to REEEP any bribery issues, money-laundering or fraudulent activities and any links with any organisation or individual listed by the United Nations 1267 Committee as associated with terrorism which they become aware of during the duration of the Agreement. For the purpose this Article, "fraudulent activity" or "fraud" shall mean dishonestly obtaining a benefit by deception or other means.

The Parties shall carry out all activities related to the Agreement in accordance with the provisions of paragraph 19 of the Operational Guidelines under REEEP's contract with UNIDO which are annexed to these General Terms and Conditions. The references made in paragraph 19 shall be understood *mutatis mutandis* (i.e., "REEEP will" is to be understood as "the Parties will" etc.).

If any illegal or corrupt practices are committed in the execution of the Agreement or were committed in the pre-contractual stage (such as, but not limited to, an inducement or reward for the award or execution of the Agreement), the Agreement will be terminated with immediate effect. If these practices were committed by the PFAN Consultant, it shall return to REEEP any funds (Remuneration and Success Fees) paid.

Code of Conduct for PFAN Consultants

The PFAN Consultant shall act in accordance with the highest standards of personal and professional integrity, honesty, ethical and legal conduct in all dealings with the Project, PFAN management, other PFAN Consultants and network members as well as with all third parties, and shall promote the best interests of PFAN and the PFAN Projects.

The PFAN Consultant shall act in good faith, deal fairly and refrain from seeking or taking unfair advantage of PFAN or its partners through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing.

Despite non-exclusive engagement, the PFAN Consultant shall not compete with other PFAN Consultants for the same PFAN project and shall not circumvent other PFAN Consultants in any way in respect of a PFAN project to which s/he has not been expressly assigned.

If the PFAN Consultant is approached by a PFAN project already assigned to another PFAN Consultant, s/he shall inform the initially assigned PFAN Consultant and REEEP. The involved parties shall discuss and negotiate in good faith in order to resolve any arising issues and to ensure that the project receives the maximum benefit from the support provided by PFAN, while respecting and protecting the involved PFAN Consultants' commercial interests.

The PFAN Consultant may, and is encouraged to cooperate with other PFAN Consultants to leverage the networks and abilities of the Consultants in the interest of advancing the Project to financial closure. In case of such cooperation between two or more PFAN Consultants regarding the Project, the parties concerned shall keep each other reasonably informed about significant developments regarding the Project and their activities to obtain financing. They shall negotiate and agree between themselves on appropriate commercial arrangements, such as mandates and the potential sharing of success fees, to ensure that all parties' legitimate commercial interests are respected in any arising transactions. Where necessary, the parties concerned may call upon REEEP, the respective Regional Coordinator and the Global Coordinator to mediate in respect of mandates and arising commercial arrangements.

Miscellaneous Provisions

Assignments: The Parties shall not assign or otherwise transfer partially or totally any of their rights or obligations under the Agreement.

Use of REEEP and PFAN images or logos: All public communication related to the Agreement shall bear the PFAN logo. Any other use or reference to any images or logos of REEEP or PFAN requires the prior written consent of REEEP.

Force Majeure: No Party shall be held liable or deemed in breach of the Agreement for any failure of or delay in the performance by causes beyond its reasonable control. The party whose performance is so prevented or delayed shall promptly inform the other Parties of the occurrence of any such event and use all reasonable efforts to avoid the effect of such event and to mitigate damages to the extent possible.

Place of Fulfilment: The place of fulfilment is REEEP's International Secretariat in Vienna (Austria).

Amendments, Term and Termination

The Agreement shall enter into force on the date of the last signature by the Parties. It shall remain in full force and effect until the completion of the services to be provided by the PFAN Consultant and the payment of the agreed remuneration by REEEP, unless it is terminated earlier under the conditions set out below.

The present General Terms and Conditions for PFAN Agreements as well as all provisions relating to Success Fees (if applicable) and the obligation to provide the Finance Facilitation Report shall survive the expiration or termination of this Agreement.

If the PFAN Consultant opines that the Project does not have the wherewithal to get financed or identifies flaws in the business model, which may result in a longer than anticipated development period or which may prevent the Project from raising financing altogether, the provision of support may be adjusted, suspended or terminated unilaterally by REEEP.

Amendments of the Agreement shall be made in writing, clearly marked as Amendments and signed by authorised representatives of each of the Parties. This shall also apply to a waiver, if any, of this written form requirement. The signing of an Agreement on Success Fees by the authorised representatives of each of the Parties shall be deemed an amendment of the Agreement.

Each Party may terminate the Agreement at any time by giving one month's written notice to the other Parties.

