



**PFAN**

Accelerating Investment  
for Climate and Clean Energy

# The Private Financing Advisory Network

**The PFAN Journey**

**& The New Framework Agreement / Call Off Structure**

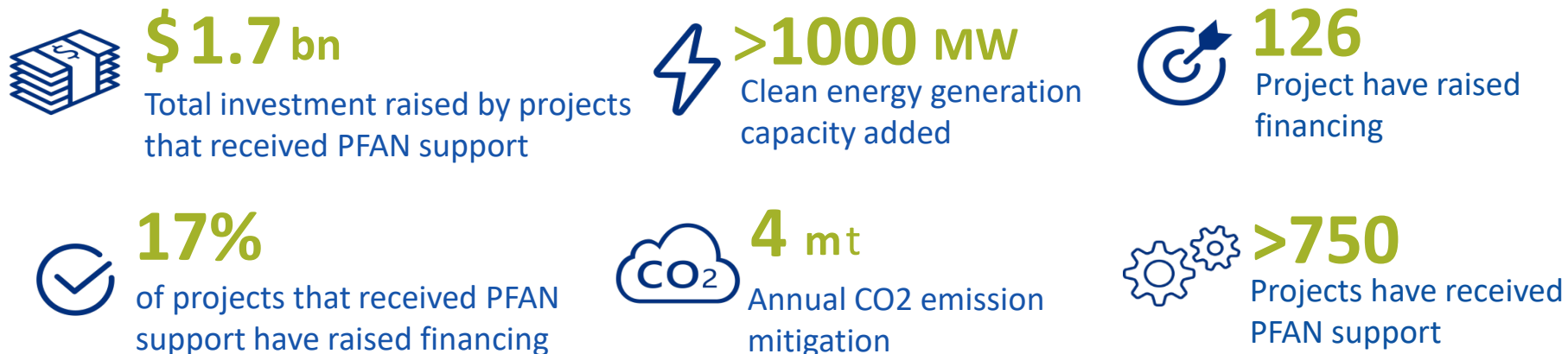
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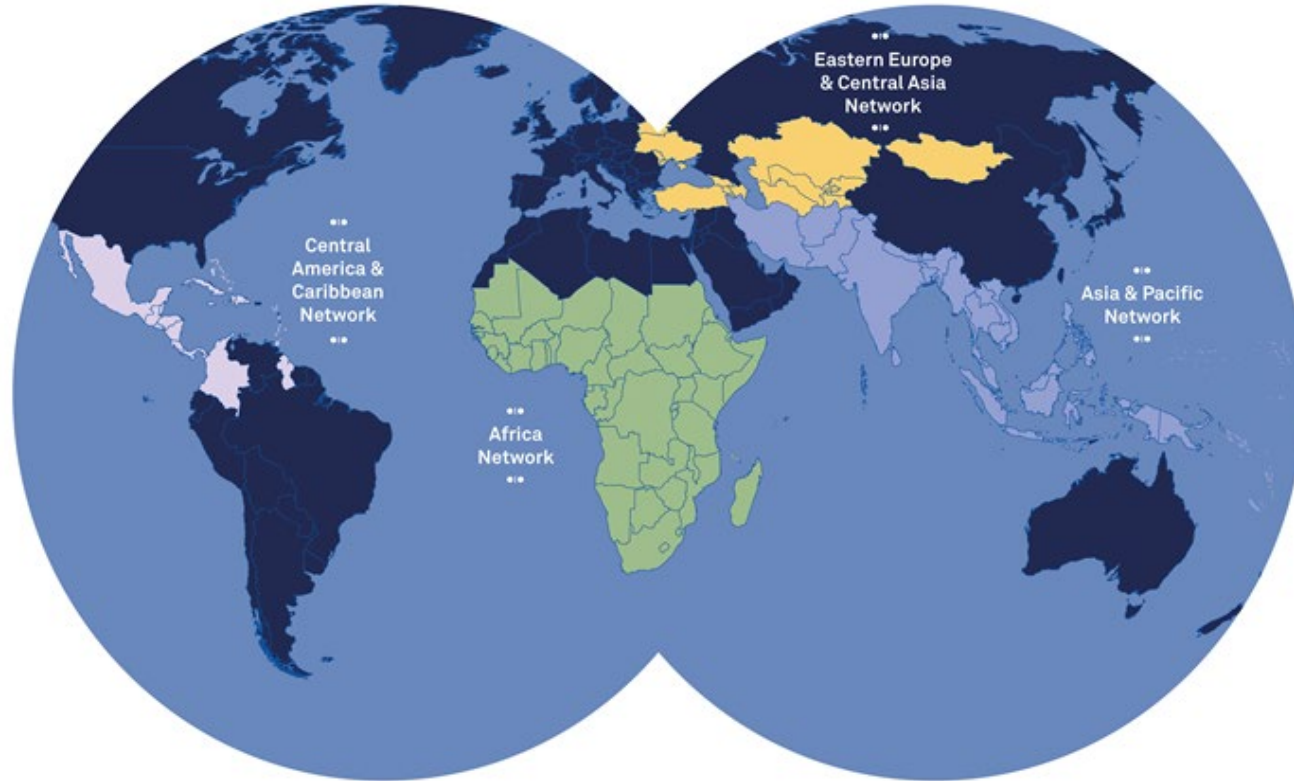


