



Award Criteria Part II

Financial Maturity

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Financial Maturity – key points

**Objective: assess the project capacity to reach
Financial Close within 4 years**

**Project business plan and
profitability**

**Soundness of the financing
plan**

**Commitment of project
funders**

**Understanding of project
financial risks**

Financial Maturity – key points

Objective: assess the project capacity to reach Financial Close within maximum 4 years

Relevant sections of the proposal and mandatory annexes

- **Application form, Part B, sections:**

- 3.2 (Financial maturity)

- 3.4 (Risks and mitigation measures)

- 6 Work packages, activities, milestones

- Mandatory annexes :

- Business Plan (including financial statements of the project shareholders),
 - Financial Information File **to be filled completely** (which includes the Relevant cost calculator, the financial model Summary Sheet, the grant drawdown schedule and the cost efficiency calculation), Applicant's Financial Model (xls)

- Any existing due diligence report (optional)



Financial Maturity

Business Model => Business Plan

- Credibility of the business model and business plan :
 - Describe the proposed project business model, including the project competitive advantage, targeted market(s) and products, barriers to entry and how it addresses market gaps
 - Fully describe and substantiate the main revenues and cost assumptions (CAPEX and OPEX). Include a detailed breakdown and description of prices and volumes assumed (attach any available due diligence)
 - Describe the strategy to secure key contracts with off-takers, key suppliers, construction contractors... Where available, provide contractual evidence for example letters of support, indicative terms from MoU's,...
 - Justify the cost contingencies assumed and ensure that they are in line with market practice in your sector

Financial Maturity

Business Plan => Financial Model

- Robustness of the cash flow projections and project profitability
 - Ensure that the financial projections are coherent with the assumptions of the business plan and across the other application documents
 - Fill in the Financial Model Summary Sheet and make sure the data are coherent with your own financial model and the figures used in the Relevant Cost calculation template
 - Describe project returns over the entire project lifetime with/without the grant and compare it to the WACC
 - Ensure that assumptions used for WACC adequately reflect the project risks

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Soundness of Financing Plan

- Project Financial Close must be reached maximum 4 years after signing of the Grant Agreement
 - ⇒ justify the planned date for Financial Close, clearly describe the work packages, milestones and deliverables up to that date and explain how the project will be financially prepared to enter into operation as expected
- Demonstrate financial viability of your project. Does the financing plan cover construction costs and potential negative operational cash flows?
- If you assume to raise external debt in your financing plan, justify the key terms and that it is in line with market standards. Ensure that the level of debt assumed is supported with stable cash flows to be demonstrated by long-term off-take contracts. If possible, letters from banks substantiating the conditions is always a plus.
- Describe the funding structure in the organizational chart highlighting the main legal entities and where the debt (if any) will be raised (will it be recourse/non recourse?)
- Make sure that grant disbursement is in line with the call text

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Commitment of project funders

- Describe the state-of-play, nature, level and conditions of support provided by project funders.
- Provide corresponding evidence like letters of interest/support, letters of approval from funders/shareholders or board confirming the support of the financing plan
- Support from other sources including market mechanisms, support from Member States and status/planning for State aid clearance where relevant (provide evidence if you have, not just mention it).

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Business and financial risks

- Provide a description of the main business and financial risks with the appropriate mitigation measures
- Underpin your analysis with the business plan and provide a risk heat map
- Describe contingency planning and/or contingency funding to cover downside scenarios like lower green price premium, sales growth or lower than anticipated price increase, higher construction cost, absence of additional grant (if any)
- Fill in the risk matrix in section 3.4 of the application form part B

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Business Plan

+ Financial Information File (FIF)
+ detailed financial model sheets;
+ profit and loss account and balance sheet for the last three years (consolidated or social accounts) of project shareholders;
+ other annexes.

- The Business Plan is a **Mandatory annex**: it should include information in line with the minimum content indicated in section 5 of the call text:
 - executive summary;
 - business proposition;
 - main project counterparties;
 - diagram showing the relationship between the different project parties and the project ;
 - products and services including assumptions on price, volumes...;
 - SWOT or Porter 5 Forces analysis;
 - financing plan;
 - allocation of financing including InnovFund grant across the project milestones;
 - budget CAPEX, OPEX underlying assumptions; economical and other assumptions;
 - WACC (with the details) and value creation (comparison WACC with IRR), table of IRR computation;
 - financial Projections;
 - ...