Sure! Here's a simple example:

Hello [Name],

I hope you're doing well. I wanted to take a moment to discuss the proposal you submitted. First, I want to acknowledge the hard work and effort you put into it. Your commitment and creativity truly stand out, and it's clear how passionate you are about this project. However, after careful consideration, we have decided not to move forward with the proposal at this time. This was a tough decision, and it certainly doesn't reflect on the quality of your work or your abilities. We deeply value your contributions and encourage you to keep bringing your innovative ideas to the table.

If you'd like, I'm more than happy to meet and discuss any feedback or explore how we might incorporate some elements of your proposal in future initiatives. Please don't hesitate to reach out.

Thank you again for your understanding and dedication.

Warm regards,

[Your Name]