

## Key Elements of a Business Plan for DFC Financing

This document is designed to help Project sponsors develop a business plan that incorporates the information that a DFC deal team seeks to preliminarily evaluate the Project. There is no right format and not every element listed below will be applicable to every Project. We encourage you to provide detailed responses for DFC to determine the creditworthiness and developmental impact of the Project. Please note the following:

- All materials must be in English.
- All financial amounts should be provided in USD (and if converting from another currency, cite the exchange rate used).
- Numbers presented in this document should directly correlate with assumptions in the financial projections model.

### Project Description/Status

- Describe the purpose for which the DFC loan is to be used and the Project development activities completed to date.
- Have market or feasibility studies been performed? If so, describe the scope of the study, identify the author, and identify the date of completion.
- Has the Project Company been incorporated in the Host Country? If so, what is the date of incorporation? If not, what is the timeline to establish the Project Company in the country?
- Has the land for the Project site been acquired by the Project Company? If so, when and by what financial means? If not, describe the timetable for acquisition.
- What is the amount (USD) of investment into the Project to-date? Who was the source of capital, and when was it invested? Provide an itemized list of expenses the investment satisfied.
- List all key operating agreements necessary to undertake the Project such as concession agreements, construction contracts, off-take agreements, environmental impact studies, feasibility studies, marketing studies, technical assistance agreements, management service agreements, leases, etc.
- Outline your expected timeline to complete key milestones (e.g., acquire permits/licenses, finalize environmental studies, achieve financial close) and commence commercial operations.
- Does your Project have any contractual deadlines that it must meet?
- Describe supplier networks needed for the successful operation of the Project.
- Describe the availability of necessary infrastructure (e.g., power, water, roads) for the Project.

### Financial Plan and Credit Support

- What is the Total Cost (including any expenditures to-date) for the investment Project? Provide a breakdown of major expenditure categories. For each category of expenditure, provide data on bases for estimates.
- Of the Total Cost, what amount is being funded in equity capital by the sponsor(s)/investor(s)?
  - List each equity investor, including the amount (USD), form (e.g., cash), and status.
  - For non-cash investments, explain how value was determined and when.

- Of the portion of the Total Cost that is *not* being funded in equity capital per above, is the full amount being sought from DFC? If not, and other lenders will be participating in the Project, please identify the lender, loan amount, tenor, and describe how the loan is secured.
- **Note:** Does “Total Cost” minus “equity capital” minus debt from “other lenders” (as applicable) equal the DFC loan amount? If not, please revise the financial plan accordingly.
- List the desired tenor for the DFC loan and expected grace period on interest payments.
- What collateral is proposed to secure the DFC loan?
- What external credit enhancements/guarantees are available to support the DFC loan?

### Project Ownership

- Provide complete Project Company ownership, tracing back through any and all holding companies or intermediary operating companies to individual shareholders owning (directly or indirectly) at least 10% of the Project Company. For each company, identify the country of domicile. For each individual, indicate citizenship, including whether the individual holds U.S. citizenship or legal permanent residency. Electronically attach an ownership chart, if available.
- Identify which of the shareholders are primarily developing the project, and the professional expertise of such individuals relevant to the proposed Project.
- Describe the Project Company management structure and professional expertise of individuals in key management positions that is relevant to the proposed Project. If any management members are committing less than 100% of their professional time to the Project, please identify the approximate percentage of time that will be dedicated to the Project.
- Describe management decision making/reporting and financial reporting systems.

### Track Record

- How many years has the Project Company been revenue-generating? If the Project Company is a subsidiary of a parent/holding company that is revenue-producing, how long has the parent/holding company been revenue-generating?
- How does the company track record qualify the applicant for this Project?
- Are historical financial statements audited? If so, to what accounting standards and by which accounting firm?
- Describe the financial position of the Project Company (and parent/holding company, as relevant). What has been Annual Revenue, EBITDA, and Net Income/Loss each year for the last three years (or for the maximum number of years of operations if less than three)? Does the company have any existing borrowings? If so, identify lender, amount outstanding, tenor, and security/collateral.
- Provide explanations of key drivers behind the numbers with regard to profitability, operating cash flow, etc.

### Market Analysis

- Describe recent market trends, any sector reforms, and the competition.
- Describe the products or services the Project will produce, in what volumes, and whether for the local market or for export (and, if for export, to which countries, at what volumes, and in what timeframes, if seasonal).

- Describe anticipated pricing for the products/services and how this compares to the competition.
- Provide estimates on what will be the Project's market share and why the applicant expects to achieve this.
- What are the bases for the estimation of market projections, and sources of underlying data?
- Who are the customers? Where applicable, include any draft customer contracts, letters of interest from customers, or lists of potential future customers.
- How will the company target customers?
- What assumptions have you made about the prices these customers are willing to pay?
- Describe the company's strategy and tactics for building a customer base and strengthening customer relationships.

### **Developmental Impact**

- Provide a narrative on how this Project will help with the development of the country (i.e., employment, training and managerial capacity transfer, etc.).
- How does the Project contribute to women's economic empowerment?
- Why is the applicant seeking the participation of DFC?
- What have been the applicant's efforts to source commercial sources of debt for this Project? Which reasons have been cited for the unavailability of commercial debt for the Project? If commercial debt is available, why is it inadequate?

### **Legal, Economic, and Political Environment and Government Participation**

- List Host Country laws, regulations, or pending reforms that will impact the Project or the sector.
- Describe the economic and political climate of the Host Country and the specific region in which the Project is located, as relevant to the development and successful operation of the Project.
- Describe any government or multilateral involvement in the Project or the sector and any government incentives such as tax holidays.
- Describe any litigation or community dispute or complaint resolution processes that have occurred or are occurring involving the Project, the Project Company, or shareholders.

### **Project Strengths/Risks and Risk Mitigation**

- Describe those factors that strengthen the Project economics and contribute to the long-term viability of the Project.
- Describe Project risks such as credit risks, sector/market risks and competition, construction risk, operational and management risks, technology risk, political/economic risks, foreign exchange risk, legal/regulatory risks, and environmental and social risks.
- What steps are/will the Project Company take to mitigate such risks?