Certificate in Project Finance

Syllabus

Module 1: Foundations of Project Finance

- Meaning, purpose and characteristics of project finance.
- Project finance versus corporate finance.
- Recourse, limited-recourse and non-recourse financing.
- Project companies and special-purpose vehicles.
- Ring-fencing of assets, liabilities and cash flows.
- Greenfield, brownfield and operating projects.
- Infrastructure versus non-infrastructure applications.
- Sources of project value and repayment.
- Bankability, financial viability and economic viability.
- Benefits, costs and limitations of project-finance structures.

Module 2: Project Lifecycle and Participants

- Project identification, development and feasibility.
- Procurement, bidding and concession award.
- Financing, construction, commissioning and operations.
- Sponsors, shareholders and project companies.
- Lenders, arrangers and security trustees.
- Government authorities and concession-granting bodies.
- Contractors, equipment suppliers and operators.
- Offtakers and input suppliers.
- Technical, legal, financial, insurance and environmental advisers.
- Responsibilities, incentives and conflicts among participants.
- Project milestones and decision gates.

Module 3: Feasibility and Commercial Assessment

- Technical, market, financial and regulatory feasibility.

- Demand assessment and market studies.
- Capacity, utilisation and ramp-up assumptions.
- Site selection, land access and supporting infrastructure.
- Technology choice and performance assumptions.
- Capital expenditure and development costs.
- Operating costs and maintenance requirements.
- Approvals, licences and implementation dependencies.
- Sponsor capability and execution history.
- Assessing independent reports and their limitations.
- Identifying gaps requiring specialist review.

Module 4: Revenue Models and Offtake Arrangements

- User-pay, availability-payment and contracted-revenue models.
- Merchant versus contracted exposure.
- Tariffs, prices, volumes and indexation.
- Take-or-pay and minimum-volume arrangements.
- Capacity payments and performance-linked deductions.
- Power purchase and other offtake agreements.
- Counterparty creditworthiness and payment security.
- Contract tenure versus financing tenure.
- Curtailment, dispatch and demand risks.
- Revenue collection and receivable delays.
- Termination and revenue-continuity considerations.

Module 5: Project Risk Identification and Allocation

- Development and approval risk.
- Land, access and site-condition risk.
- Construction delay and cost overruns.
- Technology and performance risk.
- Operating and maintenance risk.
- Demand, price and supply risk.
- Counterparty and concentration risk.
- Interest-rate, foreign-exchange and refinancing risk.
- Political, regulatory and change-in-law risk.
- Environmental, social and climate risk.
- Force majeure and exceptional events.

- Risk matrices, mitigants and residual exposure.

Module 6: Construction and Operating Contracts

- Engineering, procurement and construction arrangements.
- Fixed-price and time-certain contracts.
- Construction schedules and completion milestones.
- Performance guarantees and completion tests.
- Liquidated damages, caps and limitations.
- Contractor capability and financial strength.
- Cost-overrun funding and sponsor support.
- Operations and maintenance agreements.
- Availability and performance standards.
- Input-supply and fuel-supply arrangements.
- Interface risks across multiple contracts.
- Direct agreements, cure rights and lender step-in concepts.

Module 7: Sources of Capital and Financing Structures

- Sponsor equity and shareholder funding.
- Senior debt, subordinated debt and mezzanine finance.
- Domestic and cross-border lending.
- Construction facilities and long-term debt.
- Consortium and syndicated financing.
- Project bonds and institutional capital.
- Development finance institutions and multilateral lenders.
- Export-credit support and guarantees.
- Grants, subsidies and viability-gap funding.
- Blended finance and credit enhancement.
- Bridge funding and refinancing.
- Funding certainty and conditions attached to capital.

Module 8: Project Financial Modelling Fundamentals

- Purpose, structure and logic of a project model.
- Inputs, calculations and outputs.
- Model timelines and construction-to-operation transitions.
- Sources and uses of funds.

- Capital-expenditure and drawdown schedules.
- Interest during construction and financing fees.
- Revenue, operating-cost and working-capital forecasts.
- Depreciation, tax and cash-tax assumptions.
- Debt schedules, reserve accounts and distributions.
- Financial-statement linkages.
- Model checks and error identification.
- Documentation, transparency and version control.

Module 9: Project Cash Flows and Investment Returns

- Operating cash flow and cash flow available for debt service.
- Distinguishing EBITDA, accounting profit and cash flow.
- Maintenance expenditure and working-capital requirements.
- Project cash flows versus equity cash flows.
- Unlevered and levered returns.
- Net present value and internal rate of return.
- Equity multiples and payback periods.
- Discount rates and cost-of-capital assumptions.
- Nominal versus real cash flows.
- Terminal value and residual-value assumptions.
- Timing effects and limitations of return measures.
- Distribution capacity versus reported profitability.

Module 10: Debt Sizing and Repayment Structures

- Debt capacity based on cash flows and financing constraints.
- Debt–equity ratios and leverage limitations.
- Debt service coverage ratio.
- Loan life coverage ratio.
- Project life coverage ratio.
- Minimum versus average coverage.
- Tenor, amortisation and grace periods.
- Balloon payments and refinancing exposure.
- Debt sculpting: principles and interpretation.
- Cash sweeps and mandatory prepayments.
- Debt-service reserve accounts.
- Distribution lock-ups and covenant headroom.

