



Capacity Building on “Investment Project Development”

Draft Proposal

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Financing of projects ?

International Financial Institutions

Owners of good projects



There are no
good projects



It is impossible
to get a loan



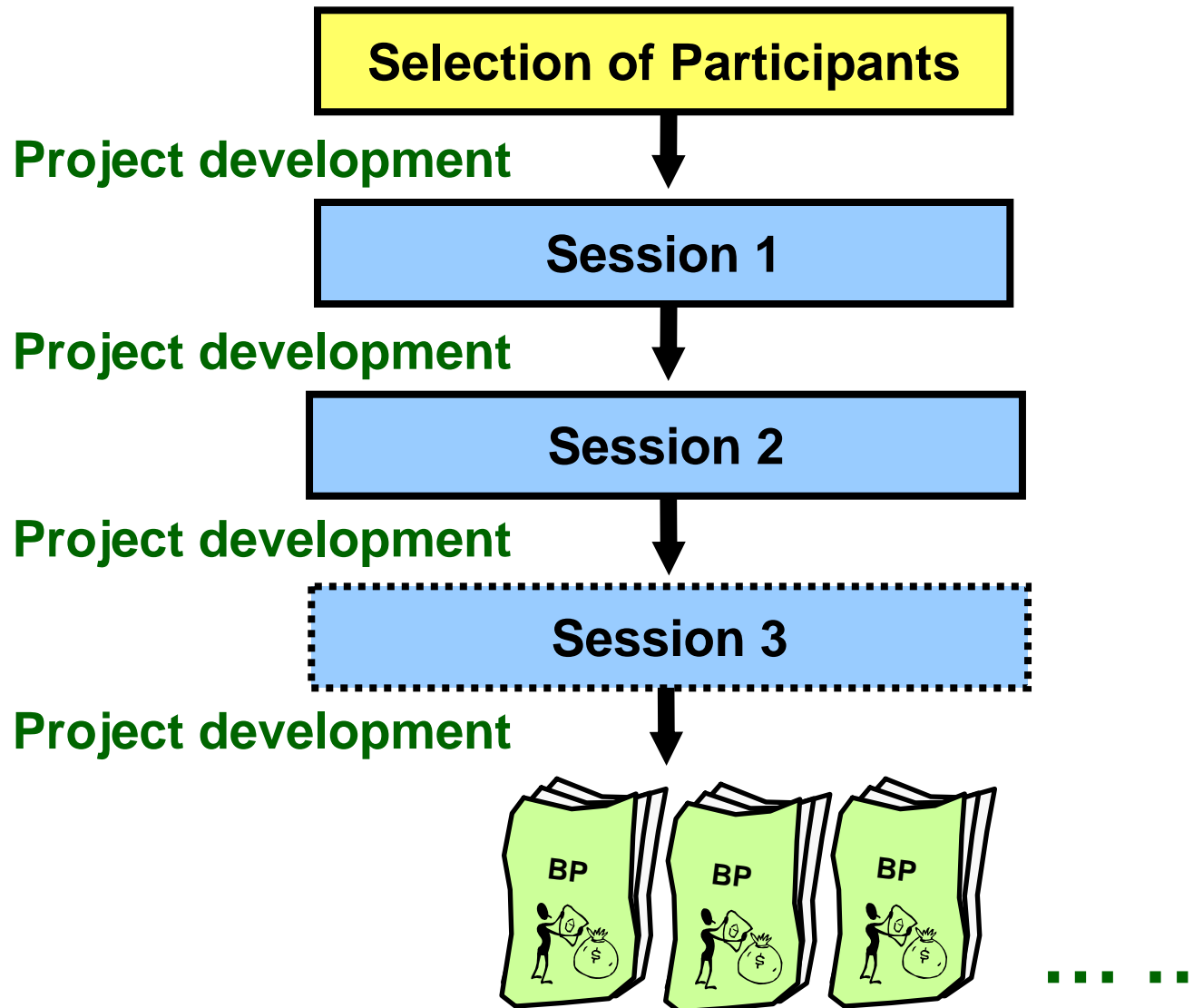
Capacity Building on “Investment Project Development”

for some or several of the 12 participating countries:

