



*Registered and General Address*

*92 Lovibonds Avenue, Farnborough  
Kent BR6 8EW, ENGLAND*

*Telephone: +44 1689 857063*

*Facsimilie: +441689 857063*

*E-mail: rfi@project-finance.com*

---

*Warranty: RFI provide no warranties nor guarantees as to the fitness or accuracy of this document. Where a recipient chooses to use this document for a critical business purpose, then **it is the responsibility of that person and organisation to satisfy themselves of the fitness of this document.***

*Copyright: Where applicable, RFI acknowledge that a prior copyright exists in some of the content.*

## Contents

<b>FORM FOR PROJECT FINANCE .....</b>	<b>1</b>
1    HOW TO USE THIS FORM.....	5
<b>PROJECT SUMMARY - .....</b>	<b>7</b>
1    SPONSOR.....	8
1.1    Legal name of sponsor.....	8
1.2    Contact person, Functions, Responsibilities and location of sponsor - .....	8
1.3    Legal status of sponsor (mark appropriate box) .....	8
2    PROJECT PARTNERS .....	9
2.1    Identity and location of partners (attach separate page if necessary) .....	9
2.2    Sector (Please tick relevant box(es) and specify).....	9
3    BRIEF PROJECT DESCRIPTION.....	10
3.1    Type and amount of finance required .....	10
3.2    Other sources of finance (as percentage of total project cost) .....	10
3.3    Expected savings per year, Energy prices (EURO) .....	10
4    SUMMARY CASH FLOW ANALYSIS.....	11
<b>BUSINESS DESCRIPTION.....</b>	<b>12</b>
1    COMPANY HISTORY, ACTIVITIES AND PROSPECTS .....	13
1.1    Nature of the business.....	13
1.2    Strengths of the business.....	13
1.3    Risks .....	14
1.4    Current situation.....	14
1.5    Future plans.....	15
<b>NATURE OF THE PROJECT .....</b>	<b>16</b>
1    INTRODUCTION.....	17
1.1    Background to the project.....	17
1.2    Scope of the project.....	17
1.3    Rationale for the project.....	17
1.4    Arrangements for implementation.....	18
2    INFRASTRUCTURE BACKGROUND .....	18
2.1    Locations and age of owned or rented fixed capital assets .....	19
2.2    Description of supplies.....	20
<b>BENEFITS .....</b>	<b>21</b>
1    BENEFITS DETAILS .....	22
2    DESCRIBE THE BENEFITS TO THE NATIONAL AND LOCAL ECONOMY EXPECTED FROM THE PROJECT, COVERING THE SPECIFIC IMPACT ON .....	22
2.1    Export promotion.....	22
2.2    Import substitution .....	23
2.3    Job creation .....	23
2.4    Productivity improvements.....	23
2.5    Technology transfer.....	24
2.6    Management development.....	24
<b>THE SPONSORS .....</b>	<b>25</b>
1    THE SPONSORS .....	26
2    SPONSOR'S DETAILS .....	26
2.1    Financial data .....	27
2.2    Proposed financial contributions and exposures.....	28
2.3    Rationale for the involvement of other partners, if any.....	28