## PFAN Profile & Track Record

- PFAN is a program jointly hosted by UNIDO and REEEP in Vienna.
- PFAN advises low-carbon, climate resilient businesses in developing countries, and matches projects to appropriate private financing.
- PFAN mobilizes private financing to reduce GHG emissions and build climate resilience – contributing to Paris Agreement and SDGs:
  - SDGs 7 (Energy), 9 (Industry), 13 (Climate Action), and 17 (Partnership)
- Achievements since inception:



# Global Map of PFAN Operations



# The PFAN Journey

## A time-bound, 3 stage process

### Agenda:

- Summary of the PFAN Journey
- Summary of Framework Agreement Call Offs
- Workflow Process
- The role of a Success Fee Agreement
- Opportunity to Complement Local Coaching with Online Events
- Key Points for Success (each PFAN Journey Stage)
- Info/Welcome Kits
- Suggested Recorded Webinars

# The PFAN Journey



# Summary of Framework Agreement Call Offs

- The Framework Agreement is a bilateral agreement between REEEP/PFAN and the PFAN Advisor (a PFAN Network Member that has completed the accession process)
  - The signing of the framework agreement will be considered the last stage of the accession process
  - The framework agreement:
    - has a long term termination date (as long as the underlying PFAN Programme documents at the time of issuance)
    - sets the terms of the engagement for future services to be hired by PFAN and performed by the Advisor, linked to specific projects/businesses or to PFAN events
    - has a summary of different types of services the Advisors could be “called off” to deliver for different projects or for PFAN
  - Under the framework agreement, services are contracted via the issuance of “Call Offs” (one page document signed by REEEP/PFAN and the PFAN Advisor:
    - Each “Call Off” defines the services being contracted, the deliverables and respective financial remuneration
  - One PFAN Advisor may have different types of Call Offs/services contracted to deliver services to different projects (as you used to have different coaching contracts with different projects/businesses)

# Summary of Framework Agreement Call Offs

- Since all contracting happens between REEEP/PFAN and the PFAN Advisor, certain projects/businesses may inquire about the following points:

## Confidentiality:

- ✓ please refer to the PFAN Charter language, section 11 (link to our website, under resources):

### “11. CONFIDENTIALITY OF INFORMATION

11.1. For practical reasons PFAN cannot enter into confidentiality agreements. This notwithstanding all project and related information submitted to PFAN shall be treated as confidential and subject to limitations on disclosure outside the PMU, PFAN and PFAN Members and Partners, unless explicitly documented otherwise, formally approved for general public consumption, or provided by law. All such information will be treated with the same level of security that PFAN uses to protect its own confidential information and used only for the purposes of the PFAN programme and its activities.

11.2. When submitting information to PFAN applicants may use the following protection disclaimer in respect of any confidential or proprietary information:

“This [name of information] is confidential and is presented solely for the purpose of evaluation and use in the PFAN Programme [name of stream of PDFI if appropriate]. This information may not be reproduced or redistributed except in connection with its use in the PFAN Programme. By accepting a copy of this information, the recipient agrees not to reproduce or disclose the contents of this information to third parties outside PFAN without the prior written consent of its authors.”

11.3. Accepted Projects may request and negotiate confidentiality agreements with their Designated PFAN Consultants to facilitate the exchange of information in relation to the contracted project development and financing facilitation work. “

- ✓ and to the Framework Agreement you have signed with PFAN, section 11 (link to our website, under resources):

### “Privacy and Non-Disclosure

Subject to this Section are all trade and business secrets of the Principal that are provided to the Contractor, or that the Contractor has otherwise become aware of, as well as any other information that the Principal has indicated as confidential (e. g. information available on REEEP Online Collaboration and Knowledge System ROCKS or on the project management system Climate Invest as well as on REEEP’s box.com account). The term "Proprietary Information" in this Contract refers to these trade and business secrets as well as to such information.

The Contractor undertakes to keep Proprietary Information strictly confidential and not to make it available to third parties. The Contractor shall take all measures that are necessary or useful to meet this confidentiality obligation. This confidentiality obligation shall not apply if Proprietary Information is already known or available to the general public. The burden of proof shall rest upon the Contractor.

The Contractor undertakes not to exploit Proprietary Information in any manner whatsoever, except for the benefit of the Principal. Specifically, contact information found in ROCKS or on Climate Invest may not be stored or saved in any other system; mass emailing of contacts listed on any REEEP IT system is prohibited. The burden of proof shall rest upon the Contractor.

The rights and obligations resulting from the above provisions shall be effective for an unlimited period and thus survive other contractual relationships, if any, between the Principal and the Contractor.

