

Preparing and presenting proposals

**A guidebook on
preparing technology transfer projects
for financing**



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A guidebook on preparing technology transfer projects for financing

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Foreword

Climate change is one of the most serious environmental issues that we face today. The impacts of climate change could have far-reaching and unpredictable environmental, social, and economic consequences. Yet climate change also creates new opportunities, as demonstrated by the increasing investment in the application of climate-friendly technologies and in the emerging carbon market. It is clear that the development and transfer of technologies plays a key role in the mitigation of and adaptation to climate change.



Market barriers are considered to be one of the main obstacles to the deployment and diffusion of climate-friendly technologies, particularly in developing countries. One of the challenges faced by project developers is how ideas can be transformed into sound project proposals and how the required financing for implementation can be secured. Matching good project ideas with the needs of financial providers, both public and private, is an important element in lowering market barriers.

The aim of this guidebook is to assist project developers in developing countries and other stakeholders in preparing financing proposals that will meet the standards of international finance providers. Better projects, increased funding and shorter funding cycles can be achieved through tools, such as financial software, that are accessible to both project developers and finance providers. It is our hope that this guidebook and its accompanying templates will improve communication between these two groups and thereby enhance the diffusion of climate-friendly technology.

Yvo de Boer
Executive Secretary
United Nations Framework Convention on Climate Change
September 2006

Preface

The need for the Expert Group on Technology Transfer (EGTT) to involve itself in the issue of innovative financing is based on the recognition of the need to improve access to financing from a wide variety of available sources in order to realize the increasing number of technology transfer projects, given the limited capacity of public financing sources.



Under the “enabling environments” theme of the technology transfer framework, EGTT discussed barriers to enhancing financing for technology transfer to developing countries. These barriers, in conjunction with the scale of the required investments, prompted EGTT, in conjunction with the secretariat and representatives of the Global Environmental Facility (GEF) and the United Nations Environment Programme (UNEP), to initiate discussions on innovative options for financing the development and transfer of technologies. These discussions led to the UNFCCC workshop on innovative options to finance the development and transfer of technologies, held in Montreal, Canada, in 2004. That workshop offered the first forum within the UNFCCC process to address the issue of financing the development and transfer of technology and the first to engage private-sector financiers.

The follow-up workshop on innovative options for financing the results of technology needs assessments (TNAs), held in Bonn, Germany, in 2005, was a next step in this process, demonstrating the progress made since the first workshop on innovative financing. Various projects identified from TNAs and other sources were presented by the representatives and commented on by financing experts. All projects demonstrated opportunities to benefit from the exchange of views with the finance sector, indicating that there are lessons to be learned on both sides.

The workshops in Montreal and Bonn, organized in collaboration with the Climate Technology Initiative (CTI) and the private sector, both highlighted the need for toolkits and handbooks on innovative and non-innovative financing of technology transfer projects to improve project preparation and assessment to international standards. The EGTT and UNFCCC secretariat workplan for 2006 includes the development of a practitioners’ guide to assist project developers in developing countries in preparing project proposals to satisfy this need, and the result is this guidebook.

The publication of this guidebook is the result of the dedicated efforts of all those involved in its production, in particular its principal consultants, staff of the UNFCCC secretariat, members of EGTT and numerous practitioners engaged in project development and financing.

Bernard Mazijn
EGTT Chair
September 2006

Acknowledgement

This guidebook was prepared by the Technology sub-programme of the Adaptation, Technology and Science Programme of the UNFCCC secretariat. This guidebook is the result of close collaboration between the consultants, Philip LaRocco and Maria Salinas, who drafted the bulk of the text, and staff of the UNFCCC secretariat. In carrying out this task, they received valuable assistance and advice from members of the Expert Group on Technology Transfer and numerous practitioners.

Special acknowledgement is due to the Government of Belgium and the European Community, for their generous financial support, without which the publication of this guidebook would not have been possible.

Introduction

Welcome to “Preparing and Presenting Proposals”. This guidebook has a single purpose: to improve the odds that good ideas will attract the resources needed for successful implementation.

There are many good ideas. Unfortunately, most do not get beyond the idea stage because rarely can a single person assemble all the resources needed and do all the work required to convert an idea into a reality. To obtain such resources we must explain our idea clearly, be convincing that the idea can be implemented and know what is needed to succeed. That is what a proposal does.

A **proposal** consists of a **plan** to do something, combined with a **request** for resources.

While no single formula or template exists for preparing a successful proposal, there are **common ingredients** that most well-prepared proposals contain. Understanding and demonstrating a mastery of these common ingredients combined with **knowing the audience** will greatly increase the chance of success. This guidebook explains these common ingredients using a question-and-answer framework.

What→Where→Who→How→Why→What If→To Whom?

Journalists are taught to make sure that their reports answer the questions Who? What? When? Where? Why? A complete proposal should answer a similar set of questions.

- **What** is being proposed? → *The core concept*
- **Where** will the proposal be implemented? → *The setting*
- **Who** will champion the proposal and see it to completion, and who else must be involved? → *The team*
- **How** will the proposal be implemented? → *Implementation plans*
- **Why** is the proposal important and why should it be supported? → *Expectations*
- **What if** things do not go as planned? → *Contingencies*
- **To Whom** is the proposal addressed? → *The audience*

A proposal that addresses these questions will meet the entry requirements of lenders, investors, donors, grant-makers, carbon professionals and service providers. The **challenge** is to do a fine job on each of these points, rather than overpreparing some answers and ignoring others.