## Form for Project Finance Business Plans

3	OBJECTIVES.....	29
3.1	What are the long term objectives of the business (if any)?.....	30
	<b>PROJECT COSTS AND TIMETABLE.....</b>	<b>31</b>
1	COST DETAILS .....	32
1.1	Project costs.....	32
1.2	Energy production/(consumption) .....	32
1.3	Basis for the cost estimate .....	32
1.4	Sources and dependability (condition and age) of technology and equipment.....	32
1.5	Assistance, if any, to be provided by the technology supplier .....	33
2	TIMETABLE OF IMPLEMENTATION AND DISBURSEMENTS .....	33
2.1	Timetable of Implementation and Disbursements .....	33
2.2	Agencies in charge.....	34
2.3	Nature of the contracts with agencies in charge of implementation of project.....	35
2.4	Explanation of any cost contingency built into the project costs , .....	35
3	PROCUREMENT ISSUES.....	37
3.1	What is the proposed method for purchasing goods, services and equipment with the funds?..	37
3.2	What is the justification of using any other method?.....	37
3.3	Is there any reason not to use competitive tendering?.....	37
	<b>PRODUCTS SERVICES AND MARKET .....</b>	<b>38</b>
1	PRODUCTS AND SERVICES .....	39
1.1	Description of products or services to be supplied by the business .....	39
1.2	Pricing and Costs (breakdown of the cost of materials) .....	39
1.3	Sources of cost estimates .....	40
1.4	Explanation of price estimates .....	40
2	2 THE NATURE OF THE MARKET FOR THE ENTERPRISE'S PRODUCTS OR SERVICES.....	41
2.1	Market Description, Location and Size .....	41
2.2	Type of consumers.....	42
2.3	Competitor's analysis .....	42
2.4	What is special about your own products or services? (What is their unique selling point?).....	43
2.5	Advantages of your product or service over the competition .....	43
2.6	Factors affecting the growth of demand .....	43
2.7	Financial Position of Buyers.....	44
	<b>REGULATIONS AND ENVIRONMENTAL INFORMATION .....</b>	<b>45</b>
1	REGULATIONS .....	46
1.1	Key regulations required for the transaction from public authorities.....	46
1.2	Key permissions required for the transaction .....	46
1.3	Permit requirements.....	48
1.4	Environmental regulations .....	49
1.5	Environmental Contact Person.....	50
2	ENVIRONMENTAL ISSUES ASSOCIATED WITH THE PROJECT .....	50
2.1	The Land .....	50
2.2	Physical Construction Activities Involved in the Project .....	51
2.3	Environmental Impact Assessments or Environmental Audits Carried Out for the Project .....	51
2.4	Potential environmental liabilities, if any.....	52
2.5	Proposed environmental mitigation.....	52
2.6	Proposed environmental enhancement .....	53
2.7	Corporate environmental policy.....	53
2.8	Environmental concerns with the project and its associated properties .....	54
2.9	Status of public consultation on the project.....	54
	<b>ROLE OF THE BANK.....</b>	<b>55</b>
1.1	Concise description of the proposed role of the Bank* .....	56
	<b>FINANCING PLAN.....</b>	<b>57</b>

# Form for Project Finance Business Plans

---

<b>CASH FLOW PROJECTIONS AND FINANCIAL VIABILITY .....</b>	<b>59</b>
<b>PRO-FORMA FINANCIAL STATEMENTS .....</b>	<b>61</b>
<b>1 OVERVIEW.....</b>	<b>62</b>

# 1 How to Use this Form

### **Purpose of Form**

It should be remembered that the decision makers in banks have only a limited time to examine a proposed project before making their decision whether to proceed with the loan approval process. A badly presented or incomprehensible proposal stands the risk of being turned down without being fully examined. In order to overcome this problem, this Form is designed to help potential project sponsors understand how to write a business plan and how to present it.

### **A Guide for Beginners**

A Guide accompanying this Form is not meant to be read straight through but rather to be used like a reference which you consult according to your purpose. We recommend that you examine the Table of Contents and scan through the Guide to get a feeling for its structure and organisation.

If you are new to the project preparation, then it is suggested that you begin from the beginning, reading the first chapters prior before attempting to write a business plan. The first chapter is designed to help the reader understand the context, key issues and requirements of bankable proposals. Therefore a comprehensive understanding of the content of the preliminary chapter will help smooth out the process of writing the actual business plan.

### **Business Plan Form**

After reading the first chapter the reader may try completing a business plan form. This is the form which a sponsor may use for project proposals requesting finance from an International Financial Institution. The Business Plan is a tool whose value depends on how well you use it. Therefore special care and attention needs to be given to every item of the Form. Missing essential elements may cause unnecessary delays in the approval process.

It is recommended that the Business Plan Form be photocopied and the copy be used as preliminary worksheets to help you draft your own business plan. You should attempt to fill out as many of the blanks as possible and to take note of those areas which require further research. The Form will help you document what types of information you need to gather. The Form is only an example and you should modify, add, or take out parts which are not relevant to your project.

### **Questions of Business Plan Form**

Should you be unsure of the meaning of any section of the Form, then you can turn to the Guide to the Business Plan Form which describes each of the requirements in detail and provides "planning notes" and "questions" aimed at clarifying the purpose, scope and relevance of each section.