“

# Summary of Framework Agreement Call Offs

## The services the PFAN Advisor will provide:

- ✓ please refer to the PFAN Journey Presentation (link to our website) and to the email used to introduce you to the project/business in each of the PFAN Journey Stages:

### Action Plan - Stage 1/Call Off 1, services contracted by PFAN:

- ✓ Vigorously screen, assess and verify the project documents and status;
- ✓ Develop an Action Plan outlining necessary steps to make the project ready to be introduced to investors;
- ✓ Review and refine project data together with the project developer to more accurately report on the project's impact
- ✓ Recommend further coaching steps and respective Call-Offs; or If no further coaching is recommended, a to do list should be provided to the project developer and a future update should be scheduled.

### Project Development - Stage 2/Call Off 2, services contracted by PFAN:

- ✓ Optimise the business model and the financing structure of the project, advising on milestones to be achieved before meeting with investors;
- ✓ Support the project developer to improve the business plan and financial model, ensuring consistency and reliability with respect to risk analysis, assumptions and financing strategy;
- ✓ Assist the project developer in producing high quality financial models, cash flow projections and financial outputs and indicators, which reflect their investment ask;
- ✓ Provide inputs, guidelines and advice on valuation for equity investment and (interest rate) pricing for debt financing;
- ✓ Assess if the project is ready to meet with investors, and if so, research what types of investors would be targeted;
- ✓ support the project in preparing a draft investor presentation, and as applicable, rehearse to a PFAN panel;
- ✓ At the end of the process, shall the investor ready assessment not be favourable, provide the project developer with guidance on next steps to be pursued and met, before further PFAN support may be recommended.

### Investment Facilitation - Stage 3/Call Off 3, services contracted by PFAN:

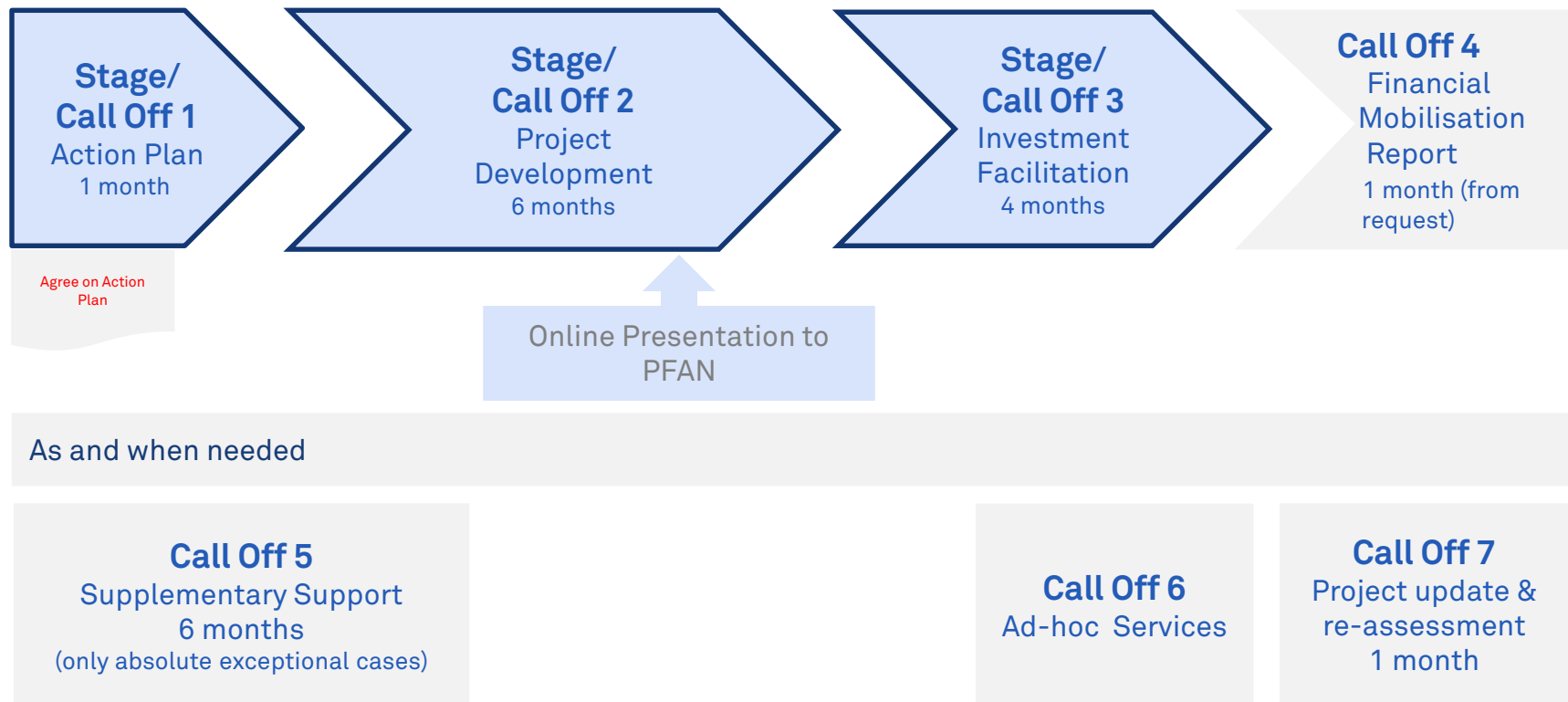
- ✓ Work with the project developer in structuring an investment transaction, identifying investors from his/her/its network and PFAN's global network;
- ✓ Prepare the project developer to deliver an objective, clear and strong pitch to investors, assisting on producing a quality investor presentation;
- ✓ Facilitate and support investor introductions and negotiating an investment commitment to reach financial closure; as needed, to provide inputs, guidelines and advice on valuation for equity investment and (interest rate) pricing for debt financing;
- ✓ At the end of the process, if the project does not meet investor requirements yet, provide the project developer with guidance on next steps to be pursued and met, before further PFAN support may be recommended.



