



Facilitating CMM Finance:
Presenting your Project to
Financial Institutions

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Main mechanisms for CMM/CBM investments

Own equity

Internal Charges/Tax breaks

Bank lending

Guarantee facilities

Leasing arrangements

Export credit agencies

Capital markets based instruments like: Corporate bonds

Public to Private Finance (Private Finance Initiative)

Global Financial Mechanisms: Kyoto Protocol mechanisms

Specialised Funds



Why a Proper Business Plan is necessary

- Accelerates the approval process and increases the chances for approval of your proposal
- Standard and comprehensive presentation of your projects, giving your potential financiers opportunity to make an easy evaluation of your proposal's commercial value and environmental benefits.
- Not every great idea becomes a good project
- Helps the project sponsor to analyse and value its own risks and commitments and compare them with the expected benefits, in order to evaluate its worthiness.
- Creates local expertise and commitment
- Business plan preparation is a valuable and transferable skill, applicable to the commercial and economic activities of many organisations and companies. Efforts spent on analysing and evaluating a project's risks and benefits create stronger commitments and reduce the risks associated with its implementation.



What is a Business Plan

A detailed and comprehensive analysis and description of the technical, environmental, social, economic and financial aspects of a project. A Business Plan is a structured presentation to decision makers facilitating them in determining a project's viability.

Business Plan Structure

- Nature of the Business
- Strengths of the Business, Risks, Current Situation, Future Plans
- Nature of the Project
- Background to the Project, Scope of the Project, Rationale for the Project,
- Benefits
- Savings and environmental improvements, Export promotion, Import substitution, Job creation, Technology transfer, Management development
- The Sponsors
- Background, Financial data, Proposed Financial Contributions and Exposures, Rationale for Involvement of Other Partners,
- Project Costs and Timescale
- Project costs, Energy and raw materials consumption, Basis for the cost estimate, Timetable of Implementation and Disbursements, Procurement Issues
- Products Services and Markets
- Description of products or services, Pricing and Costs, Market Description, Competitor's analysis, Financial Position of Buyers
- Regulations and Environment Information
- Key permit requirements and regulations required from the authorities, Environmental regulations, Status of public consultation
- Role of the bank
 - Description of the role of the bank or of the financier
- The Financing Plan
 - Current and Required Sources of Finance, Type of Financing Required
- Cash Flow Projections
- Deriving Cash-flows from Raw Data, Working Capital, Taxation, Operating Profit, Free cash-flow, Servicing of Finance, Ratios
- Pro-Forma Financial Statements
- Forecasted Income Statement, Forecasted Balance Sheet, Assets, Liabilities, Forecasted Cash Flow, Forecasted Ratios



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

- .Project description and specification
- .Necessary licenses, permits and approvals
- .Description of and rights of way for the project
- .Preliminary design criteria
- .Procedures for government to approve the project's company's proposal for design changes
- .Procedures for government to request design changes and additional work
- .Environmental impact assessment and environmental management system
- .Quality management system
- .Safety certification system
- .Programme and procedures for testing
- .Project operation parameters
- .Operation and maintenance criteria
- .Tariff or toll rates and tariff or toll revision formulae
- .Specifications for tariff or toll collection system
- .Training programme
- .List of initial shareholders and percentage interests
- .Insurance agreements
- .List of pre-approved contracts
- .Rights and obligations of the parties upon termination
- .Form of bonds
- .Form of guarantees
- .Overseeing and monitoring rights of the government
- .Form of legal opinion of counsel for project company
- .Form of legal opinion of counsel for government (various relevant ministries)

Contact Information

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