

International Solar Alliance
Programme “Affordable finance at scale”
Implementation documents – Press kit

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APPENDIX 1

ESTABLISHMENT OF THE GROUP OF PILOT COUNTRIES

1/ Founding principles

In order to implement the priorities set on 11 March 2018 during the International Solar Alliance (ISA) Summit, Pilot Countries have resolved to urgently define, with the support of the best legal experts, who will be selected by them and financed with the help of partner countries and institutions, a collective regulatory and contractual framework (the Collective Framework), which will :

PRINCIPLE 1: Create a fast-track, simplified and collective route for the procurement and financing of projects valorising solar energy, thus minimizing transaction and financing costs;

PRINCIPLE 2: Offer an optimal collective protection of the countries' public interests against the investors' and lenders' demands;

PRINCIPLE 3: Make possible the setting of a common guarantee mechanism as well as a simplified and mutualized treatment of the financing needs through a common digital platform;

PRINCIPLE 4: Apply optionally to assets countries would wish to register into this framework, with no prejudice to the existing national provisions;

PRINCIPLE 5: Enable optimal exploitation of solar resource considering the diversity of existing and future technological and economic models;

PRINCIPLE 6: Enable an urgent implementation of programs optimizing sustainable access of populations to new and renewable energies.

2/ Overview of the workstreams

In order to meet the political objectives expressed in the Terms of Reference, Pilot Countries will address the following topics :

- **on the one hand** : all regulatory and contractual points for which Pilot Countries may benefit from collective legal assistance and better protection, whether these aspects cover conditions for the development and operation of solar projects (WORKSTREAM 2) or regulation of investments (WORKSTREAM 3) ;
- **on the other hand** : questions dealing with the guarantee regime applicable to the developed assets (WORKSTREAM 4) ;
- **finally** : issues related to the optional nature of the Collective Framework (WORKSTREAM 1) and its legal form (WORKSTREAM 5).

3/ Methodology

The Pilot Countries agree that each of the identified workstreams and sub-streams be dealt through the review of the following questions:

- What are the concerns and objectives of the Pilot Countries ?
- What are the applicable or contemplated regulatory provisions ?
- What are the expectations of other stakeholders ?
- What are the existing harmonisation proposals ?
- What types of economic models are envisaged ?
- Are there any constraints arising from applicable of international treaties, and if so, which are they ?
- What are the possible options, and what are the advantages and disadvantages ?
- What is the optimal draft text which could be used in the Collective Framework ?

To address the above mentioned questions, Pilot Countries agree to:

- the appointment, for each Pilot Country, of a representative mandated by the Head of State (the Representative) ;
- the establishment of a team of legal advisors (the Legal Experts) which would assist the country Representatives mandated by Heads of State ;
- the implementation of a consultation process for other stakeholders.

APPENDIX 1.1

Political outcome of the initiative

1/ The initiative is driven by Heads of State and is expected to result in a Summit in the second half of 2019. During this Summit, willing Pilot Countries may announce the first projects launched through the new Collective Framework developed in the context of ISA's "Affordable Finance at Scale" programme.

2/ In view of the Summit, Pilot Countries will prepare a first round of coordinated projects that can benefit from the Collective Framework as soon as it comes into force and will constitute a first set of operations at scale.

3/ Such announcement could be formulated as follows: *"Countries A, B, C, D etc. have secured the financing of [X = number of entities], at a cost of [Y = unit cost], through an innovative Collective Framework with an international convention status, and benefiting from a well-adapted guarantee and from aggregation of demand via a digital platform"*¹.

4/ This mechanism initiated by Pilot Countries is intended to be adopted by as many ISA member countries and partners as possible pursuant to Article 3.1. of the Treaty - the mass effect resulting in collective strength and the diversity of geographies allowing an optimal risk mitigation.

5/ This mechanism is intended to channel, by 2030, within ISA countries, \$ 1 trillion of affordable investments toward solar infrastructures, in line with the ISA founding goal and the "Affordable finance at scale" programme.

6/ The principles implemented for this mechanism are intended to be replicated, in the long term, for the financing of other sustainable infrastructures - the role of ISA is to pave the way.

7/ Pilot Countries which would ultimately decide not to join the collective mechanism, or to join it only at a later stage, will in any event, through their participation to the works, benefit from significant capacity strengthening and will be able to rely on the results of the Initiative to strengthen their national regulatory frameworks, in line with ISA objectives.

8/ The Summit aims at bringing together, around the Head of States of the Pilot Countries, the Heads of State of all countries invited to join the collective mechanism, as well as representatives of the stakeholders consulted during the process and supporting the "new deal for solar finance".

9 / Through the establishment of a *"new international contract between the public sector, the private sector and civil society"*, the Summit shall also intend to create a new dynamic in which beneficiary countries, African countries in particular, shall undertake the leadership and invite other parties to contribute – unlike other programmes traditionally initiated by multilateral donors, developed countries, international agencies or private sector.

10 / Heads of State of Pilot Countries shall discuss directly among themselves at least [three] [four] times before the Summit in the second semester of 2019, in order to review progress towards the objectives and take necessary decisions, either on the occasion of planned meetings or during *ad hoc* teleconferences.