## Summary of Framework Agreement Call Offs

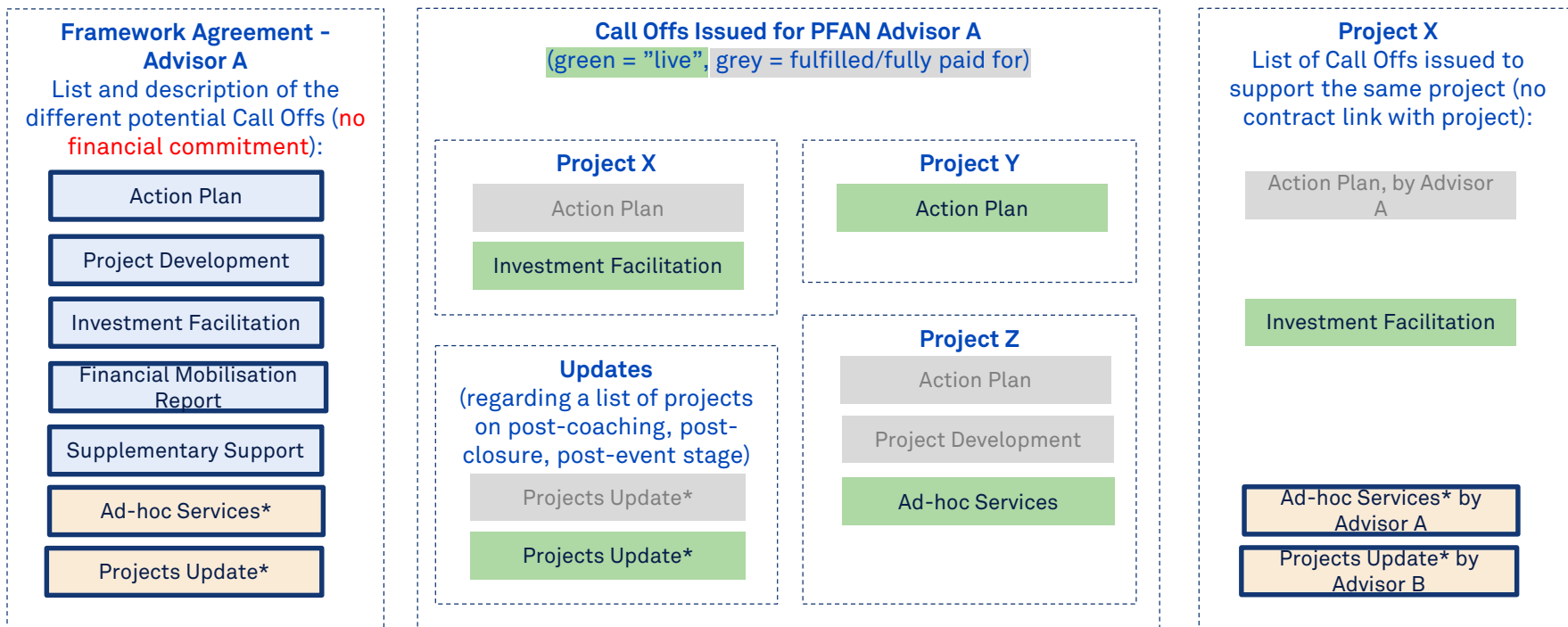
- In the few cases where a project/business still requests to sign a bilateral agreement with you (either to address such confidentiality or any other matter), it would be valuable to ensure that the following aspects are covered in such agreement between you and the project/business:
  - That all information provided via Climate Invest/box and emails to PFAN is already considered as with PFAN;
  - That all information provided to the PFAN consultant may be included in reports to be submitted to PFAN during the coaching process;
  - That the project/business commits to submit the deliverables assigned to them in each stage of the process, such as:
    - ❖ Improved business plan & financial model in stage 2 (PDD1), within 4 months from the start (2 months before expected end of the stage, so you may benefit from expert review of your financial model)
    - ❖ A final investor presentation in stage 3 (PDD2), within 4 months from the start

