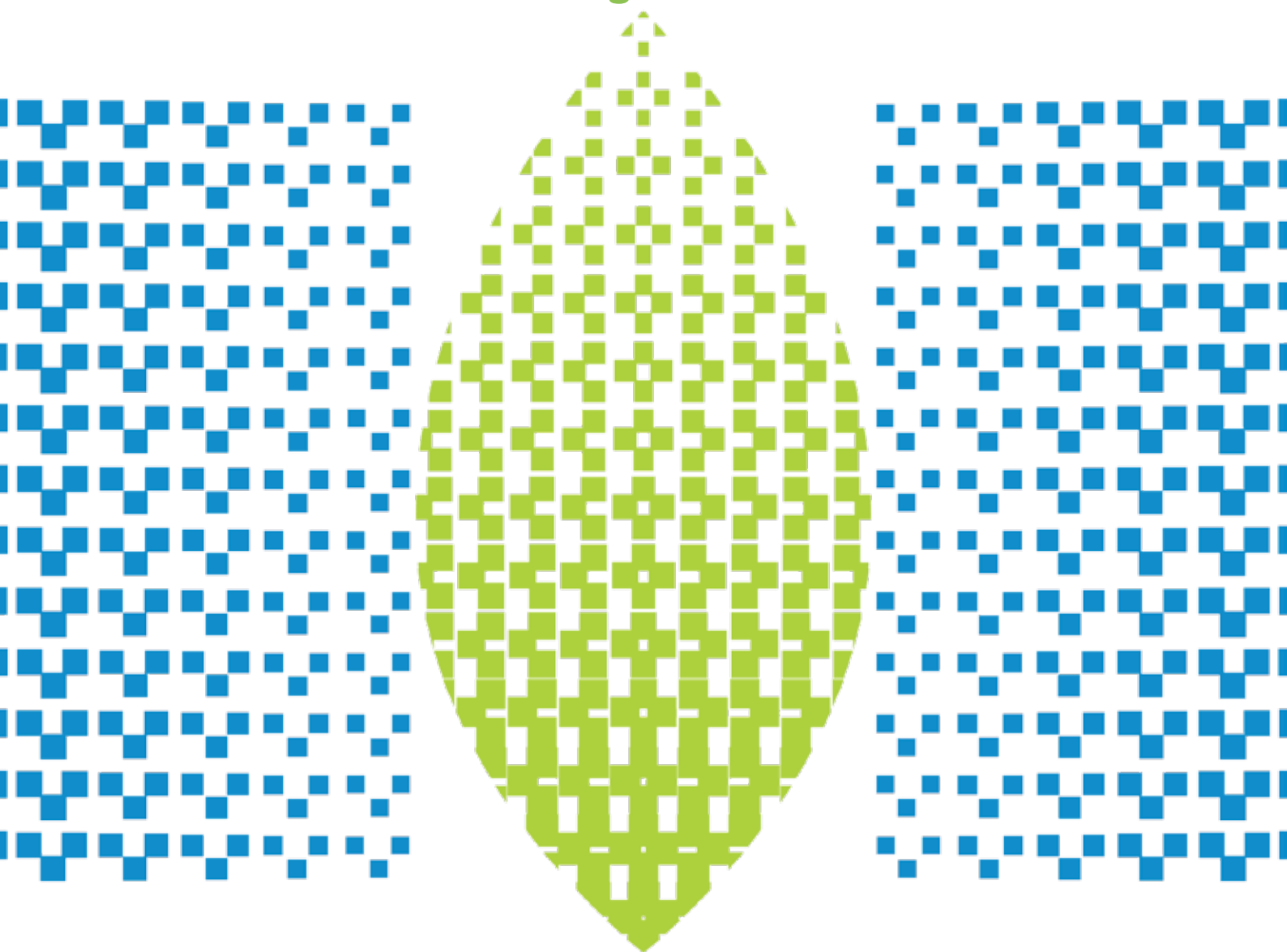


GUIDE FOR PROJECT PREPARATION AND SUBMISSION

SUNREF Mauritius, the lending programme
that promotes green and inclusive growth



Towards a greener future



Developed by



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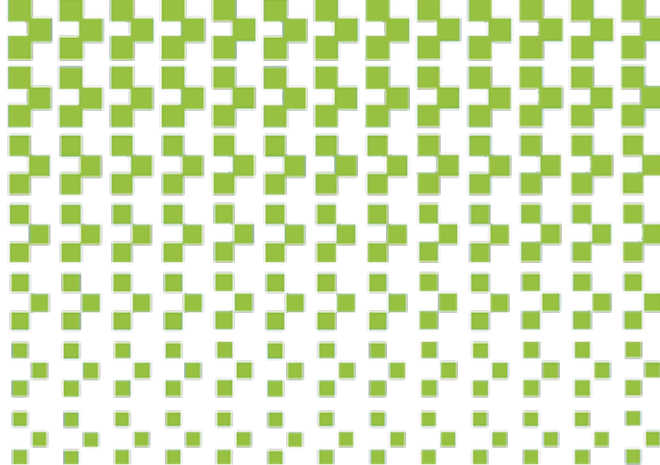
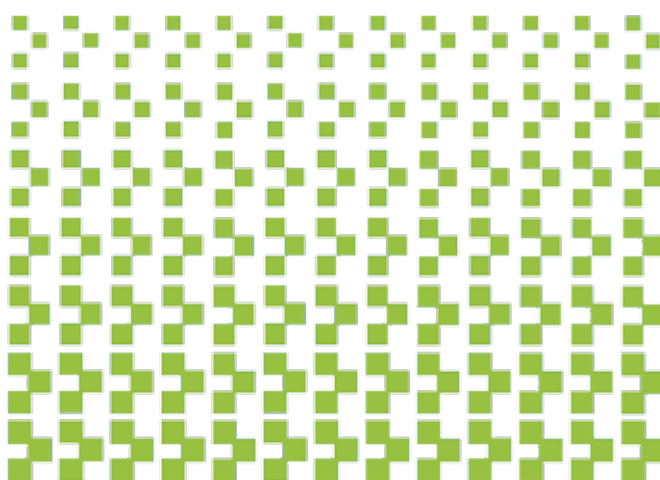