¹ Such formulation refers to the three elements mentioned by the President of the French Republic on 11 March 2018 during the ISA Summit – The formulation may be modified depending on decisions taken during the works.

APPENDIX 1.2

Work streams detailed description

WORK STREAM 1 – Scope of the Collective Framework and process of registration

This workstream is intended to define the process of registration and/or exit under the Collective Framework of solar projects for which the Pilot Countries wish to benefit from a streamlined collective pathway. It intends to clarify the articulation with regulatory frameworks, public policies, and planning instruments in each country. It aims at examining the terms and conditions for the aggregation of the demand of projects, financing and guarantee made possible by the Collective Framework.

1.1. Terms of registration in the Collective Framework

1.1.1. Optional nature of the Collective Framework

*What are the consequences caused by the submission of a project or asset to the Collective Framework?
Advantages or disadvantages of the optional nature
Opt-in or opt-out?*

1.1.2. What may be registered in the Collective Framework?

*A call for tenders: under which conditions?
A duly documented project: under what conditions?
Other options*

1.1.3. Stages and terms of registration

*Expression of the local request
Decision to register at governmental level
Formalisation of the registration, data registered
Rules for withdrawing from the project
Rules of exclusion in case of breach of obligations*

1.1.4. Possibilities of aggregating demand and pooling tasks (at national/international level)

*Aggregation and pooling of project demand
Aggregation and pooling of financing demand
Aggregation and pooling of guarantee demand*

1.2. Scope

1.2.1. Eligible solar projects

Depending on the type of solar energy technology, surface area promoted, product or service generated, equipment (production, distribution, storage, etc.), buyer, contractual scheme and economic model

1.2.2. Eligible Investments

Equity during the feasibility, development, construction, operation phases?

Debt during the feasibility phase, development, construction, operation phases?

Nationality criteria?

1.2.3. Possibility of future extension of the scope of the Collective Framework

1.3. Articulation with existing domestic regulation and public policies

1.3.1. Articulation with domestic public policies

Public Policies relating to energy demand planning and resource exploitation

Possibility of shared instruments

1.3.2. Articulation with the existing domestic regulations

Articulation with legislation and regulations applying to electricity and energy

Articulation with investment codes

1.3.3. Articulation with international treaties in force

WORK STREAM 2 – Legal regime for project development and operation

The objective of this workstream is to define the legal and tax regime applicable to development, construction, operation and decommissioning of solar projects governed by the Collective Framework. These rules are designed for solar projects of all scales and all present and foreseeable future economic models. A contractual documentation reflecting such economic models will be implemented.

2.1. Rules governing development and installation of projects

2.1.1. Rules governing the use and provision of sun-lit surfaces

Nature: property, long-term lease with real rights, concession of a public service, encroachment permits

Definition of legal instruments: unilateral deed or contract (authorisation, licence, etc.).

Regime of the real rights and terms of registration on the mortgage register

Role of public authorities (Government, Local Authorities, Regulation Authority, Public Establishments)

2.1.2. Equipment procurement

Indirect tax on equipment

Import regime

Incentive regime for the development of a local industry

Technical standards, quality standards

Rules for tenders and interaction with public procurement rules [for acquisition of off- or on-grid equipment]

2.1.3. Authorisations for installation/construction

Nature and content of the required authorisations (construction, environmental and social rules, grid connection and injection, etc.)

Local land use regulations, where applicable

Instruction, issuance and claim process

Mutability/modifications of authorisations over time - Innovations

One-stop shop and Single Authorisation

2.1.4. Rules governing refurbishment and decommissioning

Planning use of land on which solar projects have been dismantled

Creation of a dedicated recycling chain or extension of existing chains

Standards and obligation of decommissioning

Constitution of decommissioning guarantees

2.2. Regime applicable to sales of products and services derived from solar projects

2.2.1. Access regime to buyers

For the sale of electricity to the grid: operating licence, accessing the grid, regulation, etc.

For the supply of electricity to industrial buyers or suppliers: wheeling, etc.

For local distribution and supply such as mini-grid/micro-grid

2.2.2. Monitoring of technical performance data

2.2.3. Price, tax and customs duties applicable to products and services derived from operating solar resource

Typology of different tariff regimes

Definition of special taxable goods and services (native, raw, finished condition)

Definition of taxable people and operations (export, sale)

Tax exemption regime

Tax and customs dispute regime

2.3. Contractual documentation

On grid power purchase agreement

Mini-grid and off-grid power purchase agreement

Other agreements (leasing or purchase, auto-consumption and surplus sale)

Power supply agreements

Power generation and distribution concession

WORK STREAM 3 – Investment regime for solar projects

The objective of this workstream is to define the investment regime applicable to solar projects governed by the Collective Framework, both for equity investors and lenders. These rules are designed to reach the lowest possible cost of capital in order to maximize the impact on the growth of local economies while preparing the fastest possible increase of local investment.

3.1. General principles

3.1.1. Scope of the investment regime and eligibility

Definition and scope of considered investments

Investor status

Scope of applicable regimes (tax, customs, etc.)

