

F-200 Financial Analysis Techniques for Infrastructure Projects



Course Description

Project finance is the financing of long-term infrastructure, industrial projects and public services based upon a non-recourse or limited recourse financial structure, in which project debt and equity used to finance the project are paid back from the cash flow generated by the project. In most developing markets, project finance is the preferred financial structure because the financing is limited- or non-recourse to the government.

Financial Analysis Techniques for Infrastructure Projects is designed for investment professionals and financial analysts. The course focuses on understanding the practical techniques, skills, and spreadsheet models needed to analyze, structure, and negotiate successful project-backed financings.

Participants will learn effective financial model design techniques through analyzing case studies of project financing models, and participating in role-playing simulations.

Become a Certified Project Finance Specialist

IP3's *Project Finance Specialist Certification* program provides a core body of knowledge in project finance, creating a world-class standard in project finance skills development, including financial modeling skills.

Certification requirements include 24 CEUs of Project Finance courses and successful completion of Project Finance Specialist exam.

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



The Institute for Public-Private Partnerships®

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Learning Objectives

Instructors focus on how to strengthen and negotiate project finance transactions, and teaching participants how to design, structure and review a project's financial model.

- Analyze fundamental structures of limited-recourse project financing vs. corporate and sovereign financing techniques
- Assess project "bankability" under financial and fiscal different conditions
- Demonstrate an understanding of key financial concepts used by project finance investors, lenders, and analysts
- Describe comprehensive risk analysis and assessment from various perspectives
- Discuss key project finance contracts and documentation
- Demonstrate how to design, set-up, and effectively label spreadsheet-based financial modeling
- Structure key technical and financial statements within the financial model (i.e., demand projections, capital investments, financing sources, etc.)

Who Will Benefit

- National, regional and local government officials
- Contract officers/regulatory commissioners
- Senior officials from PPP or privatization units
- Public service, utility managers, executives and legal experts
- Staff of bilateral and multilateral international organizations

Course Offering

Dates April 4-15, 2022

Location Washington, DC Metro Area

Reg. Code F200-220404-I1

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

Contact Training@IP3.org to learn more about IP3's personalized in-country training

Basic Elements of Project Finance

- What is limited recourse project finance?
- Key advantages and disadvantages of project finance vs. corporate finance models
- Examination of the key elements of P/F contractual web
- Financial parameters of the P/F model to measure risks
- Key players and their roles
- Sources of financing
- Role of the financial model in PPPs
- Credit enhancements for project finance

Risk Analysis in Project Finance

- Key elements of risk management
- How risks affect value for money and project bankability
- How to classify and prioritize risks
- Risk allocation principles—a reality check
- How to develop and use the risk matrix
- Legal risks and due diligence

Financial Agreements in Project Finance

Credit Enhancements

- Role and definition of credit enhancements in P/F
- Types of government credit instruments
- Securitization of revenues as a credit enhancement—debt service and maintenance reserves
- Political risk guarantees—multilateral and government

Structuring the SPV (Project Company) & Ownership Agreements

- Understanding the project company and the various ownership options
- How contributions are made to the project company
- Rights of owners

Managing Construction Risks in Project Finance

- Construction risk matrix structures for the EPC
- Select clauses and issues
 - Bankability and EPC contracts (lender perspective)
 - Features of the EPC contract
 - Performance guarantees (PLDs and DLDs)
 - Security and guarantees, defects liability and force majeure
 - Back-to-back interface and interface agreements
 - Material adverse changes
- Back-to-back contractual flow-through
- Lender protections under EPC and lender-direct agreement
- O&M agreement and interface agreement

Introduction to Financial Analysis for Capital Investments & Project Finance

- Financing strategies for infrastructure: sovereign finance, corporate finance, & limited-recourse project finance
- The lender's perspective: debt service coverage ratio
- Financial analysis techniques: present valuation, discounting, NPV, and IRRs
- PPP project examples

Understanding Financial Statements for Project Finance

- Future valuation (FV) of a current investment
- Present valuation (PV) of future cash flows
- Net present valuation (NPV)
- Internal rate of return (IRR)
- Debt payments: interest and principal payments

Designing & Reviewing Project Financial Models for PPP Decision-Making

- Designing financial spreadsheet models for PPPs and project financings, and selecting key outputs for governments, end-users, investors, lenders, labor & other stakeholders
- Structuring financial models inputs, calculations, and outputs
- Labeling, formatting, programming, and presentation conventions for robust, flexible, and clear PPP financial models
- Using PPP financial models to test-out risks and support project decision-making

Project Finance Modeling (Group Exercises)

- Simulation introduction & overview
- Working groups with presentations & discussion

Project Finance Credit Enhancements

- The need for credit enhancements to make economic & social infrastructure PPPs “bankable”
- PPP credit enhancement techniques & case examples