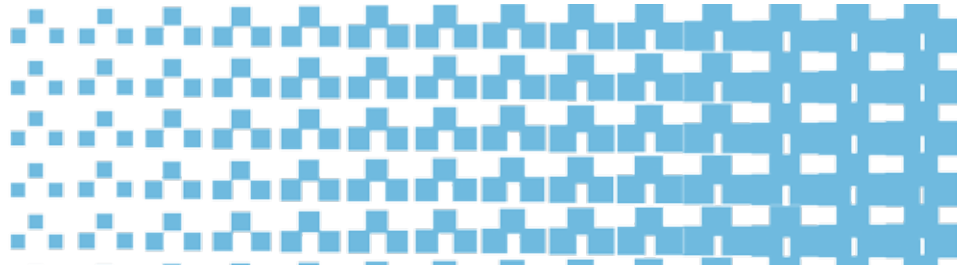
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1 Objectives of the guide

The present guide aims to describe the procedures and the project cycle for any investment financed under the SUNREF programme framework, in order to help potential project sponsors, understand which investments are eligible and how they can benefit from the programme.



2 What is SUNREF Mauritius?

Building upon the success of the two previous credit lines (2009-2018), the new comprehensive programme, namely SUNREF (Sustainable Use of Natural Resources and Energy Finance) Mauritius, provides a dedicated credit line to partner banks in Mauritius for on-lending to the private sector, in order to scale up investments in sustainable energy, climate change adaptation and gender equality, thus promoting inclusive sustainable development.

SUNREF loan at a glance

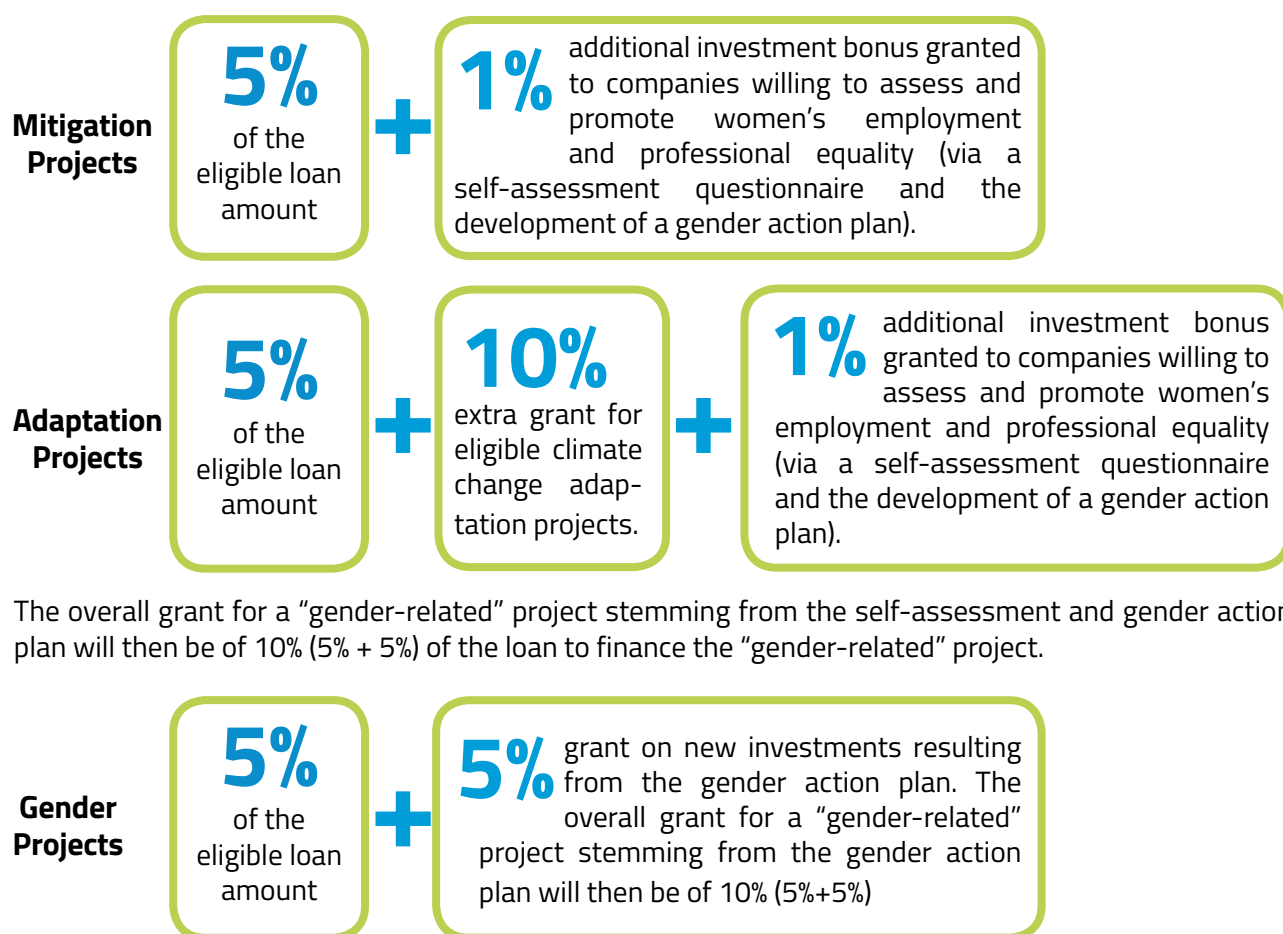
■ A loan of up to 5m EUR per project for eligible expenses under SUNREF (even though the cost of the project may exceed this amount and the overall loan amounts obtained from the partner bank may exceed 5m EUR).

■ **3 eligible thematics:**

- Mitigation investments (renewable energy and energy efficiency)
- Adaptation to climate change investments
- Gender equality investments

■ A 75m EUR credit line with associated investment grants to finance the eligible investments. These funds are provided by the AFD and the European Union to two partner banks in Mauritius: the Mauritius Commercial Bank (MCB) and the SBM Bank (Mauritius) Ltd (SBM).

- Investment grants paid to the project sponsor under the SUNREF programme represents:



The overall grant for a "gender-related" project stemming from the self-assessment and gender action plan will then be of 10% (5% + 5%) of the loan to finance the "gender-related" project.

Investment Grants will be paid after verification of installation of the equipment.