This guidebook describes each of these requirements in detail, along with offering suggestions on how better to understand the **audience** being targeted.

WHAT – The core concept

The products, services and technologies being proposed for implementation comprise the “what” of a proposal. The core of any proposal is a clear statement of the product or service to be offered and a clear explanation of the client group to be served.

WHERE – The setting

The region, industry and market where the core concept will be implemented define the “where” of the proposal. Every setting is different. The success or failure of a proposal will be greatly determined by a mix of factors that need to be understood and explained. “Where” refers first to the actual location of what is being proposed. That is, the village or town, district or river where implementation will occur. Then it refers to the social-economic-political-governmental circumstances that define its setting.

WHO – The team

The institution, company, community or individual(s) who will have the responsibility for converting what is being proposed into action and results comprise the “who” of the proposal, the parties at risk of failure and responsible for action. Who will champion the proposal and see it to its completion? And who *else* must be involved? Most providers of finance and services would rate the quality of the **Champion** and the team as *the* most important factor weighed in making an investment decision.

HOW – The implementation plan

The planning, finance, operations, construction, management, monitoring and evaluation elements comprise the “how” of the proposal. A successful proposal demonstrates a mastery of the complete range of factors that must be managed. It is here that the Champion shows how all the pieces come together in a manageable way.

WHY – Expectations and benefits

The financial, social and environmental implications, the possible impacts and outcomes – both positive and negative – the risks and rewards, the threats and the opportunities being set forth in the proposal; together these constitute the “why” of a proposal. Why is the proposal important and why should it be supported? The most essential concept here is to capture and portray *all* the benefits that might be realized. These tend to fall into the three categories of **people, planet and profit**.

WHAT IF – Contingency planning

“What If” things do not go as planned? Professionals know that very few things roll out exactly as planned. A proposal needs to show an awareness of the key events that can alter cost, timing, service delivery and outcome. Then, the Champion can demonstrate how he or she will deal with those circumstances.

Proposals: the bridge between Champions and Enablers

Champions are the people who convert ideas into action. They take on the chores and responsibility and make the needed commitment. These are the men and women who generally understand best what must be done to succeed and are the ones who realize what resources – expertise, money, skills – must be obtained. Champions can be individual entrepreneurs in the private sector, or civil society representatives or part of government. The institutional home or title assigned to these men and women does not matter a great deal. It is their commitment that does.

Enablers are the people who have the resources and knowledge Champions need. Enablers can be financial investors or representatives of government programmes; philanthropists or private voluntary organizations; niche professionals engaged in subjects such as carbon mitigation and adaptation; and many others. Enablers are looking for ideas to support. They may do so for financial, social, environmental or other reasons or for a combination of benefits

TO WHOM – The audience

A well-prepared proposal conforms to the needs and processes of the enabling organization from which resources are needed. It concentrates on *its* expectations, *its* needs and *its* processes for considering, approving and disbursing the resources requested in the proposal.

Innovative financing is not about creating something new. It is about a **Champion** making the connection with an **Enabler** who can provide needed and appropriate resources. Each Enabler speaks his or her own language and has priorities and responsibilities. Understanding the universe of enabling organizations is crucial to proposal preparation and presentation.

Guidebook organization

The intent in preparing this guidebook was to try to distil the many experiences which Champions and Enablers have shared. Most of that sharing has taken place in the real life circumstance of putting proposals together and trying to achieve positive outcomes. Anything of value came from the collection of experiences which Enablers and Champions have shared.

Chapters

Chapter 1 is a summary of this entire guidebook. It touches on all the topics that follow and offers guidance on the location of additional explanations and information.

Chapter 2, “Before preparing a proposal”, presents the seven-question approach in more detail, introduces important accounting and finance concepts and asks the Champion to assess his or her experience base and motivation.

Chapter 3, “Preparing a proposal”, sets forth a step-by-step approach to the issues to be addressed and questions to be answered. The information gathered in response to these issues and questions form the core of a balanced, well-prepared proposal.

Chapter 4, “Presenting a proposal”, addresses the requirements of getting a well-prepared proposal in front of the right audience.

Chapter 5, which is entitled “Customizing a proposal”, addresses the needs of proposals specifically targeted to donors who require a logical framework presentation, carbon professionals who require special information, and proposals made to lenders and investors.

Information boxes

Throughout the text, information boxes appear. These boxes point to internet and printed resources that may prove useful for investigating technologies, researching the setting where a proposal will be implemented, preparing cash flow projections, identifying sources of funding and finding other information. These resources are itemized in annex IV of this guidebook.

Lessons learned

Throughout the text, “Lesson learned” boxes set forth notes and comments that reflect the experiences of practitioners: both Champions preparing and Enablers receiving proposals over the years. These are meant to help set the tone and avoid pitfalls.

Templates

Despite the sincere conviction that proposals are unique creations, this guidebook includes a series of templates within the text as a text annex. The templates are also available as spreadsheets. The intent is to assist and guide, not to prescribe.

Annexes

A series of annexes supplement or collect in one place some of the materials referred to in the guidebook. The annexes include a detailed proposal, a glossary, a compilation of web and other resources, some calculation details, an illustrative "due diligence" checklist and a format for a term sheet.

CD-ROM

This guidebook is accompanied by a CD-ROM, which contains the templates in electronic format and the case studies discussed in chapter 3 and annex II.

Authors' note:

Please send any corrections or suggestions to us at the e-mail address below. Suggestions for the templates would be especially welcomed.

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