# Summary of Framework Agreement Call Offs



	Stage/Call Off 1 Action Plan	Stage/Call Off 2 Project Development	Stage/Call Off 3 Investment Facilitation	Call Off 4 Finance Mobilisation Report
Service Provided	Defining the road map to get investor ready	Business Plan & Financial Model Support	Financing Strategy & Investor Introductions	Communication of Financing or Investment Raised
Deliverables	<p><b>PDR1:</b> Vigorously screen, assess and verify the project documents and status, with action plan and impact data</p> <p>[1 month]</p>	<p><b>PDD1:</b> Improved Business Plan and Financial Model; opportunity to update project data (within 4 months from signing)</p> <p><b>PDR2:</b> Coaching Report (with fields for (a) investor teaser, (b) list of target investors and (c) Investor Readiness Assessment, + Draft of Investor Presentation</p> <p>[6 months]</p>	<p><b>PDD2:</b> Final Investor Presentation; opportunity to update project data,</p> <p><b>PDR3:</b> Final Investor Teaser and a reports on investor negotiations</p> <p>[4 months]</p>	<p><b>PDR FMR:</b> Finance Mobilisation Report</p> <p>Form to be submitted in Climate Invest, together with Impact data</p> <p>[1 month]</p>
Expected Outcome	Project assessment leading to action plan to make project investor ready	Project is prepared for Investor Introduction, including set of docs	Mature projects meeting suitable investors to achieve financial mobilisation.	Details and evidence on financial closure
Financial Remuneration	<b>PDR1:</b> USD1,500	<b>PDD1:</b> USD2,000 <b>PDR2:</b> USD1,000	<b>PDD2:</b> USD2,000 <b>PDR3:</b> USD1,000	<b>PDR FMR:</b> USD 1,000

	Call Off 5 Supplementary Support	Call Off 6 Ad-hoc Services	Call Off 7 Project Update and Re-Assessment
Service Provided	Additional time to complete previous service	Hosting or participating in events, research for PFAN, etc.	Network Member to contact a list of projects "scheduled for an update" and as needed, update teaser and/or recommendation to re-engage, next Call Off
Deliverables	If after Call Off 2: same deliverables as Call Off 2  If after Call Off 3: same deliverables as Call Off 3  [6 months]	<b>PDR AS:</b> Report on Service Provided (event/service report, and event presentation/research, as applicable)  [within one week of event or submission of research paper]	<b>PDR U:</b> updated teaser, if applicable, and recommendation for ways forward  [1 month]
Expected Outcome	Project is prepared for Investor Introduction, including set of docs; or Mature projects meeting suitable investors to achieve financial mobilization.	Additional coaching / capacity building during events, and/or increased exposure to investors; outreach events, valuable research done for PFAN	Project latest status on CI
Financial Remuneration	<b>PDRS:</b> 2,000	Depends on amount of LoEs approved by RC 1 LOE = USD 500	<b>PDR U:</b> USD 1,000

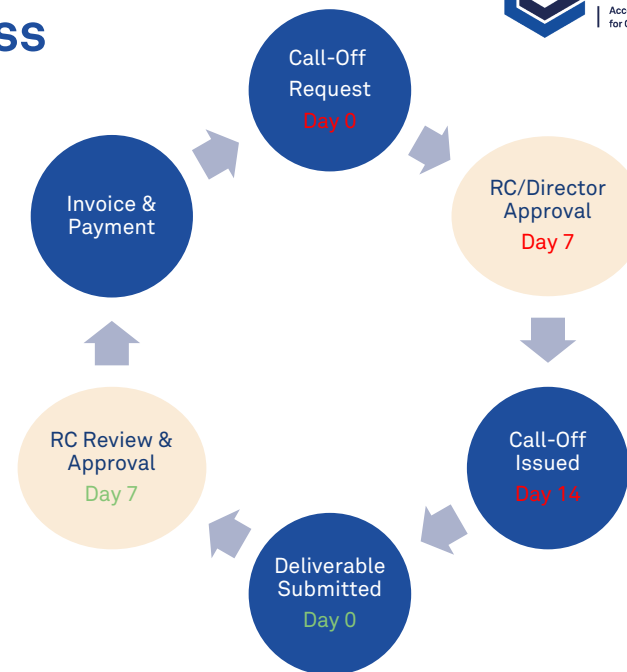


\*Could refer to none, one or more projects. All other Call Offs would be issued for one specific project/business.

Average support cost USD7,5k (1,2,3) + USD1k FMR + other (such as Ad-Hoc Services/Events linked to project).