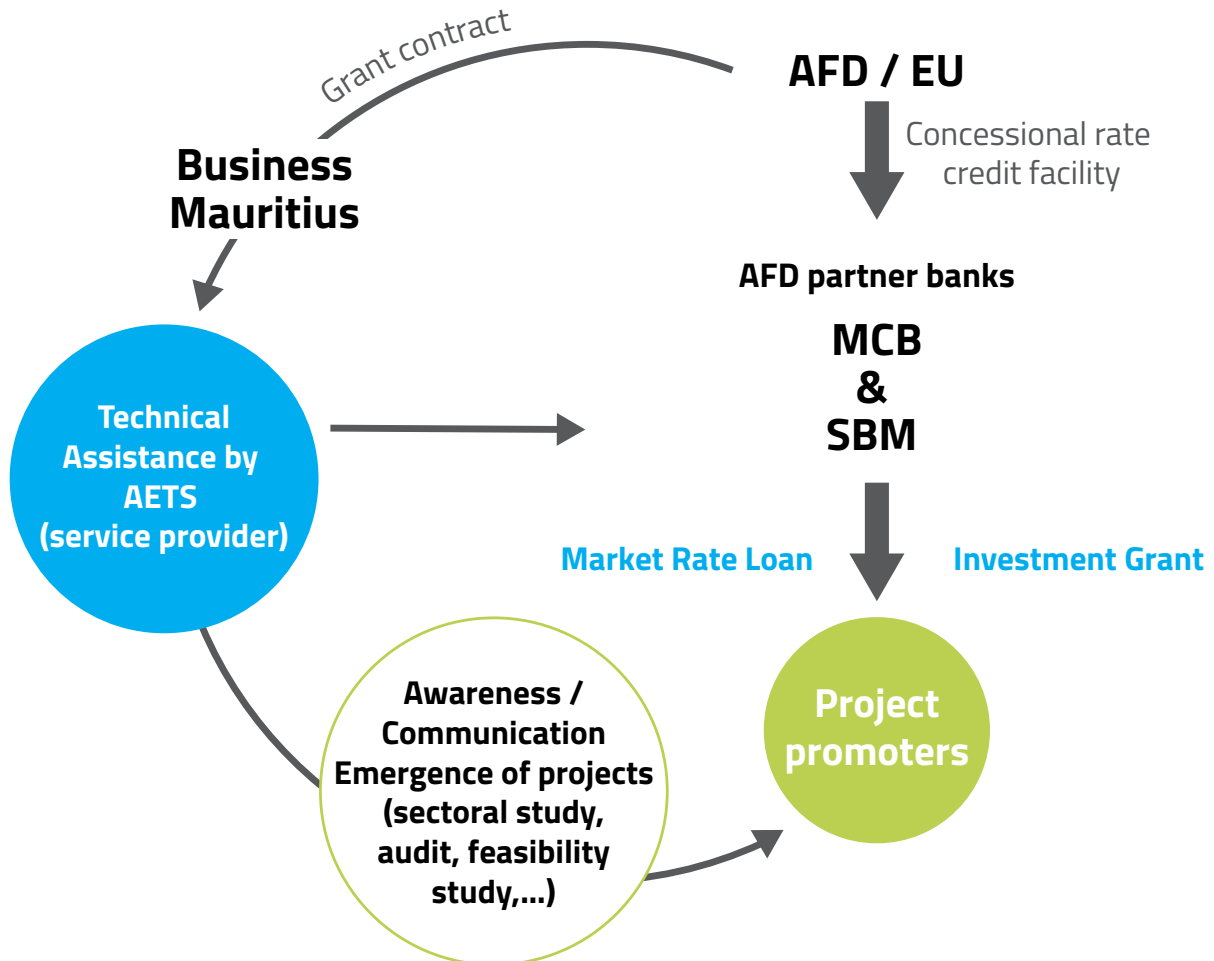
- A Technical Assistance tailored to the size and complexity of the project, financed by the EU and free of charge for the partner banks and project sponsors.

Business Mauritius, the organisation representing the voice of the Mauritian business community, has been identified by AFD to manage the Technical Assistance (TA) since March 2018. The TA supports project bearers and banks in identifying green investment opportunities, analyzing the eligibility of projects, promoting green finance, and building up their internal capacities to correctly appraise projects.

Business Mauritius has established a Project Management Unit (PMU) composed of three dedicated persons (Head of SUNREF TA, Project Manager, and Administrative/Account Assistant). In December 2018, Business Mauritius recruited AETS-ARTELIA (a consortium of international experts) to execute the main TA activities. **The PMU and the experts form the TA.**

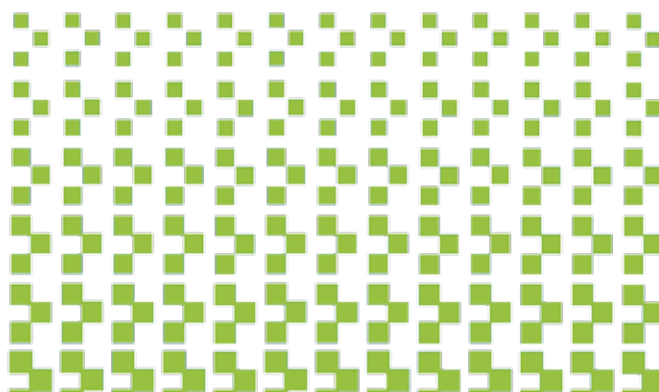
3 How is the programme Structured and Coordinated?

The following diagram highlights the main stakeholders and their respective roles within SUNREF Mauritius.



How to submit a project?

A project promoter can submit directly his/her project to one of the partner banks. He/she may also contact the Technical Assistance through the Project Management Unit (PMU), in order to receive preliminary advice regarding the project's technical eligibility, after which the project bearer will be encouraged to contact partner banks.