### **Final Note Before You Start**

If you had all the information at your fingertips, you could write the business plan within few days! But there is a lot of information required. Learning how to write a business plan is a

fundamental step which all business people must learn if they are to gain maximum returns on their investments.

The form has been designed for the eventual reader. In most cases, this is a busy manager or analyst in the corporate investment department or the external financial institution which is to be asked to fund the work. As a result, the form and supporting material begins with a summary and progressively provides additional details. With a few exceptions, this is the opposite of the way in which the form would be constructed if it was designed solely for the person or team compiling the information.

Therefore, when planning the completion of the form, the following should be taken into account:

1. In circumstances where the approach and much of the detailed planning for a project is already well known, it is normally more beneficial to complete the detailed aspects of the form before the summary.
2. However, if a project is at a very early stage and it is not yet completely clear how the project is to be structured, it can be both slow and potentially error-prone to begin by developing the plans for the project at the detailed level.

In these circumstances, it can be a very useful technique to clarify the overall strategy for the project before developing the detailed plans. This approach is achieved by completing the summary form before beginning on the most detailed areas of definition.

Project Summary -

## Project Summary -

### 1 Sponsor

#### 1.1 Legal name of sponsor

--

#### 1.2 Contact person, Functions, Responsibilities and location of sponsor -

Contact Person :		
Address :		
Country:	Region:	Town:
Tel:	Fax:	Email :

#### 1.3 Legal status of sponsor (mark appropriate box)

Public Company	Private Company	To be privatised	Other (specify):



**2 Project Partners**

**2.1 Identity and location of partners (attach separate page if necessary)**

Name :	
Address :	
Tel :	Fax:
Name:	
Address:	
Tel:	Fax:
Name:	
Address:	
Tel:	Fax:
Name:	
Address:	
Tel:	Fax:

**2.2 Sector (Please tick relevant box(es) and specify)**

Production:	Specify:
Services:	Specify:
Retrofitting:	Specify:
New technology:	Specify:
Safety/Environment:	Specify:
Others:	Specify:

3 *Brief project description*


3.1 *Type and amount of finance required*

Type of finance requested <small>(tick appropriate box):</small>	Total project cost (EURO):	
<b>Debt</b>	<b>Amount of finance requested (EURO)</b>	
<b>Equity</b>	Amount requested as percentage of total project cost	%

3.2 *Other sources of finance (as percentage of total project cost)*

Sponsor's and Partners' own resources	%
Local commercial bank	%
Grants	%
Other international financial institutions	%

Total 100%

3.3 *Expected savings per year, Energy prices (EURO)*

Expected Savings Per Year	As Percentage of Current Consumption
GJ	%
kWh	%
EURO	%

EURO/GJ
EURO/kWh

## Form for Project Finance Business Plans

---

a. Lifetime of the project implementation time

Years
-------

b. Proposed start of implementation.

(day/month/year)
------------------

c.

Expected

Years	Months
-------	--------

### 4 *Summary Cash Flow Analysis*

*These can be found in the Summary Cash Flow Analysis form in the attendant model.*

Business Description

*Business Description*

**1**     *Company History, Activities and Prospects*

(attached separate sheets if necessary)

Briefly discuss the nature, strengths, risks, current situation and future plans of the business

**1.1**    *Nature of the business*

**1.2**    *Strengths of the business*

1.3 *Risks*

1.4 *Current situation*

1.5 *Future plans*

Nature of the Project



*Nature of the Project*

**1**     *Introduction*

**1.1**   *Background to the project*

**1.2**   *Scope of the project*

**1.3**   *Rationale for the project*

1.4 *Arrangements for implementation*

2 *Infrastructure Background*

*(attach separate sheets if necessary )*

## Form for Project Finance Business Plans

---

### 2.1 *Locations and age of owned or rented fixed capital assets*

Plants
Warehouses
Offices
Stores (retail)
Other

2.2 *Description of supplies*

Energy/Electricity

Gas

Raw Materials

Others

---

Benefits

---

*Benefits*

- 1 Benefits Details
- 2 Describe the benefits to the national and local economy expected from the project, covering the specific impact on

*Energy and environmental improvements*

*2.1 Export promotion*

**2.2** *Import substitution*

**2.3** *Job creation*

**2.4** *Productivity improvements*

2.5 *Technology transfer*

2.6 *Management development*



---

The Sponsors

---

## 1 *The Sponsors*

### 2 *Sponsor's Details*

*Describe the main parties to the project, including the personal details, background and experience of main parties and top management to the project.*

