OMB No. 3048-0013
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FOREIGN AND DOMESTIC PROJECT FINANCE

Structured Finance

"Structured" transactions will have an established corporation as a borrower but may rely upon future sources of cash flow in addition to the corporation's existing profitability and liquidity. The information required for structured finance applications is the same as the requested in Attachment G (Form EIB 95-10g): Credit Information plus any additional data describing the proposed structure and security package.

Structured and Project Finance Approach for Foreign and Domestic Transactions

The term "project finance" or limited recourse project finance refers to the financing of greenfield or brownfield projects that are dependent on the project's future cash flow as defined by the contractual structure for repayment of debt. By their very nature, these projects are complex and rely on a number of integrated contractual arrangements for successful completion, operation, and repayment of debt.

Application Process.

- **Submission.** The project finance application must include: 1) the standard *EXIM LT Application*, and 2) an electronic copy (or access to an approved data room) of the materials listed in this attachment. These materials should be marked "Foreign Buyer Project Finance Application" or "Domestic Project Finance Application", as applicable and submitted to EXIM.
- **Preliminary Review**. EXIM will review the submitted material within five to ten business days of the date that the application is received by the Structured and Project Finance Division. This review will determine if the application includes the information required to proceed with an evaluation.
- **Incomplete Application.** If the application presented is determined to be incomplete by the Structured and Project Finance Division, the applicant will be contacted with an explanation of the application's deficiencies.
- **EXIM Choice of Financial Consultant.** A financial consultant will be selected by EXIM to evaluate the application. Selection of the specific financial consultant will depend on several factors including geographic and sector expertise, and ability to meet project deadlines. The cost of the financial consultant will be the responsibility of the project sponsor.
- **Evaluation Fee.** Before the financial consultant begins review, the applicant will be required to sign an engagement letter and pay an evaluation fee to the financial consultant.
- **Other Fees.** EXIM will require, either in conjunction with other lenders or for its own use, the advice of independent outside legal counsel, independent engineers, and insurance advisers. A market consultant may be required for some projects. In addition, there may be other fees associated with conducting proper due diligence. Payment for these and any other fees will be borne by the project sponsors or the applicant.
- **Preliminary Project Letter.** For certain projects or at the request of the sponsor, the Structured and Project Finance Division will issue a Preliminary Project Letter or "PPL". The PPL indicates if the project has merit and EXIM is prepared to move forward with additional due diligence. If EXIM choses to move forward with the project, the PPL will include a financing offer with the corresponding general terms and conditions. These terms and conditions will be based upon the information available at the time of the application. The evaluation and issuance of the PPL will be completed within 45 days of commencement of the evaluation.
- **Evaluation Post-PPL**. After issuance of the PPL, EXIM will work with the applicant to negotiate and resolve all issues to secure a final commitment. EXIM may continue to utilize the financial consultant and other consultants until the project financing is authorized by EXIM's Board of Directors and completion of final financing documentation.

Project Criteria and Application Information Requirements

a. General Project.

Definition

- The project should have long-term contracts from creditworthy entities for the purchase of the project's output and the purchase of the project's major project inputs such as fuel, raw materials, and operations and maintenance. Such contracts should extend beyond the term of the requested EXIM financing. Where such contracts do not exist, additional equity and/or other credit support is expected.
- The construction of the project should be via a lumpsum turnkey engineering, procurement, and construction contract with a reputable firm. Otherwise, the sponsor will be required to provide construction completion undertakings
- The project should contain and appropriate allocation of risk to the parties best suited to manage those risks. Sensitivity analysis should result in a sufficient debt service coverage ratio to ensure uninterrupted debt servicing for the term of the debt.
- Total project cost should be comparable to projects of similar type and size for a particular market.
- Product unit pricing and should reflect market-based pricing.
- When applicable, devaluation risk needs to be substantially mitigated through revenues denominated in hard currencies, revenue adjustment formulas based on changing currency relationships, or other structural mechanisms.
- Equity arrangements should be completed prior to submission of an application.
- For additional information please visit the Structured and Project Finance page on EXIM's website: www.exim.gov

Information required

1. Summary of all aspects of the project, as contained in an independently prepared feasibility study and/or detailed information memorandum, prepared by a qualified party. The study or memorandum should include the project description, location, legal status, ownership, and the background and status of key elements of the project structure, such as agreements, licenses, local partner participation, and financing.

