
PFAN Check List for Preparation of Executive Summaries, Project Proposals / Investment Memoranda

The following list is intended as an aide memoire for project developers to help them address relevant issues and questions when preparing project proposals / investment memoranda and executive summaries. It has been compiled as a support document to the respective guidelines for the preparation of Executive Summaries and Business Plans.

The list is exhaustive. It is recognised and accepted that developers will rarely be in a position to provide complete responses to all the questions listed below and depending on the type and status of the project some questions may be redundant. Developers should attempt to provide available information to relevant questions in as much detail as possible / appropriate and available at the time of submission. The above mentioned guidelines for executive summaries and business plans are meant as a suggested template for the organization of the information. Developers can choose their own format and structure of the proposal document to meet the requirements of the project. Simple question and answer formats and yes / no answers are, however, discouraged; the proposal document should rather be in presentation / discussion and analysis format (see PDF download templates for Executive Summaries & Business Plans). PPL / CTI PFAN will then work with developers to bring the proposals / submissions to bankable documents.

1. GENERAL: DESCRIPTION OF PROJECT / INVESTMENT

- 1.1. Please describe the envisaged investment providing as much detail as possible:
 - Nature & amount of investment?
 - Where is the Project location?
 - What facilities will be provided by the project? What will the outputs be (eg nominal installed power capacity / refining capacity for bio-fuels etc)?
 - How will the outputs be transported and “sold” to the market(s)?
 - What are the required inputs and how will they be sourced?
 - Which parties will be involved and what is their envisaged role?
- 1.2. Is Project a “green field (i.e. new) investment” or an extension / upgrade of existing facilities? If extension / upgrade what exists already and what does the extension / upgrade entail?
- 1.3. Timing: when is it planned to start / finish construction? Are there any crucial timing considerations (seasonality of business / climate re construction works etc)?
- 1.4. What is the current planning / implementation status? What still needs to be done to obtain final go-ahead?

2. PROJECT STRUCTURE

- 2.1. What is the envisaged Project structure? What sort of project is being considered?
 - Public or private sector project?
 - Alternatively public private partnership / BOT / Privatisation / Other?
- 2.2. Who is / are the Project Sponsor(s) / Owner(s) / Investor(s)? What is their legal form and corporate structure?
- 2.3. Will these entities remain involved in the Project? If yes how? Or are they merely looking to "sell" the Project and extract "brokerage" fees?
- 2.4. What is the legal form and financial resources of the Project Company (if different from the ultimate owners / sponsors)?
- 2.5. What other investors / partners are involved? What are their corporate structure, shareholders, legal form and financial resources? What are their respective roles?
- 2.6. What is the envisaged role of foreign investors (if appropriate)? What are the minimum and maximum levels of participation of the foreign investor acceptable to the local partners?
- 2.7. Which potential investors (if any) have already been approached?
- 2.8. What role if any will be played by the State / Regional / Local Authorities?
- 2.9. What is the existing / envisaged contractual framework for construction of the plant / project and then its subsequent operation?

3. SCOPE & STRUCTURE OF INVESTMENT

- 3.1. What is the total investment amount? What is the breakdown of the total investment? Provide a schedule including Capex (including development costs), Opex, Financing Costs & Soft Costs etc.
- 3.2. Provide a Source and Application of Funds Statement / Summary.
- 3.3. What is the scope of work?
- 3.4. Has the work been fully costed? If yes the "**Scope of Work**" / "**Bill of Quantities**" and the "**Technical Specification**" should be provided.
- 3.5. Who has put together the scope of work? Has it been verified?
- 3.6. What are the contributions / commitments of existing Project Sponsors / Owners / Project Company and other partners? How has the project development been funded to date? Cash? Sweat equity? Friends & family? Risk capital etc? What future capital commitments are they able to make to the Project?
- 3.7. What is the amount of new investment / financing required? Equity or Debt? What is the envisaged target equity / debt financing ratio?
- 3.8. What shareholding / participation level is being offered? What else is expected / required of the potential investor? What rights and benefits (dividends, payout options, equity conversions, preferential rights etc) attach to the investors obligations and commitments?

4. PROJECT & COMMERCIAL RATIONALE

- 4.1. Is there a Pre-Feasibility Study / Development Plan / Feasibility Study? If yes the respective document(s) should be provided.
- 4.2. What are the envisaged markets to be served by the plant / project? International or Domestic? How big are these markets? How will they be accessed? What market research has been performed?
- 4.3. Has the market been tested?
- 4.4. Who are the off-takers (customers)? Have potential customers already been approached? Are they prepared to enter into pre-agreements regarding off-take / purchase of the envisaged product?
- 4.5. Are Power Purchase Agreement (PPA) or other similar off-take agreements envisaged? To what extent have these been pre-negotiated / agreed? Please provide if available (also on draft form). What volume of the plant's design capacity do these agreements account for?
- 4.6. What specific advantages does the location have over other potential locations? Can these be quantified?
- 4.7. What competition exists already? What future developments are already planned / expected from potential competitors / competing locations / projects?
- 4.8. Is the local physical, logistical and commercial infrastructure in place to be able to implement and operate the plant / project?
 - Is there requirement for ancillary investment in infrastructure for services, access, transport to market (transmission lines & interconnectors eg)? If yes please quantify accordingly.
- 4.9. Are the technical and operational skills for construction and operation of the plant locally available? Or is training necessary?
- 4.10. What risks and challenges have been identified which could threaten the construction and operation of the project as planned? What steps have been (can be) taken to mitigate these risks?

