

Project Finance and PPPs





Practical learning with real-world application

The **Project Finance and PPPs** program focuses on structuring, financing and valuing large capital projects and emphasizes Public Private Partnerships (PPP). Funding large capital expenditure projects delivers high returns but is inherently risky. In the aftermath of the great financial crisis, project failures have generated billions of dollars of losses for the equity sponsors and the creditors. The program provides a framework and methodology to look at project financing as a viable financing option from both the debt and equity perspective. Using case studies, that cover both social and economic infrastructure projects, the program illustrates how and why major infrastructure projects succeed or fail. The cases will show that improper structuring rather than the intrinsic value of projects has been the cause of many recent failures.

How you will benefit

- Understand when to use project finance and how it differs from other corporate finance techniques
- Identify the key financing sources: bank loans, multilateral funding and bond issue
- Structure the financing with a wide variety of financial and industrial participants
- Understand BOT's and Public Private Partnerships (PPP's)
- Conduct the due diligence of a project from a bank's point of view
- Identify and manage the key risks, specifically the political, construction, market, FX and environmental risks
- Understand the cash flow model and sensitivity analysis
- Recognize the limits of IRR and how it can be manipulated
- Learn how to properly value projects
- Familiarize yourself with new initiatives for infrastructure finance



	4 days
	€4,400
	4.6/5
	23 – 26 April 2019 5 – 8 November 2019

Faculty

Pierre Hillion is the de Picciotto Chair at INSEAD in Alternative Investments. He received his MBA from Ecole HEC, holds a DEA from the Université Paris-Dauphine and a PhD from the University of California in Los Angeles (UCLA). At INSEAD, he has received the Best Teacher Award for Cores and Electives on several occasions.

Pierre's research interests lie in the areas of empirical tests of asset pricing models, options pricing models, and empirical corporate finance. He has worked as academic advisor at Lombar Odier Darier Hentsch and Union Bancaire Privée.

“Excellent practical knowledge on project finance which was highly valuable”

- Financial Controller
Mubadala Development Company
United Arab Emirates



CFA Society
Netherlands

vba

This program is eligible for 24 CE credit hours as granted by CFA Society VBA Netherlands

Program Content

Overview of Project Finance

- The project finance framework
- Key characteristics and key parties involved
- Risks and risk mitigants:
 - Political, sovereign and expropriation risks
 - Economic risks
- Project finance as a financial contract and contract types (BOT, BOO, etc.)
- Public Private Partnerships (PPPs)

Case Study: PPP and Social Infrastructure

- The case study deals with the risks and the risk mitigants of a social infrastructure project (desalination plant). The goal is to identify the most significant risks in social infrastructure.

Financing Issues in Project Finance: the Macro View

- Financing types: bonds versus loans
- Assessing project finance debt
- Financial ratios: DSCR, LLCR, PLCR, etc.
- Financing risks and re-financing risks
- Lenders protection: cash sweeps, mandatory cash sweeps, etc.
- Role of Multi-Lateral Agencies (MLA) and Political Risk Insurance (PRI)
- Common derivatives used in project finance: swaps, etc.

Case Study: PPP and Economic Infrastructure

- The case study illustrates the impact of financing decisions on a project's outcome (in this case bankruptcy) and shows how critical the structuring of a project is for its survival.

Financing Issues in Project Finance: the Micro View

- Financing issues during construction
- Financing issues during operation
- Interplay between construction and operation

Group Exercise: The goal is to illustrate how banks calculate debt commitments and optimize the capital structure, allowing participants to better understand what are known as circular references and how to solve them.

Project Valuation: Cash Flows and Discount Rates

- The relevant cash-flows and the cash-flow waterfall
- Discount rates:
 - Cost of unlevered equity and levered equity
 - Cost of debt
 - The Weighted Average Cost of Capital (WACC)
- Cash-flows:
 - Free-Cash Flows (FCF)
 - Cash Available for the Debt Service (CADS)
- Net Present Value (NPV)
- Reasons why the WACC cannot be used in project finance
- WACC alternatives
 - Adjusted Present Value (APV) techniques
 - Compressed Adjusted Present Values (CAPV) techniques
- Flow-to-equity (FTE) techniques

Group Exercise: The goal is to let participants work on and experience cash-flow calculations and discount rates as they apply in the real world.

Project Valuation: the IRR

- The unlevered (project) IRR versus the levered (equity) IRR
- Usefulness of the IRR
- How to look good with the IRR
- IRR manipulation

Group Exercise: The goal is to let participants better understand key differences in IRR calculations and how they can be manipulated.

Capstone: Combining Valuation and Financing Issues

- Critical overview of methods, risks, and other considerations in project finance

Case Study: PPP and Economic Infrastructure

- The case study involves an economic infrastructure project and covers both financing and valuation issues. The case is unique as it involves the IPO of a project and deals both with corporate and project finance issues.

Enrolling & Practical Information

Enrollment requirements

AIF considers each enrollment application carefully to ensure the quality and level of the program is maintained and that participation of candidates is beneficial to both themselves and their organizations. The general prerequisite for all AIF programs is the possession of an academic or equivalent degree, as well as proficiency in English and practical experience.

How to enroll

Enrollment for one of AIF's programs is done via an online application form to be found on AIF's website: www.aif.nl. There is no closing date for enrollment although it is advisable to enroll early, as places are limited and preparation is required for all AIF programs. General Terms & Conditions of Enrollment and Cancellation must be agreed before enrolling and are available on AIF's website.

Accommodation

AIF has special corporate rates available for participants at a number of hotels in central Amsterdam.

Certificates

An AIF certificate of attendance is awarded to all participants who successfully complete the program.

Program location

The programs are held in the center of Amsterdam, within an easy walk from Amsterdam Central Station, and within 30 minutes from Schiphol international airport.

Program fees

Program fees include tuition, all comprehensive program materials, books, and any software that is required for the program, as well as luncheons and daily refreshments. Accommodation is not included.

In-company programs

For information on how AIF can add value to your organization via a tailored in-company program, please contact AIF directly at: +31 20 520 0160.

About Amsterdam Institute of Finance

AIF is a global financial innovation and education institute headquartered in Amsterdam. Through our open enrollment programs in Amsterdam and our in-company programs throughout the world, we connect ambitious professionals with the best minds in finance and other related topics. Taking part in one of our programs is a direct investment in your personal future and the success of your organization.

This is what makes the AIF experience unique:

- We believe in responsible, sustainable and inclusive finance
- Our clients, rather than profits, come first
- AIF is an independent and not-for-profit foundation, which allows us to cherry-pick our faculty from the world's leading business schools, such as INSEAD, NYU Stern, Berkeley Haas, Cambridge Judge and others
- AIF delivers top quality programs. Our alumni give our faculty an average rating of 4.6 out of 5.0
- Enrollment in one of our programs means you become part of the AIF network, connecting you to professionals from more than 1,200 organizations in over 110 countries

AIF VISION: We believe that better-educated professionals can better their world, be it their career, their organization, their sector or the world itself.