

P-101 PPP Value for Money and Cost-Benefit Analysis



Course Description

A value for money (VfM) analysis consists of a systematic comparison of total costs of financing and delivering an infrastructure project by traditional government means versus private sector means.

For a government, there is no single more important exercise than carrying out this transparent cost comparator. Governments must understand the projected costs and revenue streams early in the development of a potential public-private partnership (PPP) project. Doing so allows them to make an informed, long-term decision as to whether the project is viable and what the appropriate financing mechanism would be.

IP3 provides practical, process-oriented training on how to conduct VfM analyses, case studies of actual analyses, how to structure a PPP transaction appropriately, and hands-on action planning. Participants in this course will learn how to design and manage VfM analyses for use in their own countries and organizations.

Become a Certified PPP Specialist

IP3's PPP Specialist Certification program provides a core body of knowledge in public-private partnerships, creating a world-class standard in PPP skills development.

Certification requirements include 24 CEUs and successful completion of a PPP Specialist exam.

IP3 is an accredited provider of Continuing Education Units (CEUs) as sponsored by the International Association for Continuing Education and Training (IACET).



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Learning Objectives

Through successful completion of this course, participants will be able to:

- Analyze why VfM and public sector cost (PSC) comparison analyses are so critical for PPP project development
- Interpret the overall strategic planning requirements for identifying and screening PPP project opportunities
- Illustrate how to construct PSC and VfM models and how to calculate and analyze cost input variables for PPP projects
- Evaluate how to forecast financing costs and discount rates for both traditional (government) and private sector, and capital market financing
- Demonstrate how to analyze, value and manage retained public sector risks and contingent liabilities in long-term PPP projects
- Calculate the differences between financial and economic analysis for projects, including valuation, NPV, IRR and discount rates

Who Will Benefit

- Government officials from national line ministries, state infrastructure agencies, or municipal governments
- Officials from PPP, privatization units or investment agencies responsible for infrastructure development
- PPP transaction advisors, bankers or project developers involved with PPP project development
- Staff of bilateral and international development organizations

Course Offering

Dates February 15-26, 2021

Location Washington, DC Metro Area

Reg. Code P101-210215-11

CEUs 6.0 | **Tuition** \$5,500

Caveats and Issues to Consider in the Cost-Benefits and Risk of VfM Evaluations

- Differences between and objectives of cost-benefit analysis and VfM analysis
- Cost-benefit evaluation
- Control of the socio-economic evaluation
- Legal due diligence for project preparation
- Public sector comparator (PSC)
- Risk analysis and VfM
- Selecting the best modality: Public works or PPP?
- Public-private comparator
- Methodological deficiencies of VfM analysis
- Caveats, issues and control of the risks and VfM evaluation
- Caveats and controls of the PPP financial evaluation
- Main risks, pitfalls and mistakes in PPP contracts

Introduction to PPP Comprehensive Cost-Benefit Analysis

- The economic and financial perspective of PPPs
- Understanding the stages that comprise the PPP comprehensive cost-benefit analysis
- Common language of comprehensive cost-benefit analysis

PPP Traditional Cost-Benefit Analysis

- The socio-economic evaluation of infrastructure projects
- Understanding the added value of socio-economic evaluation
- Differences between project socio-economic evaluation and investment projects financial evaluation
- Differences between the socio-economic evaluation of PPP projects and the convenience analysis of PPP modalities

Project Screening and Eligibility Analysis

- Identifying and selecting PPP projects at an early stage of the project development cycle
- Key success factors for PPP projects
- Tools for identifying and selecting PPP projects
- Eligibility index

PPP Risk Analysis: Identification and Hierarchy

- Risk analysis steps
- Essential tools for risk analysis
- The importance of PPP risk analysis identification & hierarchization

International Experience in PPPs: Best Practices and Lessons Learned

- Outcomes of PPPs around the world
- Common problems of structured PPP
- New trends and innovations
- Chilean PPP Model
- Key elements to facilitate PPP financing in Chile
- PPP case studies

PPP Risk Analysis Valuation

- Statistical techniques for risk valuation
- Cost of risk

Financial Modeling of PPPs

- Operation of a financial model
- Issues in determining cost of capital
- Weighted average cost of capital (WACC)

Deconstructing a PPP Financial Model

- The main worksheets of a financial model
- Debt service coverage ratio (DSCR)
- Minimum DSCRs for PPPs

Value for Money: The Public-Private Comparator

- PPP comprehensive cost-benefit analysis (CCBA)
- Value for money quantitative dimension
- Risk transfer profile

Qualitative Dimension: VfM Map

- Synthetic index