5. TECHNOLOGY

- 5.1. What technologies are under consideration / development?
- 5.2. What are comparative benefits and drawbacks of these technologies?
- 5.3. Is the technology proven? What are the risks associated with under performance of the technology compared to expectations / specification?
- 5.4. What are the parameters for installation and successful operation of the technology? Are these parameters in place? If not how will they be established?
- 5.5. If technologies are being procured (purchased, leased , licensed etc) who are the respective suppliers and what are the implications.
- 5.6. What is the nature of the relationship with the technology supplier/s
- 5.7. What are the prospects for new technology developments that may disrupt / benefit the business model of the project?

6. ENABLING ENVIRONMENT

- 6.1. What is the legal and regulatory environment surrounding the plant / project? What laws have been passed to enable the investors to operate the Project and take profit from it? (eg concession laws / privatisation / mandated energy mix requirements or targets / structure of energy tariffs / independent power production etc).
- 6.2. What licences and permits are required for construction and subsequent operation of the Project (e.g. planning and building permission / commercial & business licences / employment licences / emissions / water rights / import and export permits)? Are they already issued / granted? If not what is their application status? What is necessary to achieve the outstanding licences and permits and what is the time line?
- 6.3. What is the level of political support for the Project at State and / or regional and local level? How is this support demonstrated? Would state guarantees be available? Are other incentives available (grants, subsidies, tax breaks political risk etc.)?

7. MANAGEMENT & ORGANISATION

- 7.1. Who will manage project development & implementation? What is their experience and capability level? What skill sets do they bring? Provide brief biographies / cvs.
- 7.2. How will the development and organisation of the project be organised?
- 7.3. Who has what authority and responsibility to make critical decisions? How quick / effective is the decision making process?
- 7.4. How will key personnel be recruited? Are the necessary skills available? Is training required / provided?

8. PROJECT STATUS & IMPLEMENTATION TIMELINE

- 8.1. Where is the project situated on the development path? When will material development / implementation milestones be achieved
- 8.2. What still needs to be done to start implementation? How long will this take? To what extent can the project management influence / control these processes?
- 8.3. What is the planned project lifetime? What will happen at the end of this lifetime?

9. FINANCING / FINANCIAL CONSIDERATIONS

- 9.1. What is the financial standing of the Project Sponsors / Main Investors / Project Company? Please provide latest audited accounts where available.
- 9.2. Is there a business plan and have the cash flows from the project been modelled? If yes please provide.
- 9.3. What are the main assumptions underlying the business plan and cash flow models?
- 9.4. What are the borrowing targets?
 - Minimum and Maximum amounts
 - Tenors / Maturity
 - Borrowing Costs
- 9.5. What security is available?
- 9.6. What is the anticipated / targeted IRR (Internal Rate of Return)?
- 9.7. What is the anticipated / targeted ROCE (Return on Capital Invested / Expenditure)?
- 9.8. What is the Pay Back Period? When is Break-Even expected?
- 9.9. What are the annual debt (DSCR) and interest coverage (ICR) ratios demonstrated by the Project cash flows using EBITDA (Earnings before Interest Taxes, Depreciation and Amortisation)?
- 9.10. What financing arrangements (if any) have already been made? What investors / banks / institutions have already been approached?
- 9.11. What local bank support (if any) would be available for the Project?
- 9.12. If this is a public sector project, has the cost of the Project been fully budgeted in the appropriate Public Sector Budget and / or Borrowing Schedule?

10. PROJECT IMPACTS

- 10.1. What is the environmental impact of the plant / project? What mitigation measures are envisaged? Please provide EIA (Environmental Impact Assessment) if available.
- 10.2. What are the GHG reduction benefits?
- 10.3. What are the energy efficiency gains of the new technology / process / project?
- 10.4. What are the other quantifiable economic impacts of the project? Jobs created / skills transferred / technologies transferred etc.
- 10.5. What are the developmental and social impacts of the project? Education, pollution abatement, health, female empowerment and economic participation, water quality and availability, poverty reduction etc.

11. RISKS / STRESS TESTING & SCENARIO ANALYSIS

- 11.1. What are the main risks identified with the development and implementation of the project? (Completion risk, construction risk, technology risk, performance risk, counterparty risks, business specific risks, economic risks, industry risks, financial risks, political risks etc)
- 11.2. What actions / steps are proposed to mitigate these risks?
- 11.3. What are the effects of these risks on the financial model and cashflows?
- 11.4. Under what circumstances does the project become non-economic? How likely are these circumstances to occur? What are the implications and commercial options if they do occur?
- 11.5. What are the potential upsides and growth scenarios and their potential financial commercial results / impacts on the project?

12. OTHER CONSIDERATIONS

- 12.1. Elaborate on any other material (positive or negative) characteristics, features which are instrumental to the project's development and implementation. Other comments or considerations.

END