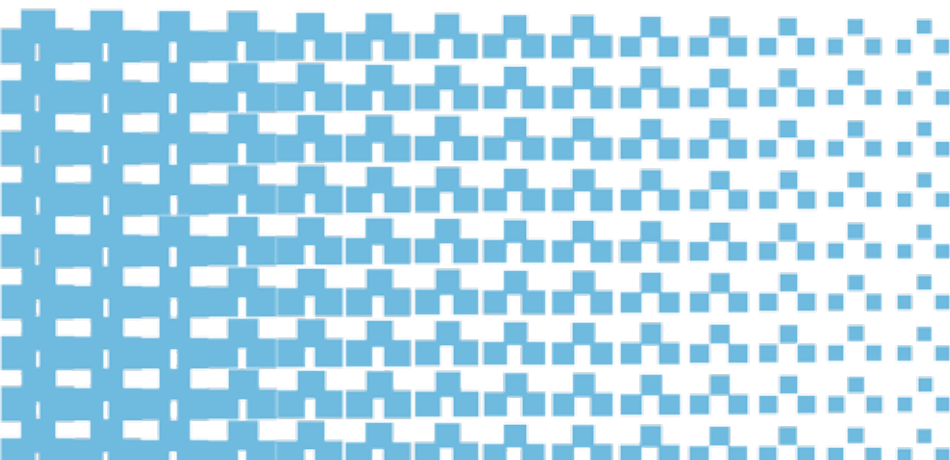
4 Which projects are financed under SUNREF Mauritius?

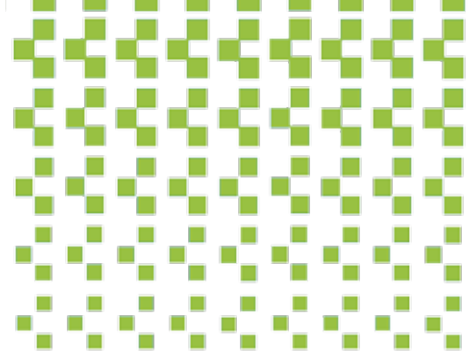
SUNREF Mauritius intends to support green investments which otherwise would not be implemented.

Two scales of investment projects:

Class A investment projects are projects, which either cost more than 250k EUR or with equipment/technologies not included in the pre-approved lists known as LEME (List of Eligible Materials and Equipment, see below). The partner banks will conduct their own appraisal of the proposed investment in line with their internal procedures before submitting the project to the Technical Assistance through a Project & Financial Summary. The TA interface is the Project Management Unit (PMU) driven by Business Mauritius.

Class B investment projects are projects with a cost lower or equal to 250k EUR and which employ equipment/technologies included in the LEMEs. The partner banks are entitled to directly approve the project for SUNREF financing through a simplified process. The LEMEs are available in branches of the partner banks, at the PMU and are included in the support documents produced by the Technical Assistance.





Eligibility criteria for enterprises or persons

The following criteria must be considered:

- Eligible enterprises' premises or facilities in which the investment will take place should be in Mauritius. Projects outside the territory of Mauritius may be financed by the partner banks but will not benefit from the additional EU Investment Grants (which means that the project will only benefit from a 5% Investment Grant) and Technical Assistance.
- All legal private entities or persons registered or domiciled in Mauritius are eligible.
- Public sector bodies are excluded except those involved in trading/commercial activities.
- Investments in the sectors listed in the Exclusions List (see Annex 1) will not be considered as being eligible.
- Client(s) who do not comply with AFD Environmental and Social Rules are not eligible and their proposed projects, even if they meet investment eligibility criteria as described below will not be considered under the SUNREF Mauritius programme. Partner banks must ensure this condition is met for each proposed investment prior to submission.

Financial Eligibility Criteria For Projects

In order to be financed through the SUNREF Mauritius programme, an investment shall comply with the following financial eligibility criteria:

- Maximum amount of credit facility for eligible investments: MUR or any other currency equivalent to 5m EUR.
- Minimum tenor of the loan granted: four (4) years for all projects.
- Maximum grace period under the granted loan: three (3) years.
- With respect to each eligible investment, the amount financed through the SUNREF programme may be equal to up to 100% of the total debt raised (net of taxes on the investment costs) by the Client.

Technical Eligibility Criteria

CLASS B projects

The equipment or technology involved must belong to the pre-established List of Eligible Material and Equipment (LEME) which provides a precise description of the eligible technologies for climate change mitigation and adaptation projects. In case of doubt regarding a specific equipment and technology, the partner bank and/or the project sponsor may request the opinion of the Technical Assistance as to whether the proposed equipment belongs to the list, or may be added to it.

CLASS A projects

A comprehensive set of technical eligibility criteria has been defined for both climate change mitigation and adaptation projects. All gender projects will be considered on a case-by-case basis and are therefore considered de facto as class A projects.

■ Climate Change Mitigation

Renewable energy investments

The project shall focus on renewable energy technologies at the commercial stage of development and is likely to be developed on a large scale, for example:

- Solar (photovoltaic and concentrated solar power).
- Mature technologies such as wind, mini or pico-hydro or mature biomass conversion to energy.
- Biomass, biogas or marine technologies for electricity or cooling applications will be considered.
- "Off-grid" and "grid connected" renewable investments.

Energy efficiency investments

- Brownfield investments (including retrofitting projects):
 - Minimum 20% reduction in energy consumption.
 - Energy savings should represent at least 50% of cost savings induced by project with a payback period between 2 to 8 years.
- Greenfield investments:
 - Investments will be considered on a case by case basis, on the best available technologies concept.

Special focus on high impact sectors (industrial and tertiary); air-conditioning and cooling applications provide promising market opportunities in this area. New and existing installations (including retrofitting projects and modification of process) are eligible. Co-generation of heat and electricity (CHP), waste-to-energy projects, etc. will be considered on a case-by-case basis.

Investments in **Green Buildings** with technologies/solutions to reduce energy consumption are eligible and will be considered on a case by case basis. For example, wall insulation (with the aim of reducing internal thermal loads and therefore, the need for air conditioning) or sun protection equipment (double-glazed shading, glazing treated to reduce heat transfer).

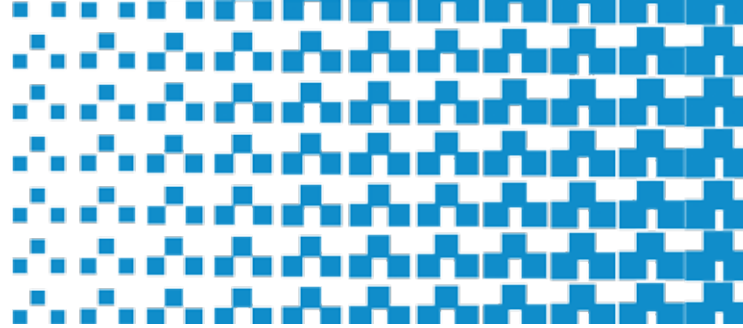
E-Mobility (electric mobility)

Replacements of fossil fuel vehicles by electric vehicles for company fleets, public transport and leasing companies are eligible, as well as charging stations.

