

CFA Nigeria

Outline term sheet - TEMPLATE

PROJECT NAME:

DATE:

The outline template below is a guide only, and may be adapted as required to fit the nature of the project. The intention, however, should be to provide at least all the information asked for, but further information can be provided if this is felt to be useful to inform potential financiers. Entries under each heading should not exceed a few sentences – the whole term sheet would typically be no more than 3 pages

Term	Details						
BACKGROUND TO AND OBJECTIVES OF THE PROJECT							
The Transaction / Project	Short description of the deal or project, e.g. number of wind farms, their location and capacity						
Background to / Purpose of the Project	Short introduction to / context for the project, and its purpose – e.g. climate policies which the project will help execute, NDC or SDG goal(s) which could be relevant to the project						
Climate results	Summary of mitigation (e.g. GHG reductions) or adaptation outcomes (e.g. number of direct and indirect beneficiaries, number of beneficiaries relative to total population)						
Environmental and social impact assessments	Summary of assessments and management plans to be implemented						
PARTIES TO THE PROJECT / TRANSACTION							
Project Sponsor	The developer or other proponent of the project or fund and its ownership / jurisdiction						
Special Purpose Entity(ies)	Describe any special purpose entity(ies) required to implement the project and its / their purpose / ownership / jurisdiction						
Other Parties to Transaction	List of the other parties to the transaction and role they will play, for example: <ul style="list-style-type: none"> ▪ [Commercial Bank]: Term Debt ▪ [DFI]: Partial risk guarantee ▪ [Specialist equity fund]: Equity in project developer ▪ [Government]: Permits for XYZ ▪ [Offtaker]: XX-year PPA 						
FINANCING DETAILS							
Financing Requirements	Table setting out what the proceeds of the transaction would be used for, e.g. planning, design, development of XX MW of solar PV at locations Z, Y. If there is a mix of technologies, specify the costs and role of each technology <table border="1" data-bbox="427 1951 1043 2040"> <thead> <tr> <th>Project phases/activities</th> <th>Amount Required</th> <th>Likely Investment Type (e.g.</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Project phases/activities	Amount Required	Likely Investment Type (e.g.			
Project phases/activities	Amount Required	Likely Investment Type (e.g.					

		and Currency	grant, equity, debt)
	[Project Phase A]	[insert amount]	[insert amount]
	[Project Phase B]	[insert amount]	[insert amount]
	[Insert additional project phases as relevant]	[insert amount]	[insert amount]
	TOTAL	[insert amount]	[insert amount]
Sources of Finance	Show the mix of different types of finance / risk mitigation instruments that will be needed to cover the financing requirements identified above. Some examples are mentioned below		
<p>Note: the information requested below the table ("Closing Date" down to "Conditions Precedent") may be included in the table via extra columns, or in separate table(s) on particular investment elements</p>	Investment type, e.g. as below junior / mezzanine / senior debt, equity, guarantees, currency hedging instruments	Investment amount and currency	Investor/Party
	TA or project development grant	[insert amount]	[specify the type of funder or counterparty]
	Equity: specify type, e.g. ordinary, preferred, convertible	[insert amount]	[specify the type of funder or counterparty]
	Debt: specify junior / mezzanine / senior and security	[insert amount]	[specify the type of funder or counterparty]
	Guarantees: specify first loss / pro rata / partial	[insert amount]	[specify the type of funder or counterparty]
	Hedging instruments: currency / interest rate etc	[insert amount]	[specify the type of funder or counterparty]
	Closing Date / Sequencing	Date on which the transaction is expected to close or expected sequencing of the raising of the different types of finance	
Currency(ies)	List the currency(ies) that will be involved in the transaction. If the currency of the liabilities (debt etc) is different to the currency in which the revenues to service the liabilities are different, then how hedging of this risk will be achieved should be addressed		
Terms	<p>List the key terms for each type of financing, e.g. for debt:</p> <ul style="list-style-type: none"> ▪ Benchmark ▪ Margin ▪ Term ▪ Repayment profile ▪ Seniority ▪ Collateral ▪ Covenants (especially any 'green covenants') <p>E.g. for equity:</p> <ul style="list-style-type: none"> ▪ Type (ordinary, preferred, convertible etc) ▪ Expected returns and how delivered (e.g. preference coupons, IRR) ▪ Conversion terms 		

Sources of (Re)Payment	List the source of (re)payment for each type of financing, e.g. business revenues, refinancing, conversion. For sources of (re)payment of initial financing, the intended counterparty (e.g. PPA counterparty) should be specified, along with credit rating of counterparty, term of contract etc
Hedging Arrangements	Currency or interest rate hedging arrangements to be put in place
Guarantees	Guarantee or export finance arrangements etc. Indicate level and type of guarantee, e.g. first loss / pro rata, full / partial and rate of the latter. Indicate cost.
Covenants	Describe any key covenants required, especially covenants to secure 'green' / social objectives of the project
Green Loan/Bond Issuance	If debt is to be issued under a green label, state the use of proceeds and the type of appraisal for the green label (e.g. second opinion)
Conditions Precedent to Closing	Briefly describe conditions that will need to be met before financing can close, e.g.: <ul style="list-style-type: none"> - Due diligence conditions - Putting in place relevant Services Agreements - Any policy changes required at national or local level - Any planning agreements required - Completion of the Transaction Documents - Agreement of tax arrangements, hedging arrangements

TRANSACTION ARRANGEMENTS / COSTS

Transaction Documents	Dependent on the nature of the Transaction, briefly list the documentation envisaged to be needed for the Transaction e.g. Share Subscription Agreement, Loan Agreements, Guarantee Agreements, Hedging Contracts
Advisers	List intermediaries and technical, legal, accountancy advisers etc required to arrange / complete the transaction / project (actual names not needed)
Fees and Expenses	Expected fees and expenses to be incurred in completing the Transaction / paying the above advisers, e.g. arrangement fees, retainer and success fees, advisory costs, costs of consents / permissions etc
Governing Law & Arbitration	Jurisdiction(s) / national law(s) under which the agreements would be entered into, plus main arbitration arrangements (i.e. with respect to finance only, hence depends on the source of the finance)

KEY RISKS

List the key risks associated with the project and what mitigation measures are in place / contemplated to address these. Some examples of risks might be:

- Political
- Technology
- Currency
- Commercial
- Key Person
- Security
- Refinancing