



## **AREED APPLICATION PROCESS**

This document presents the process for submitting a proposal for AREED assistance and describes the types of assistance available.

### ***Proposal Submission***

The first step in establishing contact with AREED is submission of a Business Proposal. The proposal must be submitted using the attached format. The proposal should include all of the information known about the proposed business activities at the time it is written. After receipt, the AREED team will assess the proposal to determine first whether it qualifies for AREED assistance and then what additional information is still required. The qualifications for AREED assistance are as follows:

1. The entrepreneur must be capable, committed and motivated to run his/her business.
2. The business must be deemed viable and sustainable meaning that it generates revenues, has expenses, will make a profit, and will grow over time.
3. The business must sell or use a clean energy technology.
4. The business must make positive social, economic, and/or environmental impacts within the area of operations.

Within 10 working days after receipt of the proposal, the assessment will be completed by the AREED team and shared with the entrepreneur. At that time, the entrepreneur will be informed whether the proposal fits within the guidelines and if it is accepted for the first form of AREED assistance – enterprise development services. The assessment will outline the types of enterprise development services to be offered by AREED and tasks to be completed by the entrepreneur. It is probable that clarifications or additional information will be required from the entrepreneur before completion of the assessment.

### ***Enterprise Development Assistance***

In this phase, AREED assists the entrepreneur to develop a viable business strategy and a “bankable” business plan. The AREED team and the entrepreneur work together to improve the original proposal based on the tasks outlined in the assessment.

This assistance is provided in-kind, meaning the entrepreneur is not responsible for paying AREED for the enterprise development services. Examples of the types of services include assistance in developing a market study; performing a feasibility and financial analysis; securing permits; assisting in negotiations; and finally development of a Business Plan that can be used to secure funding. One of the tools that will be used during this phase is the *AREED Energy Entrepreneur Toolkit*, a step-by-step guide to developing a business plan.

During this phase the AREED team will visit the company or proposed location of the business.

The leader at this stage is the entrepreneur who must demonstrate that he or she is committed, capable and motivated to develop and operate a viable business. Completion of this stage is dependent on the amount of work outlined in the assessment and the pace at which the entrepreneur completes the work.

When a final business plan is complete it is evaluated by the entrepreneur and the AREED team to determine if the business strategy is viable. If it is viable, then it progresses to the next phase. Development of a viable business plan does not guarantee funding of your business from AREED or other sources.

If your company already has an existing business plan it can be submitted to AREED for review. It is advised that the business plan format in the *Entrepreneur Toolkit* is reviewed to ensure that your plan includes the required information.

### ***Investment***

The next form of AREED assistance is a discussion of financing options followed by efforts to secure investment. Often another member of the AREED team will visit the company as part of the due diligence process. There are two options for funding- either the business can receive an investment from AREED or from other investors where AREED will act as the facilitator. AREED investment can be in the form of either a loan or equity. Terms of the investment will be discussed after receipt of the business plan, however the aim of AREED is to develop terms that allow the business to grow and reach profitability. AREED will always take a minority equity share in the company.

The final step of the AREED process is preparation of an investment document based on the Business Plan and submission to the AREED Investment Committee. The Committee can approve, deny, or request additional information. Bearing any unforeseen problems, the process of securing investment can take 2 to 3 months. Submission of an Investment Document to the AREED Investment Committee does not guarantee investment.