The associated financing of batteries is eligible (in addition to the electric vehicles and charging stations), subject to the Technical Assistance showing that a recycling or treatment facility is in place or in the process of being set up in Mauritius.

Luxury cars/vehicles are not eligible.

There are a few conditions attached to investment in electric vehicles:



- Installation of charging stations having a minimum cumulative power of 20 kW (to exclude individuals;
- The investment should be tied to an additional production of renewable energy (solar PV, wind, etc.) having an equivalent installed power. This solution helps combine electric vehicles with a clean/renewable energy source without adding an additional load to the grid.

Eco-Businesses

The financing of eco-businesses such as producers/installers of solar water heaters or Energy Saving Companies (ESCOs), that can increase the availability and/or quality of Energy Efficiency, Renewable Energy and Environmental Performance equipment and services on the market, is eligible in principle. Eligibility will be evaluated on a case-by-case basis by the Technical Assistance.

■ Climate change Adaptation projects:

Projects identified as fundable by the adaptation component of SUNREF are wide-ranging and pertain to:

- Water resource management,
- Desalination plants,
- Smart agriculture,
- Anti-flooding measures,
- Landscaping to prevent soil erosion,
- Investments leading to resilient Green Buildings,
- Thermal insulation, and
- Coastal zone protection.

The priority sectors currently identified are as follows: Agriculture, Construction, Tourism and Industrial.

The criteria for projects are:

a) Reducing the effects of global warming on the country in order to foster a more resilient economy. All sectorial activities may be addressed, but with a specific emphasis on water resource management (including industry and agriculture) and vulnerable coastal areas in line with vulnerability studies supported by the AFD or the Action Plan of the Ministry of Environment, Solid Waste Management and Climate Change.

b) Reducing the impact of the heat wave effect in urban areas, which lead to inhospitable conditions in the residential and tertiary sectors and increased use of air conditioning. This includes retrofitting buildings using workable solutions (insulation, cross-ventilation, solar protection devices), as well as greening the buildings' surroundings. This is a global approach which should be addressed on a case-by-case methodology to obtain feedback on results achieved.

c) Performance Indicators that should demonstrate the improvements related to the projects/ investments, for example:

- Water management with water savings (m3/year).
- Coastal protection (meters of shoreline protected) specifying affected activities (e.g. hotel activities).
- New practices in agriculture for a more resilient economy (hectares concerned, added value).



■ Gender projects

- Eligibility criteria for the Gender Additional Loan Subsidy (1%)

Companies willing to pursue a diagnosis of the gender situation within their corporate structure will be eligible for a subsidy representing 1% of the initial loan amount (for a climate change mitigation or adaptation project).

The Gender Action Plan will include commitments to be taken in the following areas:

- ◆ Management commitment
- ◆ Equal opportunities in job recruitment and selection
- ◆ Equality in access to training and self-improvement activities
- ◆ Equality in promotions and career development opportunities
- ◆ Career support procedures for employees with children
- ◆ Procedures for harassment and claim management in the workplace
- ◆ Communication and sensitization

These tools will be developed with the support of the Technical Assistance, based on models produced by the AFD to support companies in conducting their self-assessment and defining a Gender Action Plan.

- Eligibility criteria for the Gender EU Investment Grant (5%)

An investment grant shall be allocated to gender-oriented investment project(s). Such grants will represent 5% of the loan amount related to this gender-oriented investment.

Such gender-oriented investments should have been derived from the Gender Action Plan of the Client Beneficiary. Therefore, the design and validation of a Gender Action Plan will be a prerequisite condition to access the Gender EU Investment Grant. The Gender investment must therefore follow a climate change mitigation or adaptation project.

Eligible investments will be those having a positive impact in terms of reduction of gender inequalities, such as the construction of sex-separated facilities (bathrooms, changing rooms...), child care facilities, and work transportation services, etc.

Each proposed investment will be assessed in detail by the Technical Assistance, in order to determine whether it provides solutions to a gender inequality issue, considering the Mauritian context (society, economic sector) and the company's profile.

Eligible costs

Costs eligible for loan application by the Partner Banks under the SUNREF Programme are listed below:

- Equipment costs (detailed information)
- Installation costs
- Spare parts (for a first batch of equipment of a project financed under SUNREF).
These spareparts will be included in the initial investment amount (CAPEX).

Non-eligible costs

Costs that are not eligible under the SUNREF Programme:

- Study and conception fees
- Development fees
- Freight charges or transport costs
- Insurance
- Delivery costs

5 What is the Project cycle?

The general project cycle procedure is presented hereafter and highlights the various steps to be taken in order to submit projects, obtain approval for financing and eventually receive the investment grant.

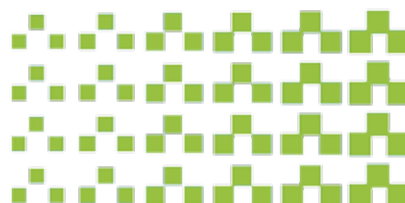
Step 1: Application file to partner bank

■ For all investment projects

- The project sponsor submits his project to a partner bank of his choice. If need be, he can benefit from the support of the Technical Assistance (through the Local Coordinator) for a preliminary support before submitting it to the partner bank.
- Internal assessment and approval of the project by the partner bank (neither the AFD nor the Technical Assistance has the possibility or intention to influence the partner banks, the decision to provide financing depends on their positive appraisal of the project promoter's creditworthiness or financial credibility).
- The General Coordinator identifies and validates (with the partner bank if needed) relevant expert or experts based on the project specificities.

■ Only for Class A investment projects (above 250k EUR)

- Co-construction by the Technical Assistance & partner bank of the Project & Financial Summary based on a pre-established list of information (Annex 2) and the specificities of the project. This Project & Financial Summary will be the basis of the eligibility assessment done by the Technical Assistance. Involvement of the expert(s) during the co-construction phase to review the completeness of information and complexity of the project.
- A meeting with the project promoter and/or site visit (project promoter, partner bank, Technical Assistance represented by the Local Coordinator and/or the PMU) is recommended to ensure full understanding of the project and the investment planned in terms of technologies and equipment. The expert(s) can assist these meetings in-situ or through conference call to clear out grey areas.