## Workflow Process

- Once a project is selected in one of the evaluation rounds and accepted to receive PFAN support by the Technical Committee, an advisor is allocated by the RC and the Project Officer issues **Stage/Call Off 1 Action Plan**.
- Subsequent Call Offs are issued upon request by the PFAN Advisor and approval by the RC/PFAN Director
- It is envisioned that the great majority of projects go through the main 3 Stages of the PFAN Journey (1 Action Plan, 2 Project Development, 3 Investment Facilitation).
- Only exceptionally mature projects/businesses might eventually jump "Stage/Call Off 2 Project Development" and go directly to "Stage/Call Off 3 Investment Facilitation".
- PFAN Advisors may request the following Call Offs:
  - Call Off 2: Project Development
  - Call Off 3: Investment Facilitation
  - Call Off 4: Financial Mobilization Report (only to be requested after a financial closure has happened)
  - Call Off 6: Ad-hoc Services (e.g. events/workshops)
- Regional Coordinators may request the following Call Offs:
  - Call Off 5: Supplementary Support (unique cases only)
  - Call Off 6: Ad-hoc Services (e.g. events/workshops)
  - Call Off 7: Project Updates/Re-Assessment



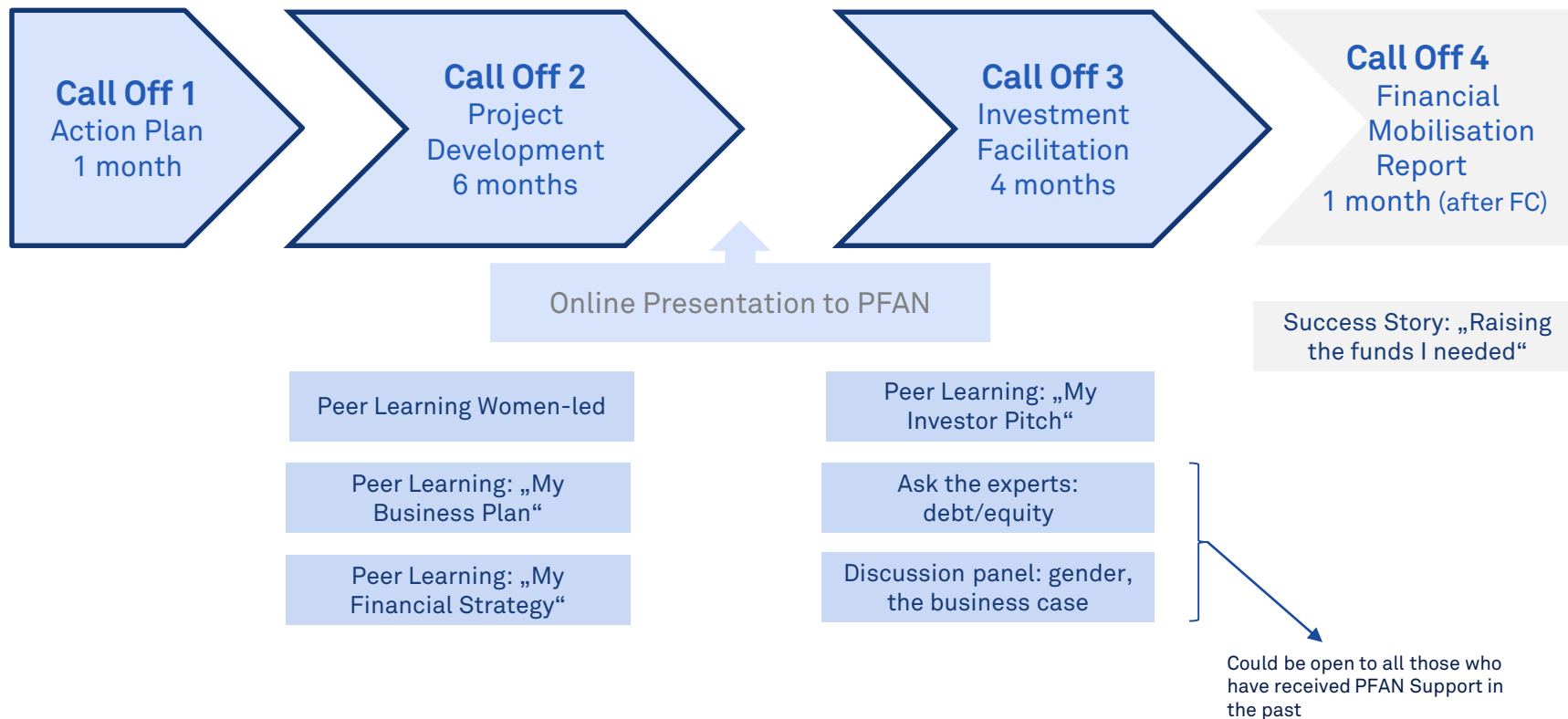
**PFAN Advisor Opportunity of Impact:**

- Using sound judgment to recommend or not the project/business for the next stage.
- At the end of each stage: the outcomes for the project/business are clear.
- Even if the project/business does not progress to the next stage, a list with recommended milestones is provided by the PFAN Advisor and an update is scheduled (for 6, 9, 12 months).