- Development of projects of relevance for the Energy Efficiency Investment Fund and development of local capacities and skills that will have a larger impact on the market development
- Increased skills among representatives of project owners, consultants, ESCO staff, etc and potential “trainers” in future local programmes

- Albania
- Belarus
- Bosnia & Herzegovina
- Bulgaria
- Croatia
- FYR Macedonia
- Kazakhstan
- Moldova
- Romania
- Serbia
- Russia
- Ukraine

Combined Capacity Building and Project Development



Combined Capacity Building and Project Development

Selection of Part.



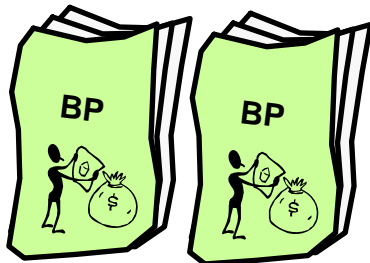
Session 1 (2 days)



Session 2 (2-3 days)



Session 3 (2 days)

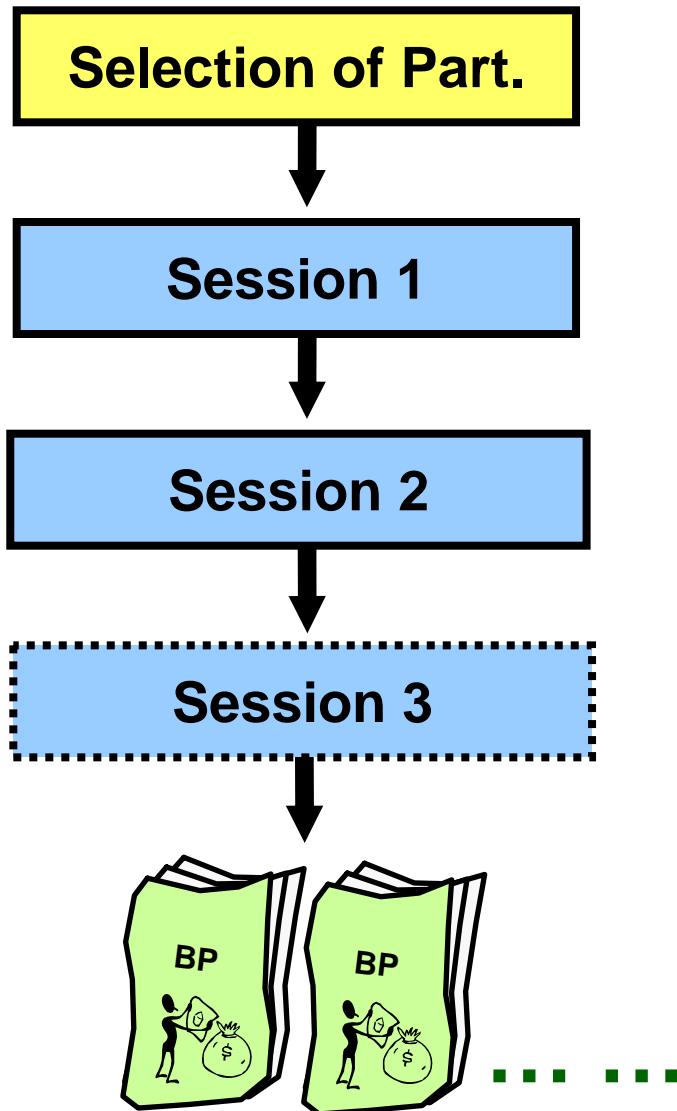


2 or 3 Sessions?

- Capacities and skills of the participants;
- To what level have the projects already been prepared.
- With thorough preparation and selection process, and good remote expert consultations, two sessions might be enough.
- For the future “trainers”, a third sessions is recommended

How to benefit from the Distance Learning Tool to be developed within the project?