REEEP has the right to immediately terminate the Agreement, without penalty, if any other Party or its employees

- a) Engages in trafficking in persons (as defined in the Protocol to Prevent, Suppress, and Punish Trafficking in Persons, especially Women and Children, supplementing the UN Convention against Transnational Organized Crime) during the period of the Agreement;
- b) Uses forced labour in the performance of the Agreement;
- c) Is declared ineligible by UNIDO due to an infringement of UNIDO's rules on Preventing and Combating Fraud and Corruption (see section 10 of the General Terms and Conditions). In such case, REEEP shall be entitled to reclaim restitution of any amount given to the Party concerned with respect to which fraud and corruption has occurred.

Applicable Law and Dispute Settlement

The Agreement shall be governed by and construed in accordance with Austrian law, without giving effect to its conflict-of-law rules.

Should any provision of this Agreement become invalid, illegal or unenforceable, it shall not affect the validity of the remaining provisions of this Agreement. Such provisions shall be automatically replaced by valid and enforceable provisions achieving the originally intended effect as closely as possible.

Disputes arising from or in connection with the Agreement shall be settled by negotiation between the Parties in a spirit of cooperation and good-will. If a dispute cannot be settled within one month, it shall be submitted to an internal dispute resolution commission consisting of the Director General of REEEP, the PFAN Project Manager at UNIDO and the PFAN Global Coordinator which shall propose a solution for an amicable settlement of the dispute within two weeks.

If a dispute cannot be settled internally as described above, it shall be exclusively referred to the Court having subject-matter jurisdiction for commercial matters for the first municipal district of Vienna (Austria).

ANNEX: “PREVENTING AND COMBATING FRAUD AND CORRUPTION” *(Excerpt of the Operational Guidelines included in REEEP’s contract with UNIDO)*

IV. PREVENTING AND COMBATING FRAUD AND CORRUPTION

17.0 General

17.01 The responsibility for the execution of the Project, including the use of the proceeds of the Financial Commitment, rests with REEEP. UNIDO, for its part, has a fiduciary duty to make arrangements to ensure that the proceeds of the Financial Commitment are used only for the purposes of the Project, with due attention to considerations of economy and efficiency and without regard to political or other non-economic influences or considerations. Accordingly, responsibility for participating in the execution of the Project imposes a strong obligation upon REEEP to uphold the highest standards of ethics and to preserve public confidence in the integrity of UNIDO and the United Nations System. UNIDO considers it of utmost importance that REEEP observes the highest ethical standards.

17.02 UNIDO requires that REEEP, as well as all of REEEP’s representatives involved with the Project, and all recipients of the proceeds of the Financial Commitment with which REEEP enters into an agreement related to the Project (including their respective officers, directors, employees and agents), adhere to the highest ethical standards, and promptly report to UNIDO any known or suspected acts of fraud or corruption which occur in the course of executing the Project.

17.03 UNIDO’s specific policy requirements on fraud and corruption in connection with the procurement or execution of contracts for goods, works or services financed out of the proceeds of the Financial Commitment, shall be adhered to accordingly.

18.0 Definition of Practices Constituting Fraud and Corruption

18.01 Fraud and corruption include acts of corrupt practice, fraudulent practice, coercive practice, collusive practice and obstructive practice. The definitions set out below involve the most common types of fraud and corruption, but are not exhaustive. For this reason, UNIDO shall also take action in the event of any similar deed or complaint involving alleged acts of fraud and corruption, even when these are not specified in the following list. UNIDO shall in all cases proceed on the basis of the procedure described herein.

18.02 In pursuance of this procedure, UNIDO defines the terms set forth below:

- (a) A *corrupt practice* is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value in order to influence improperly the actions of another party.
- (b) A *fraudulent practice* is any act or omission, including a misrepresentation, which knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation.
- (c) A *coercive practice* is any act impairing or harming, or threatening to impair or harm, directly or indirectly, any party or its property in order to influence improperly the actions of the party.
- (d) A *collusive practice* is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- (e) An *obstructive practice* is: deliberately destroying, falsifying, altering or concealing evidence material to an investigation, or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to an investigation or from pursuing an investigation, or acts intended to materially impede the exercise of UNIDO’s contractual rights of audit or access to information.

The above practices, as so defined, are referred collectively herein below as “fraud and corruption”.