# The Role of a Success Fee Agreement

- PFAN's aim is also to contribute that members of the local financial ecosystem develop sustainable commercial relationships.
- We encourage projects/businesses and Advisors to agree on success fees, which shall cover additional and continuous services following the support delivered under the PFAN Journey. The terms of the success fee are to be agreed between the advisor and the project/business (such as services covered, rate and tenor). PFAN is available to be consulted as needed.
- When investment/financing is raised, the project/business shall make the payment to the Advisor as agreed in the success fee agreement between the parties.
- There are usually two stages at which success fees may become due (depending on the terms of the agreement):
  - When the investment/financing agreement is signed and conditions precedent are agreed among the parties (usually a minimum fee/signing fee); and/or
  - When conditions precedent are met and first disbursement takes place (usually the success fee net of any minimum/signing fee paid)
- Once the investment is raised, the Advisor will communicate it to PFAN via the submission of a Financial Mobilisation Report, which will include details of the transaction and updated impact data on the project/business.

# Opportunity to Complement Local Coaching with online Events





## Action Plan: Key Points for Success

- PFAN Advisor Value Added, Stage 1:
  - **Vigorously screen and verify the project documents and status:** having in mind that the goal is for the Advisor and PFAN to introduce this project to investors, this is the opportunity for the Advisor to verify the project, such as documentation, investments that already took place, team involved.
  - **Impact data:** How important that is! Units, quality of explanations, completeness. We are putting together an explainer for you to have as reference. There is also an opportunity for you to help the project/business further strengthen its "climate case".
  - **Action Plan:** clear definition of what the project/business needs to get ready to meet with investors (it is submitted on Climate Invest and automatically emailed to the project developer/entrepreneur for his acknowledgement and call for action if different than agreed).
  - If project is not recommended to the next stage: (i) ensure Project/Business receives a set of items to focus/achieve before receiving further support, and (ii) schedule an update on Climate Invest (for 6, 9 or 12 months)

### Call Off 1, Action Plan:

#### PFAN Advisor activities:

1. **Vigorously screen, assess and verify the project documents and status;**
2. Develop an Action Plan outlining necessary steps to make the project ready to be introduced to investors;
3. Review and refine project data together with the project developer to more accurately report on the project's impact
4. Recommend further coaching steps and respective Call-Offs;
5. If no further coaching is recommended, a to do list should be provided to the project developer and a future update should be scheduled.

#### Deliverables to be submitted (within 1 month):

PDR1: Project Development Report, a project assessment form to be submitted on Climate Invest with information on the Action Plan and the Project Impact Data.

**At the end of the Action Plan stage, if in your judgement the project is unfit to receive further support from PFAN, please report accordingly with your observations. This is important feedback to ensure support is provided to those ready and committed to it.**

## Action Plan: Potential Outcomes of this stage

- PDR1 is also the opportunity for the PFAN Advisor to recommend:
  - **If the project/business should go to the next stage.** In such case a detailed Action Plan to get the project ready to meet investors must be agreed with the project developer/entrepreneur.
  - **If the project/business is not ready for further PFAN support.** In such case a detailed list of milestones should be provided to the project developer/entrepreneur, which they should work with their team before being recommended for further support. Advisor schedules a project update on Climate Invest.
  - **If the project/business is not suited for PFAN support** (eg. not commercially viable and requires significant amount of grants). In such case the advisor should communicate it to the project developer/entrepreneur and provide some direction to where they could look for grants, or for early stage development support in the region.
  - **If you suspect the project/business to be engaged or even a possibility of engaging in any unethical practices, frauds, malpractices, dishonest approach or any kind of harassment** please provide us your honest opinion so that PFAN can disengage with such projects immediately. This can be at any stage of the project engagement during the entire PFAN Journey. You may use any mode of communication that you are comfortable with to convey this to PFAN management.
  - **If the project/business is suited for PFAN support but not to receive coaching from you,** in such case a recommendation should be made for another Advisor to continue the support based on the Action Plan agreed between you and the project/business.

# Key Points for Success: Project Development

- PFAN Advisor, value added at Stage 2:
  - Advising on the **business model, risk section, financing strategies, investment ask**
  - Recommending improvements to **business plan and financial model, ensuring consistency**
  - Quality assessment on investor ready check, and **target investors\* (PFAN is developing a mechanism to further support advisors in broadening the investor outreach, news to come soon!)**
- Financial Model Check, value added at Stage 2:
  - After submission of the financial model within 4 months, a specialist will review it
  - Main assumptions, ratios, mechanics of model, and consistency with business plan will be checked
  - Two rounds of reviews
- If project is not recommended to the next stage: (i) ensure Project/Business receives a set of items to focus/achieve before receiving further support, and (ii) schedule an update on Climate Invest (for 6, 9 or 12 months)

## Call Off 2, Project Development:

### PFAN Advisor activities:

1. Optimise the business model and the financing structure of the project, advising on milestones to be achieved before meeting with investors;
2. Support the project developer to improve the business plan and financial model, ensuring consistency and reliability with respect to risk analysis, assumptions and financing strategy;
3. Assist the project developer in producing high quality financial models, cash flow projections and financial outputs and indicators, which reflect their investment ask;
4. Provide inputs, guidelines and advice on valuation for equity investment and (interest rate) pricing for debt financing;
5. Assess if the project is ready to meet with investors, and if so, research what types of investors would be targeted;
6. support the project in preparing a draft investor presentation, and as applicable, rehearse to a PFAN panel;
7. At the end of the process, shall the investor ready assessment not be favourable, provide the project developer with guidance on next steps to be pursued and met, before further PFAN support may be recommended.