Combined Capacity Building and Project Development



Types of projects:

➤ EE or RE projects suitable within a pipeline of projects for instance financed by an ESCO, equipment supplier, off taker or for instance a number of small hydro power plants, solar energy installations, etc

and/or:

➤ Larger EE or RE projects

Projects developed potentially financed by the Fund and/or by other sources

Capacity Building on “Investment Project Development”

Objective:

To train the participants in financial engineering and business planning skills to identify, select and develop energy efficiency and renewable energy investment projects and prepare bankable pre-feasibility project proposals (first version of Business Plan),
.... and ensure that the trainers are able to prepare and conduct local programmes

Target group:

Representatives of project owners, local consultants, project developers, ESCO staff, utilities and representatives from NC and NPI.

Expected outcome from one programme:

- 20-25 representatives of project owners, consultants and project developers trained;
- 8-10 pre-feasibility studies developed (first version of Business Plan).

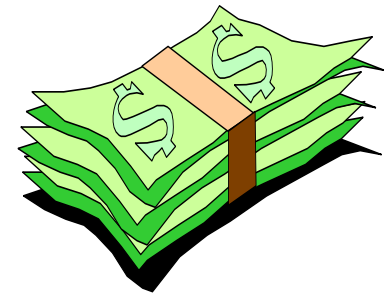
Pre-feasibility Study / Draft Business Plan

1. **Executive Summary**
2. **Borrower**
3. **Project Information**
4. **Environmental Benefits**
5. **Market**
6. **Financing Plan**
7. **Financial Projections**
8. **Project Implementation**



Financing Plan

Sources of financing	Amount [€]	Interest rate [%]	Term [year]
Equity capital	1 500 000		
Development loan	1 000 000	Libor +x	10
Senior loan	1 000 000	Libor +y	8
Mezzanine Financing (Fund)	1 500 000	Libor +z	8
Total investment	4 500 000		



Financial Projections (incl. Cashflow)

Project Cashflow		Years						
		0	1	2	3	4	5	6
A	Investment	3 800 000						
	Financing:							
B	Equity capital	900 000						
C	Senior loan	900 000						
D	Mezzanine Financing	2 000 000						
E	Debt service, instalment		128 580	128 580	128 580	128 580	128 580	128 580
F	Debt service, interest		86 790	73 940	61 080	48 220	35 360	22 510
	Earnings:							
G	Total savings/earnings		735 000	771 750	810 338	850 854	893 397	938 067
H	Operating costs		31 500	33 075	34 729	36 465	38 288	40 203
I	Net savings/earnings		703 500	738 675	775 609	814 389	855 109	897 864
J	Depreciation		180 000	180 000	180 000	180 000	180 000	180 000
K	Pre-tax savings/earnings		436 710	484 735	534 529	586 169	639 749	695 354
L	Tax		109 178	121 184	133 632	146 542	159 937	173 839
M	Tax allowance							
N	Net savings/earnings after tax		594 323	617 491	641 977	667 847	695 171	724 026
O	Net Cashflow	(900 000)	378 953	414 971	452 317	491 047	531 231	572 936
P	Accumulated Cashflow	(900 000)	(521 048)	(106 076)	346 240	837 287	1 368 519	1 941 454

Key areas of project risks

- **Completion risk**
- **Technology risk**
- **Input or Supply risk**
- **Operation Risk**
- **Approvals, Regulatory and Environmental risk**
- **Off-take and Sales risk**