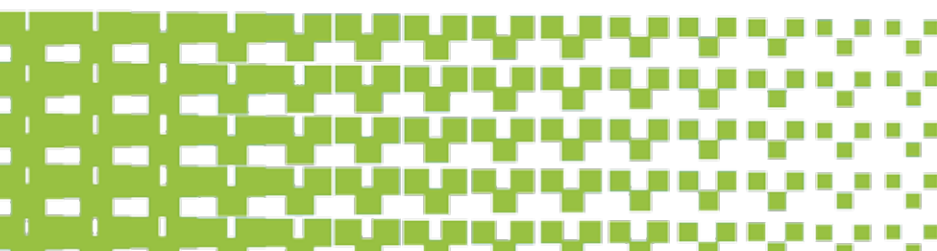


Step 2: Technical and financial appraisal

For Class A investment projects, the partner bank sends the Project & Financial Summary to the Technical Assistance (through the PMU), which provides an estimation of the extent of work to be carried out during the project evaluation.

- The Technical Assistance mobilizes relevant expert or experts.
- The Technical Assistance defines a timeline for submission of the Technical Eligibility Opinion, which is the eligibility assessment report (ATE). If all relevant information has been included in the Project & Financial Summary, this Technical Eligibility Opinion should be delivered within 2 weeks after submission of the Project & Financial Summary, depending on the complexity of the project and quality of the information provided.
- The Technical Assistance delivers the Technical Eligibility Opinion to the partner bank and AFD.

For all Class B investment projects (below or equal to 250k EUR and listed in the LEMEs), the partner bank will assess the project's eligibility according to the LEME content and may request the Technical Assistance's appraisal, on a case-by-case basis.



Step 3: Approval, disbursement and implementation of the project

■ Class A projects:

- The request for financing is approved or not by AFD based on the Technical Eligibility Opinion. If the project is approved by AFD, the partner bank signs a SUNREF loan agreement with the client. The loan disbursement modalities are set in the loan agreement, depending on the project implementation scheme.

■ Class B projects:

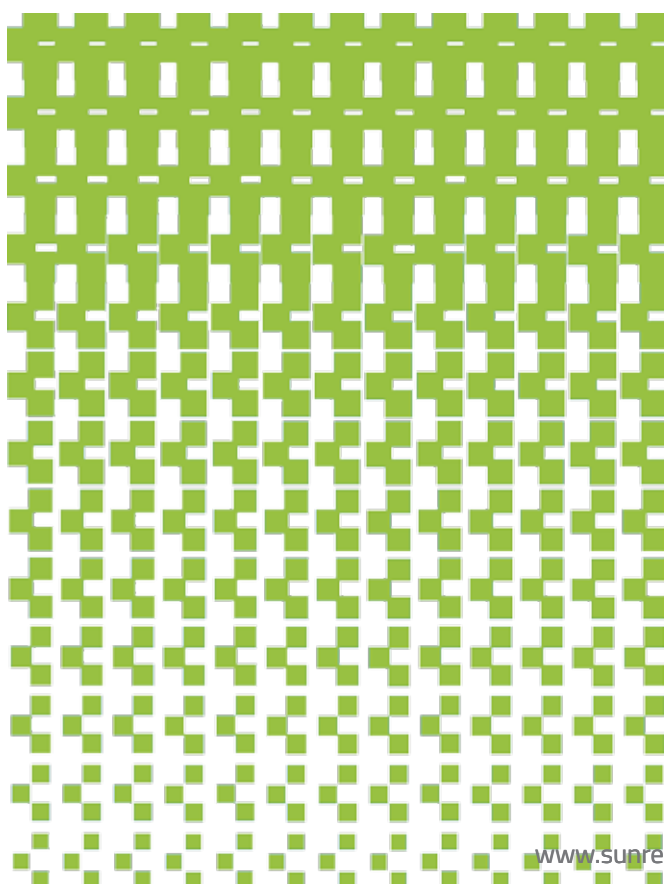
- No approbation needed by AFD. The partner bank signs a SUNREF loan agreement with the client. The loan disbursement modalities are set in the loan agreement, depending on the project implementation scheme.

The project is implemented, and the loan is disbursed by the partner bank to the project sponsor, according to the loan agreement signed by both parties. The partner bank will ensure a precise monitoring to verify that the various implementation phases are undertaken in accordance with the agreed planning and in conformity with the original dossier.

Step 4: Verification and grant payment

The project sponsor submits proof of completion to the partner bank, including:

- Date at which the new installation has become fully operational.
- Confirmation that the investment has been installed, in accordance with the initial specifications and conditions. The related invoices (paid) are provided. The verification consultant (directly appointed and working for AFD) will carry out a thorough on-site inspection and check whether the project's performance is aligned with the initial expectations and whether the investment cost and project cost-effectiveness meet the SUNREF programme eligibility criteria.
- It is imperative for the project sponsor to make themselves available during the verification phase and to submit any required documents, such as paid invoices, certificates established by suppliers, photos, bookkeeping elements, etc.
 - ◆ For Class A projects, the AFD appointed verification consultant will carry out a thorough on-site inspection and check whether the project's performance is aligned with the initial expectations and whether the investment cost and project cost-effectiveness meet the SUNREF programme eligibility criteria.
 - ◆ For Class B projects, the verification work will be done by the partner banks for most of the projects (some projects will be also evaluated by the verification consultant on a sampling basis).
 - ◆ After the investment has been completed, commissioned and verified, an investment grant representing 5 to 16 % of the SUNREF loan allocated to the project sponsor under the SUNREF programme will be paid by the partner bank to the project sponsor (any other additional financing granted by the partner bank outside the SUNREF programme cannot be considered for the grant calculation).