19.0 Actions of Executing Entities to Prevent and Combat Fraud and Corruption

19.01 In preventing and combating fraud and corruption and upholding the highest standards of ethics, REEEP will:

- (a) take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices in connection with the use of the proceeds of the Financial Commitment, including (but not limited to) adopting

appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Financial Commitment are used only for the purposes of the Project, and ensuring that all of REEEP's representatives involved with the Project, and all recipients of the proceeds of the Financial Commitment with which REEEP enters into an agreement related to the Project (including their respective officers, directors, employees and agents), receive a copy of this Chapter IV **“PREVENTING AND COMBATING FRAUD AND CORRUPTION”** of the Operational Guidelines and are made aware of its contents;

- (b) immediately report to UNIDO any allegations of fraud and corruption in connection with the use of the proceeds of the Financial Commitment that come to its attention;
- (c) if UNIDO determines the existence of corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of the proceeds of the Financial Commitment, take timely and appropriate action, satisfactory to UNIDO, to address such practices when they occur;
- (d) include such provisions in its agreements with each recipient of the proceeds of the Financial Commitment as UNIDO may require to give full effect to the provisions of this Chapter IV, including (but not limited to) provisions:
 - (i) requiring such recipient to abide by paragraph 19.02 herein below;
 - (ii) requiring such recipient to permit UNIDO to inspect all of their accounts and records and other documents relating to the Project required to be maintained pursuant to the Agreement and to have them audited by, or on behalf of, UNIDO;
 - (iii) providing for the early termination or suspension by REEEP of the agreement if such recipient is declared ineligible by UNIDO under paragraph 19.01 herein below; and
 - (iv) requiring restitution by such recipient of any amount of the proceeds of the Financial Commitment with respect to which fraud and corruption has occurred.
- (e) cooperate fully with representatives of UNIDO in any investigation into allegations of fraud and corruption in connection with the use of the proceeds of the Financial Commitment; and
- (f) in the event that UNIDO declares any recipient of the proceeds of the Financial Commitment ineligible as described in paragraph 20.01 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, exercising its right to terminate early or suspend the agreement between REEEP and such recipient and/or seeking restitution.

19.02 In preventing and combating fraud and corruption and upholding the highest standards of ethics, each recipient of the proceeds of the Financial Commitment, which enters into an agreement with REEEP (or with another recipient of the proceeds of the Financial Commitment) relating to the Project, will:

- a) carry out its Project-related activities in accordance with the highest standards of ethics and the provisions of its agreement with REEEP referred to in paragraph 19.01 (d) hereinabove; and include similar provisions in any agreements related to the Project into which it may enter with other recipients of the proceeds of the Financial Commitment;
- b) immediately report to UNIDO any allegations of fraud and corruption in connection with the use of the proceeds of the Financial Commitment that come to its attention;
- c) cooperate fully with representatives of UNIDO in any investigation into allegations of fraud and corruption in connection with the use of the proceeds of the Financial Commitment;
- d) take all appropriate measures to prevent corrupt, fraudulent, collusive, coercive and obstructive practices by its representatives (if any) in connection with the use of the proceeds of the Financial Commitment, including (but not limited to):
 - (i) adopting appropriate fiduciary and administrative practices and institutional arrangements to ensure that the proceeds of the Financial Commitment are used only for the purposes of the Project, and
 - (ii) ensuring that all its representatives receive a copy of this Chapter IV **“PREVENTING AND COMBATING**

FRAUD AND CORRUPTION” and are made aware of its contents.

- e) in the event that any representative of such recipient is declared ineligible as described in paragraph 20.01 below, take all necessary and appropriate action to give full effect to such declaration by, among other things, either removing such representative from all duties and responsibilities in connection with the Project or, when requested by UNIDO or otherwise appropriate, terminating its contractual relationship with such representative; and
- f) in the event that it has entered into a Project-related agreement with another person or entity, which is declared ineligible as described in paragraph 19.01 herein below, take all necessary and appropriate action to give full effect to such declaration by, among other things:
 - (i) exercising its right to terminate early or suspend such agreement and/or
 - (ii) seeking restitution.

20.0 Actions of UNIDO in Cases of Fraud and Corruption

20.01 In preventing and combating fraud and corruption and upholding the highest standards of ethics, UNIDO will have the right to sanction any individual or entity if at any time UNIDO determines that such individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of the proceeds of the Financial Commitment.

20.02 In sanctioning an individual or entity UNIDO shall publicly declare such individual or entity ineligible either indefinitely or for a stated period of time:

- (a) to be awarded a UNIDO-financed contract;
- (b) to benefit from a UNIDO-financed contract, financially or otherwise, for example as a sub-contractor; and
- (c) to otherwise participate in the preparation or execution of the Project or any other project financed, in whole or in part, by UNIDO.

20.03 In addition to or in lieu of other sanctions UNIDO may also:

- (a) refer the matter to appropriate law enforcement authorities;
- (b) impose other measures, which it deems appropriate under the circumstances, including but not limited to the imposition of fines representing reimbursement to UNIDO for costs associated with reviews, verifications, investigations and proceedings.