(Use additional sheets if necessary )

Name:		
Address :		
Telephone (home):	Telephone (work):	Fax:
Business experience, qualifications and training:		
Name:		
Address:		
Telephone (home):	Telephone (work):	Fax:
Business experience, qualifications and training:		

2.1 *Financial data*

Past track record

Future projections

### 2.2 *Proposed financial contributions and exposures*

Name of Partner	Financial Contribution (EURO)	Exposure to Financial Risk (Recourse or Non-recourse)

### 2.3 *Rationale for the involvement of other partners, if any*

--

### 3 Objectives

#### 2.1 What are the objectives of the business itself?

Short term (from today until end of first year)

Medium (from end of first year to end of fifth year)

How are these objectives going to be achieved

3.1 What are the long term objectives of the business (if any)?

(From end of fifth year)

How are these objectives to be achieved

---

Project Costs and  
Timetable

---

*Project Costs and Timetable*

**1 Cost Details**

*This section sets out in detail the total costs of the project and their justification.*

**1.1 Project costs**

*These can be found in the Costs form in the Model.*

**1.2 Energy production/(consumption)**

*These can be found in the Model*

**1.3 Basis for the cost estimate**

<p>How have the costs been estimated</p>
--

**1.4 Sources and dependability (condition and age) of technology and equipment**

Name and Short Technical Description of Proposed technology and Equipment	Condition (new, good, fair, poor)	Age (in years)



## Form for Project Finance Business Plans

---


### 1.5 *Assistance, if any, to be provided by the technology supplier*

## 2 *TIMETABLE OF IMPLEMENTATION AND DISBURSEMENTS*

### 2.1 *Timetable of Implementation and Disbursements*

*(This should be provided in detail )*

From the attendant Model

### 2.2 Agencies in charge

*Description of agencies in charge of implementing major components of project and rationale for their selection*

Component of Project	Name of Agency in Charge of Implementation	Reasons for Agency and Track Record Selection

**2.3** *Nature of the contracts with agencies in charge of implementation of project*

Major terms and conditions of the contracts:

**2.4** *Explanation of any cost contingency built into the project costs ,*

What are the built-in contingency costs to the project?

What are the justifications for these contingency costs?

If there are provisions for cost overruns, what are the reasons for assuming that such overruns may occur?

How has the company ensured that there is sufficient back-up funding in the event of cost overruns?

**3**     *Procurement Issues*

**3.1**     *What is the proposed method for purchasing goods, services and equipment with the funds?*

**3.2**     *What is the justification of using any other method?*

**3.3**     *Is there any reason not to use competitive tendering?*

---

Products Services and  
Market

---

*Products Services and Market*

**1**     *Products and Services*

1.1     *Description of products or services to be supplied by the business*

(attached separate sheet if necessary)

Product or Service	Brief Technical Description of Product or Service	Contribution to Total Turnover (%)

**TOTAL 100%**

1.2     *Pricing and Costs (breakdown of the cost of materials)*

Product or Service	Variable Costs of Product or Service	Selling Price of Product*

\* Note: these are assumptions

1.3 Sources of cost estimates

Product or Service	Source of Information for Cost Estimates

1.4 Explanation of price estimates

Cost-plus Price
Competitor Prices
Market Price



**2**      **2**      *The nature of the market for the enterprise's products or services*

**2.1**      *Market Description, Location and Size*

Description of the market the business is in :
Geographical area of the company's market
Size of the company's market (Euro per year)
Description of the market environment

2.2 *Type of consumers*

Characteristics of customers of business
--

2.3 *Competitor's analysis*

Name of Competitor	Name of Competitor's Product or Service	Market share (%)

2.4 *What is special about your own products or services? (What is their unique selling point?)*

--

2.5 *Advantages of your product or service over the competition*

Name of Competitor's product or service -	Advantage(s) of your product or service over the competition

2.6 *Factors affecting the growth of demand*

Description of factors affecting growth of demand
---

Is the company's market growing, stable or in decline?