6 Confidentiality

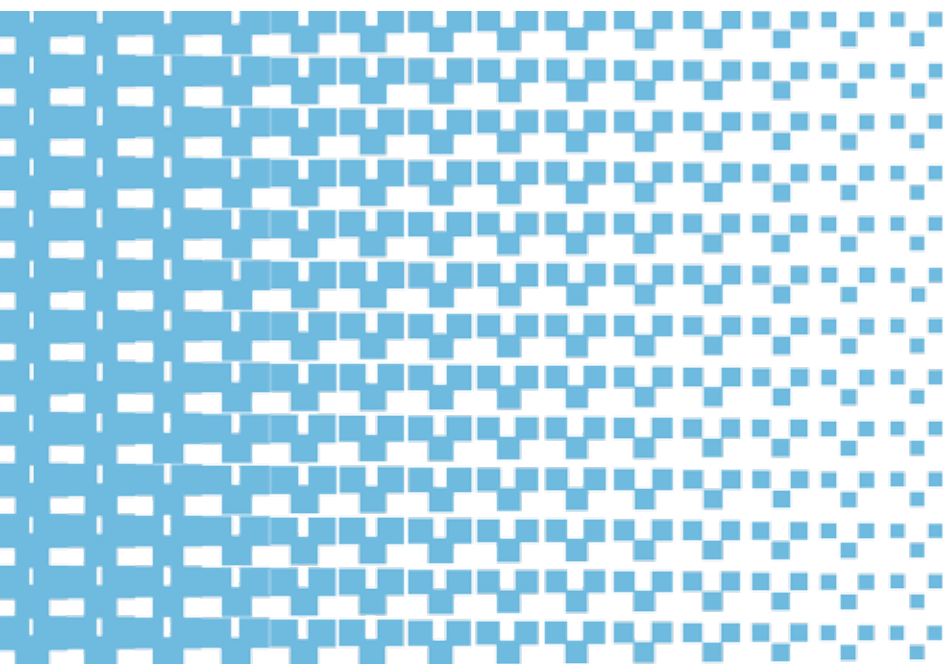
Information provided by the project sponsor is dealt with in strict confidentiality. It shall be used only for the purpose of project appraisal as described and in accordance with the MOUs signed between Business Mauritius and partner banks.

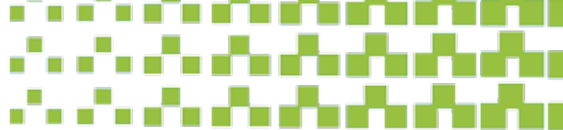
A Non-Disclosure Agreement (NDA) between the partner banks and the TA support consortium (AETS/ARTELIA) further governs the applicable confidentiality rules in coherence with the contract signed between Business Mauritius and the consortium.

For short term experts not part of the core team of the consortium, an additional NDA has to be signed between the Partner Banks and the respective experts. In the same line, before recruiting an expert, a thorough background check has to be done by the TA to ensure that there is no conflict of interest. The expert's biography will be shared to partner banks systematically.

At any time, the project sponsor is entitled to request that a NDA is signed.

No information is divulged outside of the AFD and the Technical Assistance team without the sponsor's authorization.





Annex 1: Exclusion list

- Production or trade in any product or activity deemed illegal under French and host country laws or regulations or international conventions and agreements.
- Production or activities involving forced labour¹ or child labour².
- Trade in wildlife or wildlife products regulated under CITES³.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
- Any activity involving or requiring destruction⁴ of Critical Habitat⁵ and any forest project under which no sustainable development and managing plan is carried out.
- Production or use of or trade in hazardous materials such as asbestos fibbers and products containing PCBs⁶.
- Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances⁷ and other hazardous substances subject to international phase-outs or bans.
- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
- Production or trade in⁸ :
 - ◆ weapons and/or munitions.
 - ◆ tobacco.

¹Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

²Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

³CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. (Washington, 1993).

⁴Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use; or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote under) is lost.

⁵Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

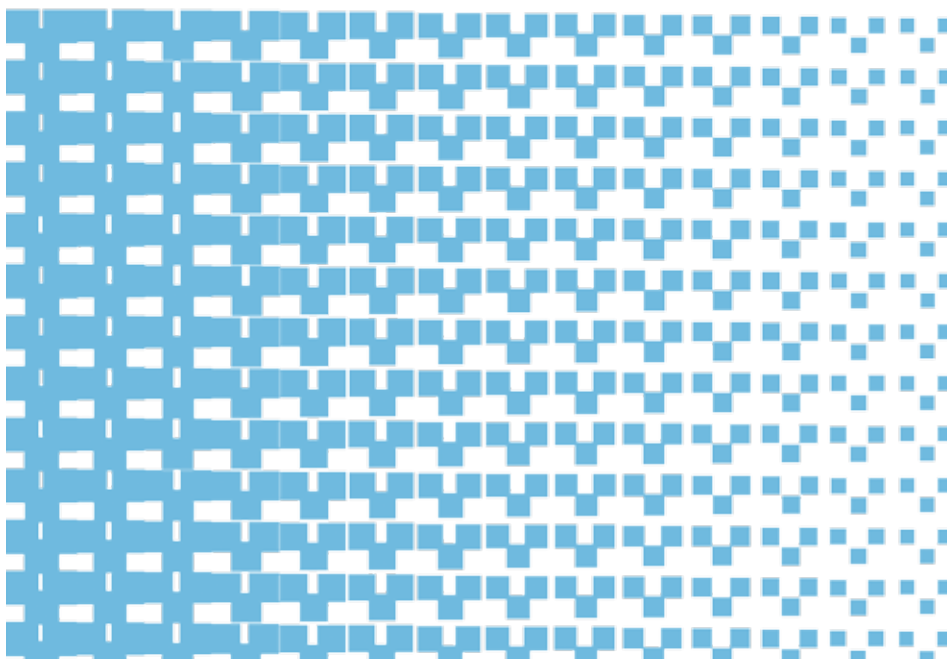
⁶PCBs: Polychlorinated biphenyls - a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