Participants should be provided by supporting materials

- **Pre-feasibility Study/Business Plan Template**
- **“Business Planning Manual” (introduction/description of all the chapters of the Pre-feasibility Study/Business Plan)**
- **Exercises**
- **Software/excel tools for economic and financial calculations; profitability, disbursement plan, repayment plan, cashflow and for environmental calculations**
- **Criteria and requirements of the Investment Fund and other relevant financial institutions**
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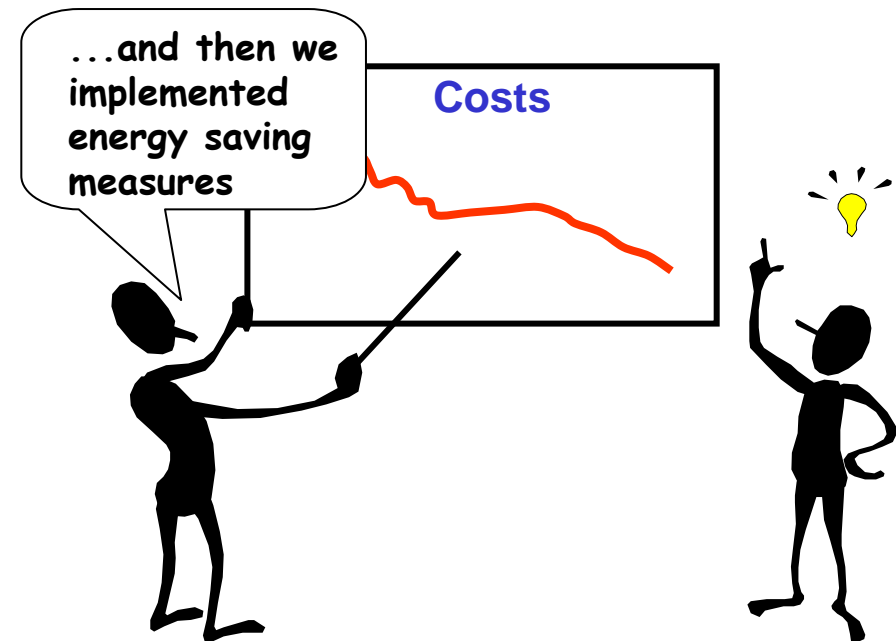


Selection of Participants

NC and NPI assisting in identifying and selecting participants with suitable projects together with UN ECE Secretariat and Consultants.

Requirements:

- Project Identification Form
- CV
- Evidence of sufficient equity
-
- Agreement signed before session 1 (signed by top management):
 - ✓ Ability to fully participate and dedicate at least 300 working hours to the programme
 - ✓ Agree to complete home work (Business Plan) in time, in English
 - ✓ Covering of own travelling and accomodation costs
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Draft Time Schedule

Milestones	Month
Planning completed, participant requirements clarified with NC/NPI	+ 1
Participants selected	+ 2
Classroom session 1 completed	+ 3
Classroom session 2 completed	+ 4
(Classroom session 3 completed)	+ 5
Pre-feasibility Study/Business Plan completed	+ 6
Programme completion report submitted	+ 5-8

“Information Seminars” to increase the awareness?

Workshop 1, day 1

Workshop 1, day 2

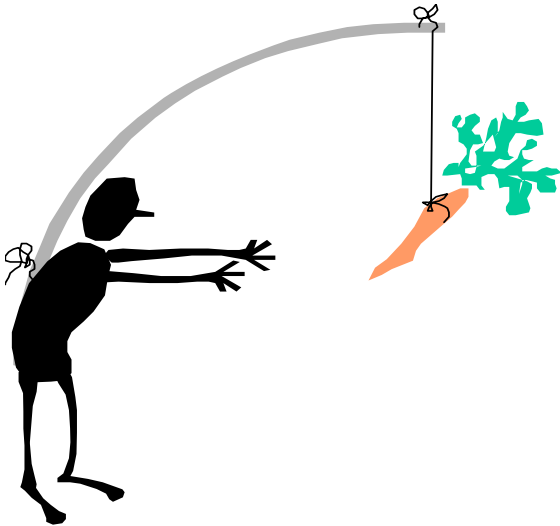
Information Seminar

Workshop 2, day 1

Workshop 2, day 2

Information Seminar

Capacity Building on “Investment Project Development”



... promoting market formation so that self-sustaining EE and RE projects are developed, financed and implemented locally.