2.7 *Financial Position of Buyers*

---

**Regulations and  
Environmental  
Information**

---

*Regulations and Environmental Information*

**1**     *Regulations*

**1.1**    *Key regulations required for the transaction from public authorities*

--

**1.2**    *Key permissions required for the transaction*

From national level
From state or regional level

## Form for Project Finance Business Plans

---

From local or municipal level

1.3 *Permit requirements*

What are the specific permit requirements, if any, for this project?



### 1.4 *Environmental regulations*

What are the particular environmental regulations which must be complied with in order for the transaction to be approved in the jurisdiction in question? List of relevant federal, regional and local environmental and worker health and safety requirements for the project (Attach separate sheets, if necessary)

1.5 *Environmental Contact Person*

Name of Environmental Contact Person:	
Address:	
Tel:	Fax:

2 *Environmental issues associated with the project*

2.1 *The Land*

Location
Historical uses of land
Current land uses associated with the project site

**2.2** *Physical Construction Activities Involved in the Project*

--

**2.3** *Environmental Impact Assessments or Environmental Audits Carried Out for the Project*

(Attach all environmental impact assessment and environmental audit reports)

Date of Report	Title and Description of Assessment or Audit

2.4 *Potential environmental liabilities, if any*

2.5 *Proposed environmental mitigation*

**2.6** *Proposed environmental enhancement*

**2.7** *Corporate environmental policy*

2.8 *Environmental concerns with the project and its associated properties*

2.9 *Status of public consultation on the project*

---

**Role of the Bank**

---

*Role of the Bank*

1.1 *Concise description of the proposed role of the Bank\**

*\* The Bank may play any one or more of the following roles in the proposed project:*

*(1) lender, (2) syndicator of loans to other lenders, (3) guarantor, (4) underwriter, (4) equity investor and (5) financial and investment advisor.*



Financing Plan

---

### Financing Plan

*Details on the structure of the financing, including:*

- 1. Current and Required Sources of Finance.*
- 2. Type of Financing Required*
- 3. Security, if any, that sponsor will put up for the project*

*These can be found in the Type of Financing and Security forms in Model.*

Cash Flow Projections and  
Financial Viability

### *Cash Flow Projections and Financial Viability*

*Provide annual estimates for each of the items listed below over the life of the project finance.*

1. *Total Turnover*
2. *Raw material*
3. *Other direct operating costs*
4. *Sales and marketing*
5. *Utilities and maintenance*
6. *Overheads*
7. *Other Indirect Costs*
8. *Decrease (increase) in stock*
9. *Decrease (increase) in debtors*
10. *Decrease (Increase) in creditors*
11. *Taxation*
12. *Capital Expenditures*
13. *Interest paid*
14. *Bank fees paid*
15. *Issue (redemption) of ordinary share capital*
16. *Others: long term loan receipt/(repayment)*
17. *Bank: loan (repayment)*
18. *Bank: loan requirement*
19. *Short term loan receipt/(repayment)*
20. *Net cash-flow after financing*

*These can be found in the Cash Flow form in the Model.*

---

Pro-Forma Financial  
Statements

---

### Pro-Forma Financial Statements

#### 1 *Overview*

*The proforma financial statements consist of:*

1. *Income Statement (Profit and Loss Account)*
2. *Balance Sheet*
3. *Cash Flow*
4. *Forecasted Ratios.*

*These forms can be found in the Model.*

### Checklist of supporting documents typically required as appendices to a Project Agreement.

1. Project description and specification
2. Necessary licenses, permits and approvals
3. Description of and rights of way for the project
4. Preliminary design criteria
5. Procedures for government to approve the project's company's proposal for design changes
6. Procedures for government to request design changes and additional work
7. Environmental impact assessment and environmental management system
8. Quality management system
9. Safety certification system
10. Programme and procedures for testing
11. Project operation parameters
12. Operation and maintenance criteria
13. Tariff or toll rates and tariff or toll revision formulae
14. Specifications for tariff or toll collection system
15. Training programme
16. List of initial shareholders and percentage interests
17. Insurance agreements
18. List of pre-approved contracts
19. Rights and obligations of the parties upon termination
20. Form of bonds
21. Form of guarantees
22. Overseeing and monitoring rights of the government
23. Form of legal opinion of counsel for project company
24. Form of legal opinion of counsel for government (various relevant ministries)