Support and promotion of reciprocal investment for foreign investments

3.1.2. Monitoring of financial performance data

3.2. Equity investments

3.2.1. Creation, structuring, sale of equity investments

Rules for creation, minimum capitalisation, thin-capitalisation regulation

Funding equity beyond the minimum share capital

Transfer of shares; cross-border transfers

Foreign investment regime in SPV (special purpose vehicle)

Local shareholder regime in SPV: holding, governance, control

3.2.2. Incomes from equity investments

Shareholding tax

Dividend tax

Share transfer tax

Regime for cross-border operations: repatriation of dividends, currency conversion, foreign exchange

3.2.3. Protection of equity investments

Expropriation

Nationalisation

Acceptance and implementation of diplomatic protection for foreign investments

3.3. Debt financing

3.3.1. Rules for holding, structuring, and selling liabilities

Different types of debt financing

Regime for debt holding

Debt transfer regime; cross-border transfers

Possibility of aggregating debt financing demand

3.3.2. Income from debt financing

Tax on debt assets

Tax on debt revenues

Tax on debt transfer

Regime for cross-border operations: repatriation of dividends, currency conversion, foreign exchange control

3.3.3. Debt financing protection

Security interests

Guarantees

3.4. Prevention and resolution of disputes pertaining to investments

Principles pertaining to the obligation of mediation and negotiation between (i) signatory States themselves and (ii) the investor and the State, rules pertaining to the choice of dispute resolution institution

Reflection on the mediation mechanism between the parties and exhaustion of intermediary redress channels

Reflection on ad hoc arbitration mechanism

WORK STREAM 4 – Guarantee Regime

This workstream aims at defining the guarantee regime the assets governed by the Collective Framework may benefit from. This regime will be defined in close cooperation with third parties in a position to provide a guarantee, either immediately through existing guarantee mechanisms, or on the long term through a dedicated guarantee mechanism to be created. The idea is to avoid beneficiary countries giving a sovereign guarantee for each transaction and to benefit from a legal instrument enabling an aggregated treatment through a mutualized process.

4.1. General principles

Specific risk profile of assets subject to the Collective Framework

Use of performance data for risk assessment

Who can benefit from a guarantee?

Types of guarantees corresponding to various types of economic models

What are the risks which may be covered?

Possibility of aggregating and pooling the guarantee needs

4.2. Transition regime

Guarantee by existing mechanisms which may be applicable to assets registered in the Collective Framework should this framework become effective before the specific mechanism is operationalised.

Conditions for triggering a specific guarantee mechanism (volume and diversification)

4.3. Specific guarantee mechanism

4.3.1. Operation

Demand for guarantee

Issuance of guarantees

Reinsurance

Claim and payment

4.3.2. Guarantee entity

Status and form

Capitalisation

Governance

**WORK STREAM 5 –
Terms of adhesion, amending of the protocol and dispute resolution**

This workstream aims at defining the process of adherence to and withdrawal from the Collective Framework which should be adopted by the largest possible number of countries. It also aims at enabling the Collective Framework to evolve in an efficient manner so as to adapt to new economic models, practices and technologies. This evolution will take place in close cooperation with all categories of stakeholders. Mechanisms for prevention of dispute and dispute resolution will be specified in the workstream.

5.1. Terms of adherence to and withdrawal from the Collective Framework

Adherence of pilot countries

Terms of entry into force

Extension of adherence to other countries (signatories of the Treaty?)

Terms under which countries may withdraw

5.2. Terms of development over time of the Collective Framework

Consultation mechanism - stakeholders involved

Object of the review

Rules governing amendments

Future protocols

5.3. Prevention and resolution of disputes pertaining to the application of the Collective Framework

Definition of disputes which may be referred to dispute prevention and resolution mechanisms under the protocol

Prevention mechanism

Resolution mechanism

APPENDIX 1.3.1

Working method : appointment of a Representative mandated by the Head of State

Pursuant to Article 3.4 of the ISA Treaty, each country participating in the Initiative shall appoint a special Representative for this Initiative intended to accelerate the implementation of ISA Summit's key recommendations.

The Representative shall work in close coordination with ISA's national focal point for his or her country, who is responsible for coordinating Alliance-related activities at the national level (article 2.4 of the Treaty) and for centralising information relating to objectives, needs and obstacles encountered (article 2.3 of the Treaty). As the case may be, the Representative may be the advisor in charge of the initiative to the head of State or the national focal point for the ISA.

Each country's Representative shall be duly appointed by the Head of State and shall report to the later. He or she shall have proven experience in the areas covered by the Initiative's Terms of Reference, in order to be able to effectively perform his/her functions.

Each country Representative shall:

1. Participate in the working sessions with all other countries' Representatives and the team of Legal Experts ;
2. Lead the work of Legal Experts, by relaying the political objectives formulated by the authorities of his or her country, as well as the specific needs and obstacles encountered;
3. Before each workshop: consult about items on the agenda, together with the National Focal Point, the Ministries and national public authorities involved, including public power purchasing entities;
4. Point out the current provisions of the national regulatory framework and ongoing reforms, as well as additional provisions under bilateral or multilateral treaties to which his or her country is a party;
5. After each workshop: report to his or her political authorities and to all relevant ministries and national public authorities;
6. Submit to his or her authorities a finalised text, based on the work done with the Legal Experts;
7. If the decision is taken by the authorities of his or her country to adopt this draft: assist the authorities in the adoption process.