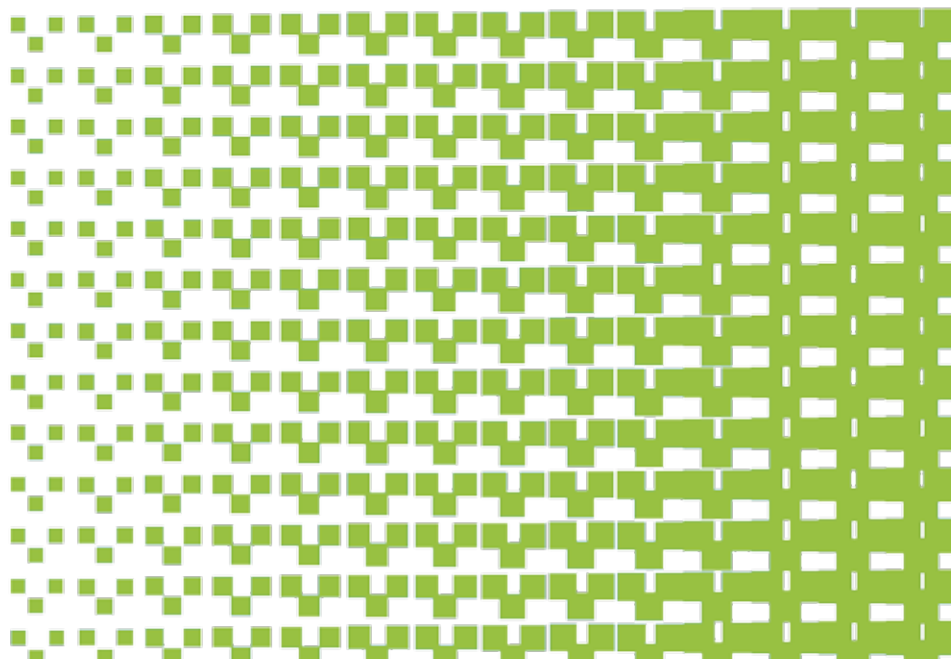
⁷Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicized 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates.

⁸Activities excluded when representing more than 10% of the balance sheet or the financed volume and for Financial Institutions (including the Borrower) more than 10% of the portfolio volume financing.

Annex 2: Required information to meet AFD's standard regarding the Technical Assessment on Eligibility (ATE) Report

1. Technical description of the project highlighting its objectives, principal components, feasibility study conducted, (summary), consultant's report on project development (for example, sizing estimation).
2. Technical datasheets for principal project equipment (parameters to include technical performance on energy efficient equipment (coefficient of performance), environmental performance such as energy consumption, water usage, etc...).
3. Quotes from suppliers with regards to equipment as well as their references. These equipment relate to components which are subject to a loan/financing request.
4. A table listing individual costs of equipment (listed in point 3 above) in MUR and/or EUR.
5. Impact datasheets of solutions put in place (estimated performance indicators) relative to each equipment and summary table showing savings on energy, water, etc... If it's a refinancing project, to provide savings already realised and other impacts seen (water savings, etc...).
6. Environmental certification and administrative authorisations such as EIA (Environmental Impact Assessment) if not available, to explain the reason.





7. Facility Agreement highlighting the date of signature and loan amount.

8. Engagement letter from the project bearer and loan/financing request under SUNREF Mauritius.

9. Project details:

- a. Information about the project bearer and its shareholding
- b. Project details and quantifiable objectives
- c. Debt to Equity (structure)
- d. Project amount
- e. Loan amount
- f. Loan tenor (duration) and grace period

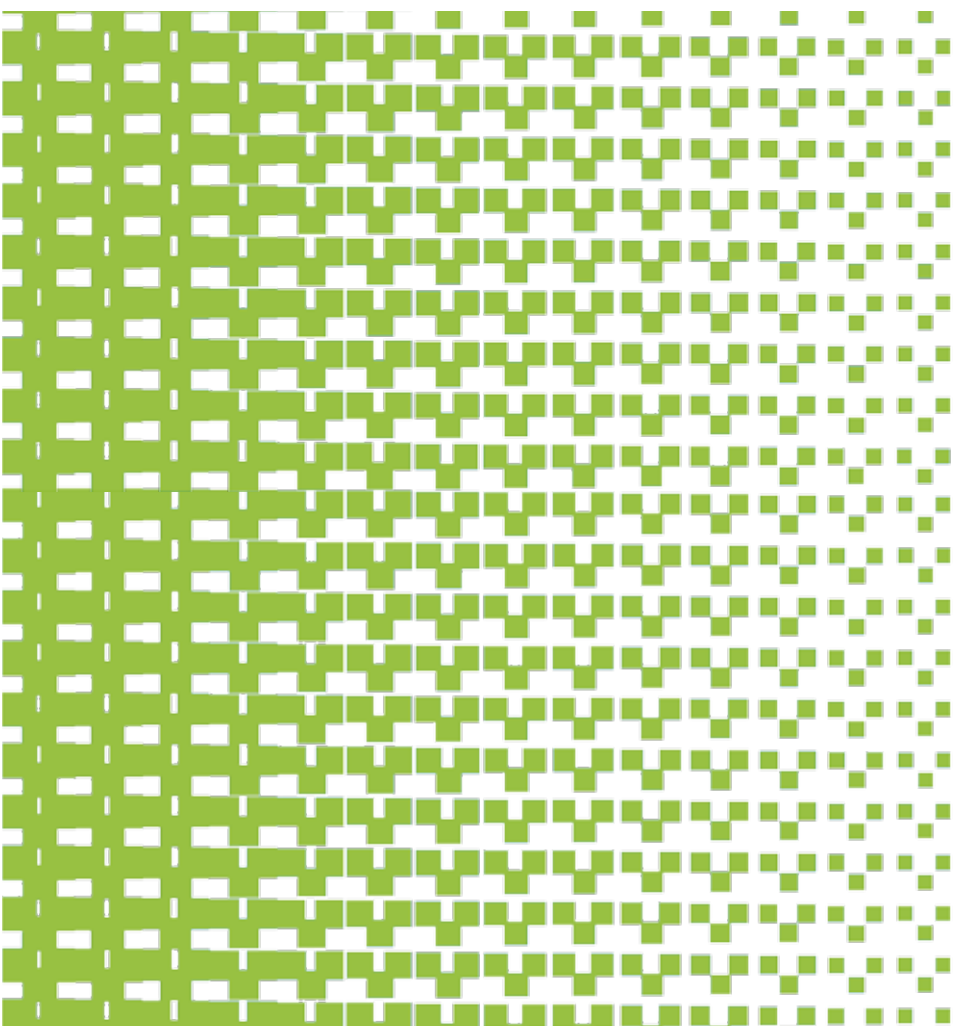
If the project has already been constructed and the project bearer is seeking refinancing, provide details of the loan amount and date of signature.

10. Financial information:

Viability criteria of the project: Payback, IRR, NPV (raw information to enable the calculation and verification of these ratios).

11. Project risk analysis:

Technical risks linked to the project and financial risks linked to the activity of the project (to distinguish between mitigation projects and adaptation projects with savings component, example: agriculture).



CONTACTS



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