2. Fully negotiated close to final or final draft agreement for key elements of the project, including construction, operation, supply or feedstock, and offtake agreements.

3. A breakdown of anticipated project costs through commissioning, including interest during construction and working capital requirements, by major cost category and country of origin.

4. A summary of the anticipated project financing plan and security package, including: the proposed source, amount, currency, and terms of the debt and equity; the sources of capital in the event of project cost overruns; and description of escrow and reserve accounts. Information on the terms, security requirements, and status of financing commitments of other lenders to the project, if applicable, should be provided.

5. Projected annual financial statements covering the period from project development through final maturity of the proposed EXIM financing, to include balance sheet, profit and loss, source and application of funds statements, and debt service ratios. Projections should include a sensitivity analysis for not only the expected scenario but pessimistic and optimistic cases as well. This information should also be electronically provided with the project's financial model. The structure of the financial model should be in a format that is user friendly. EXIM must be able to review and adjust the assumptions in the model.

6. Assumptions for the financial projections, including but not limited to the basis for sales volume and prices; operating and administrative costs; depreciation, amortization, and tax rates including any state or local government policy on price regulation, tax holidays or incentives.

7. Market information, to include: ten years of historical price and volume data; present and projected capacity of industry; product demand forecast with assumptions; description of competition and projected market share of the project as compared to the shares of the competition; identity and location of customers; and marketing and distribution strategy.

8. A description of the principal risks and benefits of the project to the sponsors, lenders, and local government.

9. A description of the types of insurance coverage to be purchased for both the pre-and post-completion phases of the project.

b. Participants

Definition	*Information Required*	
❖ Project sponsors, offtake purchasers, contractors, operators, and suppliers must be able to demonstrate the technical managerial and financial capabilities to perform their respective obligations within the project.	1. Sponsors must provide a brief history description of their operations, a description of their relevant experience in similar projects, and three years of audited financial statements, in English. 2. If the sponsors are part of a joint venture or consortium, information on all participants and their ownership interests should be provided. A shareholders' agreement should also be provided.	3. Offtake purchasers and suppliers should provide a history and description of operations, at least three years of audited financial statements, in English, and a description of how the project fits in their long-term strategic plan. 4. Contractors and operators must provide resumes of experience with similar projects and recent historical financial information.

c. Technical and Environmental.

Definition	*Information Required*	
❖ Project technology must be proven and reliable, and licensing arrangements must be contractually secured for a period extending beyond the term of the EXIM financing. ❖ A technical feasibility study or sufficiently detailed engineering information needs to be provided to demonstrate technical feasibility of the project.	1. Technical description and process flow diagram for each project facility. 2. Detailed estimate of operating costs. 3. Arrangement for supply of raw materials and utilities. 4. Negotiated close to final draft turnkey construction contract and description of sources of possible cost increases and delays during construction, including detailed description of liquidated damage provisions and performance bond requirements.	5. Project implementation schedule, showing target dates for achieving essential project milestones. 6. A site-specific environmental assessment, highlighting concerns, requirements, and solutions. The information to be provided should demonstrate compliance with EXIM's environmental guidelines, including and when applicable, the National Environmental Policy Act and the Endangered Species Act.

d. Host Country Legal/Regulatory Framework and Government Role (Not Applicable for Domestic Finance).

Definition	*Information Required*	
❖ Host government commitment to proceeding with the project needs to be demonstrated. ❖ Legal and regulatory analysis needs to demonstrate that the country conditions and the project structure are sufficient to support long-term debt exposure for the project through enforceable contractual relationships. ❖ EXIM's relationship with the host government will be addressed on a case-by-case basis.	1. A description of the host government's role in the project, and progress made toward obtaining essential government commitments, including authorizations from appropriate government entities to proceed with the project. 2. A definition of the control, if any, that the government will have in the management and operation of the project, and status of any assurances that the government will not interfere in the project's operation. If the government is also a project sponsor, these issues will be of particular importance.	3. Evidence of the government's current and historical commitment and policies for availability and convertibility of foreign currency. 4. Status and strategy for obtaining government undertakings to support any government parties involved in the project, to the extent that such undertakings are needed to provide adequate credit support for entities.

If you have any questions about this attachment, please contact the Structured and Project Finance Division.
Telephone: 202-565-3690