Travel and operating expenses relating to this mission are included in the subscription opened by the countries participating in the initiative, pursuant to article 6.4 of the Treaty.

APPENDIX 1.3.2

Organization of the working sessions and provisional timeframe

NB. Should the following provisions be agreed upon by Pilot Countries, they should be applied from the moment upon which the Legal Experts have been selected.

1/ Material organization

The work is based on physical meetings, which shall last approximately three to four days. These sessions are held in Pilot Countries and / or facilitating countries which volunteer to host them. They take place in a location with logistical accommodations enabling group cohesion and efficiency of the works.

As a matter of right, the following persons shall attend the working sessions:

- Representatives mandated by Head of States of Pilot countries, who shall have decision-making power;
- the Legal Experts.

Country Representatives mandated may be accompanied by the ISA National Focal Point of their country, as well as by representative(s) of the national authorities particularly interested in the agenda.

By invitation of the Pilot Countries, may participate in the working sessions:

- representatives of facilitating countries [advisory role];
- a representative of organizations in charge of consulting with other stakeholders [advisory role];
- on an *ad hoc* basis and depending on the agenda, representatives of consulted stakeholders [advisory role];
- representatives of observer countries [observer role].

The designation of the body responsible for secretariat and logistical issues related to the organization of the sessions will be dealt with separately.

2/ Provisional work organization

For each set of items on the agenda of a given session N, it is proposed that the work follow the subsequent path (provisional):

In writing, before session N		
1	Legal Experts communicate the agenda items and propose a preliminary draft text including general principles and/or options	
2	Pilot countries representatives review the draft text and conduct internal consultations to prepare their comments	
3	Other stakeholders receive the draft text and share their expectations and proposals in writing	
During session N		
4	Pilot countries representative , on the basis of internal consultations they conducted, communicate on existing provisions, political objectives and concerns in their respective countries and provide a written note to Legal Experts	

5	Legal Experts explain and discuss existing provisions, expectations of other stakeholders, existing harmonization proposals, diversity of economic models to be taken into account and international law constraints	
6	Legal Experts answer questions on the draft text and explain the pros and cons of the different options	
7	Legal Experts record approved items and questions which remain to be discussed	
In writing, after session N		
8	Legal Experts submit an improved and detailed draft based on discussions held during session N	
9	Pilot countries representative review the revised text and conduct internal consultations to prepare their comments	
10	Other stakeholders receive the revised text and share their expectations and proposals in writing within a reasonable period of time.	
During session N+1		
11	Pilot countries representatives' report on the results of the internal consultations they conducted on the text proposed after session N	
12	Legal Experts answer comments, propose, as the case may be, an amended version of the text and acknowledge issues which were agreed upon.	

Proposed methodology for closing session(s)

Before the session		
1	Legal Experts propose a draft resolution of items left open	
2	Pilot countries representatives review proposals and conduct internal consultations to prepare their comments	
3	Other stakeholders review proposals and provide comments in writing [+ perceived risk assessment]	
4	Other stakeholders communicate in writing the results of their internal consultation on the issues voices by Pilot Countries' Heads of State.	
During the session		
5	Restricted meeting with pilot countries representatives + Legal Experts	
6	Expanded meeting with representatives of the three categories of other stakeholders	
7	Mutual agreement on the text and on stakeholders' response to the demands expressed by the Pilot Countries' Heads of State	

3/ Provisional timeframe

NB. This draft timeframe is for information purposes only. The timeframe shall be further detailed with the Legal Experts and shall be adapted depending on the progression of works. It is proposed that four sessions allocate specific time the discussion of contractual documentation (Workstream 2.3).

Session	Item on the agenda	Indicative date
2	General framework Draft – Workstream 1	
3	Finalization – Workstream 1 Draft – Workstream 2 Contractual documentation	
4	Finalization – Workstream 2 Draft – Workstream 3 Contractual documentation	
5	Finalization – Workstream 3 Draft – Workstream 4 Contractual documentation	
6	Finalization – Workstream 4 Draft – Workstream 5 Contractual documentation	
7	Finalization – Workstream 5 Finalization of items which needed to be further discussed Closing with other stakeholders	
	TEXT COMMUNICATED TO HEADS OF STATE	July 2019
	Capacity Building mission in Pilot Countries	

APPENDIX 1.3.3

Internal consultations within each country

NB. Internal work organization for each Pilot Country shall be the sole responsibility of the country representative appointed by the head of State. The following suggestions are provided to ensure optimal harmonization of arrangements made by each country.

The country representative appointed by the head of State should, at the national level and in close coordination with the ISA's national focal point, created a taskforce composed of representatives of national bodies affected by the initiative, including:

1. The ministries in charge of:
 - energy and infrastructure;
 - finance;
 - investment promotion;
 - foreign affairs;
 - justice;
 - customs;
2. The electricity regulatory authority;
3. The rural electrification authority;
4. The authorities responsible for issuing permits and authorisations for projects;
5. National agencies for the promotion and planning of renewable energies;
6. Public power purchasing entities / national utilities.