### Deliverables to be submitted:

PDD1: Project Deliverable Document: an improved business plan and financial model together with updated project data, to be submitted in Climate Invest within 4 months.

PDR2: Project Development Report, a form to be submitted on Climate Invest including information for the Investor Teaser, a list of target investors, the Investor Readiness Assessment and a draft Investor Presentation within 6 months.

## Project Development: Potential Outcomes of this stage

- PDD1, the first deliverable submitted by the project developer/entrepreneur, it is due within 4 months of Stage/Call Off 2:
  - **So the financial model may go through an additional check (by a contracted specialist).** And the RC may have the opportunity to add/comment to the business plan and financial model.
- PDR2, the final deliverable of Stage 2, submitted by the Advisor:
  - **The advisor will qualify the project as "investor ready or not"** and, if positive, submit list of target investors/types of investors:
- The goal is to invite all projects/businesses that are being recommended to progress to Investment Facilitation (Stage/Call Off 3) to pitch their investment opportunity to senior PFAN members (online presentation).
  - **It will start as an opportunity to practice and receive additional experienced feedback from PFAN**, similar to those practices in the workshops ahead of an Investor Forum.
  - With time, it should become the chance for PFAN to further screen projects/businesses going into Investment Facilitation or being recommended to a fund.

# Key Points for Success: Investment Facilitation

- PFAN Advisor, value added at Stage 3:
  - Refining the structure of the financial transaction as target investors are reached out to (sensitivity to the needs and expectation of different types of investors);
  - Finalise an improved investor presentation and practice with the project developer/entrepreneur (both long and short versions, highlighting key elements);
  - Enable target investor introductions and support negotiations;
  - Provide short monthly updates on Climate Invest on meetings with investors about this opportunity (sales force may be updated and RC may comment/add).
- PFAN is developing a mechanism to further support Advisors in broadening the investor outreach starting at the beginning of Investment Facilitation stage and continuing throughout the duration of the success fee agreement.
- It is envisioned to happen via quarterly calls between the PFAN Advisor and PFAN senior members, to provide additional support.

## Call Off 3, Investment Facilitation:

### PFAN Advisor activities:

1. Work with the project developer in structuring an investment transaction, identifying investors from his/her/its network and PFAN's global network;
2. Prepare the project developer to deliver an objective, clear and strong pitch to investors, assisting on producing a quality investor presentation;
3. Facilitate and support investor introductions and negotiating an investment commitment to reach financial closure; → as needed, to provide inputs, guidelines and advice on valuation for equity investment and (interest rate) pricing for debt financing;
4. At the end of the process, if the project does not meet investor requirements yet, provide the project developer with guidance on next steps to be pursued and met, before further PFAN support may be recommended.

### Deliverables to be submitted (within 4 months):

PDD2: Project Deliverable Document: a final investor presentation together with updated project data to be submitted in Climate Invest.

PDR3: Project Development Report, a form to be submitted in Climate Invest including information for the Investor Teaser, as well as a report on Investor Introductions.

## Call Off 6 Ad-Hoc Services

- Examples of services that may be contracted under this Call Off:
  - Participation in Workshops/Forums/Events where the PFAN Advisor is hired to accompany one or more PFAN Projects/Businesses for support/coaching. Guidance on remuneration depend on number of days and number of projects/businesses involved.
  - Organization of events: for new project/business outreach events, investors and projects/businesses introductions/roadshows. Guidance on remuneration depend on type of event (online or presential, length). Note that this will not be used in countries where PFAN has a country coordinator.
  - Representing PFAN at an event: for unique situations and not applicable to Country Coordinators, since their roles already cover such activity. Note that this will not be used in countries where PFAN has a country coordinator.
  - Supporting PFAN in specific working groups or with research: very unique and on a case by case basis.

## Info / Welcome Kits

- PFAN Advisor:
  - Description of Framework Agreement (no financial commitment) and Call Offs (financial commitment)
  - Highlight the alignment of interests in having a time-bound process (time value of money, value of your time and impact of advice)
  - Detailed description of impact data of the project/business to be collected under PDR1 at stage/call off 1
  - Examples of investor teasers, so you may better elaborate the data under PDR2 and PDR3
  - Examples of business plan templates and what a financial model must have
  - Description of what the financial ratios are (in PDR2, investment ask)
- Project Developer/Entrepreneur:
  - Description of the PFAN Journey, key points to make the best of it
  - Description of the process
  - Valuable info on anti-corruption, important links and examples of FAQ

# The PFAN Journey

## A time-bound, 3 stage process



## Thank You.

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