
Project Finance

Overview

The objective of this course is to equip bankers with advanced skills in the field of project appraisal, financing and management.

Learning Outcome Statements

- Seek business opportunities in long term lending
- Assist borrowers in formulating projects
- Identify and analyse financial and non-financial risks
- Structure project finance deals and participate in loan syndication
- Effectively monitor projects during implementation

Key Contents

- Definition – “Project Finance” as opposed to financing of a project
- Limited-recourse and non-recourse finance
- Risk/reward objectives of sponsors & lenders
- Balancing equity and debt
- Different types of debt – senior/subordinated/mezzanine
- Structural & pricing drivers
- Country/political risk
- Sponsors
- Supply/resources
- Sales/offtake
- Operation & maintenance
- Abandonment/decommissioning
- Quantitative risk analysis - project modelling
- Key ratios – annual debt service, loan life and project life covers
- Balancing equity and debt
 - Design of project models
 - Modelling best practice
 - Developing an appropriate base case
 - setting economic and technical parameters
 - Sensitivity analysis
 - Choosing/calibrating sensitivities

The Project Finance Process

- The Players and their interests
- Ownership structures
- Role of advisers
- The financial feasibility study/debt structuring
- The information memorandum
- Debt underwriting/syndication
- Financial close
- Post-close monitoring