In addition, the country representative appointed by the head of State may consult, in close coordination with the ISA's national focal point, with local non-state stakeholders involved in the Initiative, including:

1. Communities which are potentially or currently consuming solar energy;
2. Economic stakeholders which are potentially or currently consuming solar energy;
3. Economic stakeholders involved in valorisation of solar energy, all along the value chain;
4. Equity investors and lenders likely to contribute to the financing of projects throughout their life cycle;
5. Law firms;
6. Professors of law, public law and international public law;
7. Experts, professors and researchers in the field of solar energy.

APPENDIX 2

Role, composition, selection and compensation of the college of legal experts

Role of the legal experts college

The legal experts college shall assist pilot countries' representatives (the "Representatives") in drafting a protocol proposal consistent with the Terms of Reference relating to the initiative. This proposal shall be submitted to the heads of state of countries which are involved in the initiative.

For each of the identified sub-tasks, the legal experts shall:

1. collect political objectives and concerns voiced by the Representatives;
2. analyze, together with the Representatives, applicable provisions or contemplated provisions at national and/or regional level, challenges experienced and best practices;
3. analyze, together with the Representatives, the expectations of other stakeholders involved, as well as existing harmonization proposals, based on the consultation process for other stakeholders;
4. submit a preliminary summary draft of the protocol, followed by a detailed proposal and/or a series of options to the Representatives;
5. review in detail, together with the Representatives, the potential advantages and disadvantages associated with the proposed draft protocol;
6. at the end of such review, record the issues which are resolved and the issues which require further discussion; and
7. repeat, if necessary, until the Representatives submit a final proposal to their respective governmental authorities.

In addition to the above mentioned tasks, legal experts shall be responsible for:

1. the organization of a general framing workshop with the Representatives, including a general timeframe proposal; and
2. the implementation of tasks in each of the pilot countries in order to assist each Representative, and the ISA national focal point, in presenting the protocol proposal in detail to all national stakeholders involved and in promoting knowledge transfer.

Composition of the legal experts college – Vacancies

In order to complete the above mentioned tasks for all steps listed in document 1.2, it is proposed that the college of legal experts should be composed of:

- three teams of lawyers from different international law firms, each led by a partner ("Principal Expert") and a mid-level lawyer working under his/her supervision, who may rely on additional workforce within the law firm. The involvement of local resources shall constitute a valuable asset;
- two international law professors, one specialized in international public law and the other in investment law and international arbitration, with strong experience in advising governments.

Moreover, a coordinator shall be in charge of project management and of coordination between the legal experts college, pilot countries and the consultation process for other stakeholders.

Selection process and timeframe

The selection process shall take two important considerations into account:

- pilot countries should be able to rely on the assistance of the best experts at international level, including those regularly used by other stakeholders;
- such experts shall, during the term of their mission, only advise on, and defend the exclusive interests of, the benefiting countries and shall not be subject to any influence from other stakeholders (either public or private) with regard to the development and the financing of solar projects; such stakeholders should be consulted through a specific and transparent process.

It is proposed to send a Request for Expression of Interest (“**REoI**”), in line with international best practices used by international finance for similar projects, to internationally recognized law firms, law professors and experts on the basis of a list of recipients established by pilot and facilitating countries.

All of the expressions of interest received shall be transmitted to each of the Representatives. Expressions of interest shall be appraised and evaluated by Representatives, on the basis of weighted criteria set out in the REoI, during an *ad hoc* meeting. The evaluation process shall include an oral interview between the applicants and the Representatives, either on the day on which expressions of interest are opened for review, or later. Selected candidates shall be those which were awarded the highest score by the Representatives.

Compensation

The fees to be paid to the members of the legal experts college shall consist of a global and definitive lump sum, the amount of which is assessed in document 2.1.2. Such amount shall not be subject to subsequent negotiation or modification in the course of project implementation.

It is proposed such amount shall be paid as follows:

- 90% in the course of project implementation, including:
 - an advance payment amounting to 15% of the lump sum after the general framing workshop took place;
 - 10% after each of the following six working sessions, for a cumulated amount of 60%;
 - 15% when the finalized protocol is submitted to the heads of state for signature;
- 10% where the first projects implemented within the framework of the Protocol for an aggregated amount of € 100,000,000 reach financial close.

The expenses relating to transportation and accommodation for the members of the college of legal experts, as well as all costs relating to translation and printing, shall be subject to a specific evaluation, of the basis of assumptions prepared by ISA Secretariat with regard to practical arrangements and locations for each work session, in accordance with article 6.4 of the ISA Treaty.

APPENDIX 3.1
Consultation of other stakeholders
On the development of the contractual and regulatory provisions

1. General principles for the consultation

In the declaration to be co-signed by them (see Appendix 5), the Pilot Countries Heads of State invite the relevant stakeholders to contribute actively to the development of the new collective framework by expressing their expectations and proposals. These stakeholders will be consulted through a collective, open and transparent process that will enable Pilot Countries to obtain more satisfactory results than what each State can achieve individually.

It is proposed that this consultation process be open to all parties willing to contribute: public and private players, local and international, regardless of the size of the projects, the business model and the segment of the value chain in which they operate or may be involved in the future.

It is proposed that stakeholders willing to actively contribute to this process give notice through an initial common declaration, publicly endorsed, expressing their general agreement with the approach as well as the outlines of their commitment (see document 1.3.2). It is also proposed that these stakeholders centralize and coordinate their contributions through a common organization, which will liaise with the college of legal experts.

2. Consultation organization

For all the items covered during the **working sessions**, stakeholders will be invited to express their expectations and suggestions on the preliminary draft and then on the proposal of detailed text, according to the terms and conditions and the timeline described in document 1.3.2. The organizations in charge of the consultation will ensure the transmission of necessary information to the stakeholders, the collection of their contributions, and the transmission to the Pilot Countries representatives and to the college of experts of elements that can be useful to their work . In addition, stakeholders' representatives may be occasionally invited to participate, in an advisory capacity, in some sequences of working sessions.

According to the terms and conditions described in document 1.3.2, the **closing session** should allow to reach a reciprocal agreement taking into account the collective framework developed by Pilot Countries and the stakeholders response to the call expressed by the Heads of State. The organizations in charge of the consultation will create the conditions to obtain the agreement of a sufficient number of parties consulted on the draft text.

The organizations in charge of the consultation will ensure that the parties concur on a consultation method guaranteeing the transparency and the efficiency of the process. They will define the associated budget. Funding may be sought from third-party partners, with Pilot and Facilitating Countries political support .

3. Categories of stakeholders to be consulted²

3.1. Stakeholders likely to finance projects

Indicative typology	Key consultation points
Equity investors ➤ <i>Development Finance Institutions</i>	<ul style="list-style-type: none"> ● Investor's status ● Financial structuring rules

² The consultation of public entities likely to buy, transport, regulate etc. produced energy is carried out by the representatives mandated by countries; see the document point 1.3.3.

<ul style="list-style-type: none"> ➤ <i>Solar companies</i> ➤ <i>Private investors (alternative equity)</i> 	<ul style="list-style-type: none"> ● Liquidity of the investment ● Taxation ● Profits repatriation ● Dispute resolution
<p>Lenders (short-term and long-term debt)</p> <ul style="list-style-type: none"> ➤ <i>Development Finance Institutions</i> ➤ <i>Commercial and investment banks</i> ➤ <i>Institutional investors (fixed income)</i> ➤ <i>Sovereign funds</i> 	<ul style="list-style-type: none"> ● Loan scheme ● Securities ● Form and substance of the Guarantee ● Taxation ● Profits repatriation ● Dispute resolution

3.2. Stakeholders likely to develop, own, operate etc. projects

Indicative typology	Key consultation points
<p>Energy producers and energy services (project owners)</p> <ul style="list-style-type: none"> ➤ <i>off-grid, on-grid, mini-grid etc.</i> <p>Suppliers, equipment providers, manufacturers, installers etc.</p> <p>Developers <i>stricto sensu</i></p>	<ul style="list-style-type: none"> ● Modalities for contracts awarding and finalisation, tender processes, form, binding force... ● Development, Construction and Operation, in particular authorizations, access to land, access to buyers, operating licenses, etc.; ● Dispute resolution

3.3. Stakeholders likely to provide a guarantee and to measure its impact on public accounts

Indicative typology	Key consultation points
<p>Development finance institutions</p> <p>Climate finance institutions</p> <p>Private insurers and reinsurers</p> <p>Institutions in charge of monitoring the impact of guarantee mechanisms on public finances</p> <ul style="list-style-type: none"> ➤ <i>International Monetary Fund</i> ➤ <i>OECD</i> 	<ul style="list-style-type: none"> ● Scope, form and substance of the guarantee ● Nature, value and conditions of guarantee « undertaking » ● Structure, status, governance and management of the guarantee ● Structure of the guarantee capital ● Reinsurance mechanism ● Mechanism to enforce the Guarantee and appeal procedure ● Impact of the various guarantee mechanisms on the State public accounts

3.4. Stakeholders likely to bring expertise

The consultation will also be open to international organizations that have developed expertise and/or proposals on the regulatory and contractual environment, such as the IEA, IRENA, IFC, World Bank etc.

APPENDIX 3.2
Consultation of other stakeholders
on the issues raised by Pilot Countries' Heads of State

The Pilot Countries Heads of State, in the declaration co-signed by them (Appendix 5), address a specific call for each of the relevant stakeholder categories to contribute to the *new contract* enabling at-scale financing of solar projects. The effective response to this call requires a methodical consultation and specific preparatory work with the parties involved.

On all these points, the organizations in charge of the consultation will create the conditions to reach agreement among a representative number of stakeholders, at the latest at the end of the first semester of 2019, in order to start the operationalization as early as end of the second semester of 2019.

1. Stakeholders likely to finance projects

1.1. « make risk analysis criteria more explicit and transparent »

- The consultation will first focus on the weaknesses that can be found in current risk assessment methodologies for solar project financing; this consultation will include rating agencies;
- The organizations in charge of the consultation will test with the relevant stakeholders the risk evaluation on assets registered under the new collective framework, along with the associated cost of financing. They will use a methodology and a list of explicit criteria mutually agreed upon.

1.2. "increase the proportion of staff trained in managing investments in solar assets in our countries"

- Organizations in charge of the consultation will establish a diagnosis of the progress that can be made in the training of these personnel;
- Based on this diagnosis, they will submit proposals on the content and format of the training courses that can be organized for them.

1.3. "agree on the process to share the performance data of solar assets they finance through the new collective framework"

- Based on a consultation of the actors who hold this data, the organizations in charge of the consultation will submit proposals on a process allowing to share data on the actual performance (technical and financial) of assets and portfolios, in order to build a track record to support risk analysis with facts;
- The organizations in charge of the consultation will also submit proposals on how this matter could be taken into account in the relevant regulatory and contractual provisions, as well as in the operation of the digital platform.

2. Stakeholders likely to develop, own, operate, etc. projects: "Adopt simplified and standardized contract templates across the private-private contractual chain to reduce transaction costs"

- Concerned stakeholders will be consulted on the optimization of risk allocation along the contractual chain, that can ensure the lowest cost of financing; on this basis, the organizations in charge of the consultation will submit proposals to Pilot Countries on how this can be included in their own work;

- Based on existing and ongoing standardization initiatives, the organizations in charge of the consultation will then assist the private parties involved in the drafting of simplified and standardized contract templates, and designed in a way which ensures a good coordination with the regulatory provisions and contractual documentation prepared by the Pilot Countries under the protocol.

3. Stakeholders likely to provide a guarantee: "*Contribute in a timely manner to the capitalisation of the mechanism*"

- The consultation will first focus on the conditions under which the assets governed by the collective framework can be guaranteed by existing guarantee mechanisms;
- The consultation will then focus on the conditions of implementation of a specific guarantee mechanism for the assets governed by the collective framework;
- The consultation will then focus on the financial model (capital requirements) of the specific mechanism and capitalization modalities.

The organizations in charge of the consultation will propose a working procedure and define the associated budget. Funding may be sought from third-party partners, with political support from the the Pilot and Facilitating Countries.

The organizations in charge of this consultation may also share with the representatives of Pilot Countries and their experts proposals for additional actions that can be undertaken by the stakeholders under the "*new deal*" for the financing of solar energy .

APPENDIX 3.3

Consultations for the digitalization of procedures

Annex 1 stipulates that the regulatory and contractual framework developed collectively will be compatible with a "simplified and mutualized processing of financing needs via a common digital platform", in accordance with the proposal expressed by the President of the French Republic during of the Alliance Summit on 11 March, 2018 in Delhi.³

This implies a methodical consultation of all the stakeholders who are likely to use such a platform, in order to identify their specific user experiences, constraints and requests. The consultation should also identify how the stakeholders requests could be adapted and simplified and if so, what anchor point should be given in the regulatory and contractual provisions.

This consultation will include Pilot Countries themselves, and, in particular, the public entities respectively in charge of expressing the requests (through calls for tenders or other modalities), purchasing energy, and issuing permits and authorizations for projects. They will proceed in close coordination with the representative mandated by the Head of State and the ISA National Focal Point..

This consultation will also include all the stakeholders likely to:

1. Finance projects and assets throughout their life cycle;
2. Develop, own, operate etc. projects ;
3. Provide guarantee;
4. Set up the corresponding digital tools.

These parties will be consulted in particular on the following aspects:

1. Access rules to the platform;
2. Modalities for countries to express the request / to register projects and assets;
3. Establishment and awarding of contracts;
4. Permits issuance;
5. Guarantee;
6. Collection and sharing of asset performance data;
7. Dispute prevention and resolution.

The organizations in charge of this consultation will propose a working procedure and define the associated budget. Funding may be sought from third-party partners, with political support of the Pilot and Facilitating Countries.

Based on these consultations, the organizations in charge will communicate to the Pilot Countries representatives and to the college of legal experts, , detailed suggestions on how the digitization of procedures could be taken into account in the drafting of regulatory provisions.

Depending on the Pilot Countries proposals , the functional definitions of the platform may be specified in view of the development of the IT tool and its operating, financing and governance rules.

³ "We must obviously identify thousands of projects now beyond the first 100, and the Alliance will allow this identification to continue, notably by launching a digital and global platform, facilitating the meeting between the countries' needs, expertise and innovative technological solutions and financing."

APPENDIX 4

Modalities of participation of ISA signatory countries

In accordance with Article 3 of the ISA Treaty, the initiative launched as part of the “Affordable finance at scale” program aims at uniting all willing ISA member countries. These countries can join the initiative either now, deciding to take an active role in the drafting of the new collective framework; or in the second half of 2019, when the collective framework is finalized.

I - Countries willing to take an active role in the drafting of the new collective framework are invited to do so either as a pilot country, or as a facilitating country.

1/ Pilot countries

Pilot countries are those wishing to play a leading role in development and implementation of the new collective framework and associating themselves with all the acts and decisions taken by countries participating in the first workshop:

- co-signature of the declaration presented in Appendix 5 by the Heads of State;
- appointment of a representative commissioned by the Head of State;
- active participation in working sessions (decision-making role);
- participation in the college of experts selection process;
- mandate given to the organizations in charge of leading stakeholders consultation.

2/ Facilitating countries

Facilitating countries are ISA Treaty signatory countries willing to support the initiative through:

- experience sharing on actions taken at national levels in regulatory and contractual matters (advisory role);
- political support to foster mobilization of other stakeholders;
- if need be, a financial support to fund the college of experts and the organization of working sessions (see Appendix 2.3).

Facilitating countries are invited to join pilot countries for the following actions:

- co-signature of the declaration presented in Appendix 5 by the Heads of State;
- finalization of the list of recipients of the call for interest to build the college of experts (see Appendix 2.1);
- participation in the working sessions (advisory role);
- mandate given to the organizations in charge of leading stakeholders consultation.

II – Countries willing to be observers of the drafting process can request to be invited to the working sessions as observers. **Observer countries** do not take part to the signature of the declaration published by Heads of State.

APPENDIX 5

Declaration to be co-signed by Heads of State of pilot countries and facilitating countries

A new deal for solar finance

On March 11, 2018, we, Heads of State and Heads of Governments, gathered in New Delhi to signal at the highest level our common will : our countries are endowed with abundant solar resource ; up to now this resource has been untapped ; the time has come to make the best of it.

We have expressed clear priorities for the *International Solar Alliance* (ISA) that we have formed to this end : put in place contractual and regulatory frameworks reducing transaction and financing costs; a common credit risk mitigation mechanism ; simplified and fast-track procedures for procurement and access to finance, as well as a common digital platform.

Today, we transform these priorities into reality : we start the actual drafting of a contractual and regulatory framework that will allow for optimal valorization of the solar resource. This framework will apply optionally to the assets which the countries will individually decide to enroll under it on a case by case basis, with no prejudice to the existing national provisions and procedures.

The assets so registered will benefit from a safer and faster collective route for deployment and financing, with the status of an international treaty. They will benefit from an optimal protection of the public interests vis-à-vis the investors' and lenders' requests – which is difficult for each country to get individually –, and from reduced transaction costs.

Most importantly : the common framework we design will allow for innovative and more efficient forms of credit risk mitigation, where risks are covered in aggregation and passed to the re-insurance market through enhanced and mutualized competition processes, thus reducing costs and avoiding our countries to give their sovereign guarantee on each transaction.

Finally this framework will be so designed to make it possible for the assets to be processed *via* a common digital platform that will aggregate, simplify and mutualize the treatment of the financing and guarantee needs, as well as the management of the tasks that national administrations want to delegate. It will also collect the performance data of the assets, so that investors' perceptions can be corrected and risk assessment methods based on facts.

This collective framework will be finalized by end of this year. It is not meant exclusively for our group of countries : we invite all ISA member countries to join and, in due time, to finance through this collective route the solar assets they choose. We also thank all ISA member countries who contribute by sharing experience. The sixty five countries who have signed the ISA treaty to date represent a total population of 3,124 billion people. This is our strength.

In accordance with article 3.4 of the ISA Treaty, each of us has appointed a national representative with a clear mandate to finalize a common text by the end of this year. Those representatives will work in close coordination with our national focal points for the ISA, and will report to us every three months.

They will be assisted by a team of international legal experts, appointed by us and mandated to represent our countries' public interests in the drafting of the text and in the dialogue with the other

stakeholders – it is not for private stakeholders only to benefit from the advice of top lawyers. We thank partner countries and partner institutions which, in the context of the ISA Program “*Affordable finance at scale*”, contribute to the funding of this group of experts while ensuring their full independence.

Our initiative paves the way for a new deal for the financing of solar. Reducing the cost of finance and mobilizing affordable finance at scale requires a coordinated effort from all stakeholders involved in the process. With this initiative, we do our part as political authorities. We invite all stakeholders to do theirs.

We invite investors and lenders to :

1. engage in a balanced and structured dialogue with us on the detailed provisions of the text and to make their risk analysis criteria more explicit and transparent ;
2. increase the share of their staff trained to manage investment in solar assets in ISA countries – the capacity building effort is not for countries only ;
3. agree on disclosure of performance data of the solar assets they finance, on the upcoming common digital platform.

We invite solar project developers to :

1. provide their inputs regarding the optimal processes and provisions for massive and rapid deployment of solar ;
2. adopt simple and standardized contract templates on the entire private-to-private contractual chain, so as to further reduce transaction costs.

We invite Development Finance Institutions, the GCF, Developed countries to :

1. actively contribute to the drafting of the chapter defining the guarantee mechanism that will de-risk the assets registered under the collective framework ;
2. contribute in due time to the capitalization of the mechanism.

These are the core elements of the New Deal we propose to implement the core objective of the *International Solar Alliance* : to attract more than 1000 billion USD of affordable investment in solar by 2030. We invite all relevant partners and stakeholders to join us on [X] in [Y] for a review of progress and structured dialogue on mutual commitments.