Module 11: Sensitivity Analysis and Stress Testing

- Base, downside and upside cases.
- Single-variable sensitivities.
- Combined scenarios and correlated stresses.
- Construction delays and capital-cost increases.
- Lower demand, utilisation or selling prices.
- Higher operating costs and input prices.
- Interest-rate and foreign-exchange changes.
- Delayed payments and working-capital pressure.
- Break-even analysis.
- Effects on coverage, liquidity and equity returns.
- Mitigation measures and sponsor funding requirements.
- Limitations of modelled scenarios.

Module 12: Financing Documentation and Security

- Indicative terms and financing term sheets.
- Facility agreements and inter-creditor arrangements.
- Conditions precedent and subsequent.
- Representations, undertakings and information covenants.
- Financial covenants and distribution restrictions.
- Events of default and cross-default provisions.
- Security over project assets, shares and receivables.
- Assignment of contracts and insurance proceeds.
- Guarantees and sponsor-support arrangements.
- Security creation, registration and perfection: overview.
- Enforcement, cure and step-in rights.
- Legal opinions and specialist review.

Module 13: Financial Closure and Disbursement

- Meaning and evidence of financial closure.
- Committed funding and funding gaps.
- Equity commitments and infusion schedules.
- Approvals, clearances and readiness for construction.
- Conditions-precedent tracking.
- Project budgets, contingency and committed costs.
- Drawdown requests and supporting evidence.

- Independent engineer and lender-adviser certifications.
- Monitoring end use and construction progress.
- Alignment of disbursements with project milestones.
- Changes in scope, costs or funding sources.
- Documentation of commencement and completion assumptions.

Module 14: Public–Private Partnerships and Concessions

- Purpose and characteristics of PPPs.
- PPP versus conventional public procurement.
- Build–operate–transfer and related concession structures.
- User-charge and government-payment models.
- Concession periods and contractual milestones.
- Performance standards and payment deductions.
- Government support and guarantees.
- Viability-gap funding and affordability.
- Demand allocation and public-sector obligations.
- Change in law, force majeure and termination payments.
- Handback requirements and lifecycle maintenance.
- Bankability versus public value for money.

Module 15: Sector Applications

- Renewable energy: generation variability, offtake and grid access.
- Conventional power: fuel supply, dispatch and counterparty risk.
- Roads and transport: traffic, tolling and availability payments.
- Ports and logistics: throughput and customer concentration.
- Water and waste: service standards and collection arrangements.
- Telecom and digital infrastructure: technology, utilisation and customer contracts.
- Industrial projects: input supply, product prices and operating margins.
- Social infrastructure: availability, service quality and government payments.
- Comparing sector-specific revenue, construction and operating risks.
- Limits of transferring assumptions from one sector to another.

Module 16: Environmental, Social and Insurance Considerations

- Environmental and social due diligence.
- Land acquisition, resettlement and stakeholder issues.

- Permits and ongoing compliance obligations.
- Climate-related physical and transition risks.
- Health, safety and contractor practices.
- Monitoring and corrective-action commitments.
- Construction and operational insurance.
- Business interruption and delay-related coverage concepts.
- Insurer strength, exclusions and deductibles.
- Lender interests and claims coordination.
- Insurance gaps and residual risks.
- Avoiding unsupported sustainability claims.

Module 17: Indian Regulatory and Tax Interfaces

- Relevant financial regulators and sectoral authorities.
- Applicable project-finance lending requirements.
- Project milestones and commercial-operation dates.
- Cost overruns, completion delays and changes to project terms.
- Prudential classification and provisioning: introductory understanding.
- Foreign borrowing and foreign-exchange considerations.
- Security registration and stamp-duty interfaces.
- Direct and indirect tax assumptions.
- Withholding and cross-border payment considerations.
- Regulatory reporting and documentation.
- Entity-specific applicability and transitional provisions.
- Monitoring legal changes and obtaining specialist advice.

Module 18: Project Monitoring, Refinancing and Exit

- Construction progress and budget monitoring.
- Completion testing and operating performance.
- Coverage ratios, covenant compliance and liquidity.
- Reserve-account adequacy.
- Counterparty performance and receivable ageing.
- Contract amendments, waivers and consent requirements.
- Early-warning indicators and escalation.
- Refinancing objectives and conditions.
- Sponsor exits and changes in control.
- Asset monetisation and infrastructure investment vehicles: overview.

- Refinancing proceeds, distributions and leverage.
- Risks of relying on future market access.

Module 19: Stressed Projects and Restructuring

- Identifying financial and operational distress.
- Distinguishing temporary liquidity pressure from structural unviability.
- Funding shortfalls and additional sponsor support.
- Completion delays and revised operating assumptions.
- Covenant breaches and lender coordination.
- Cash conservation and distribution restrictions.
- Debt rescheduling and restructuring options.
- Contractor or operator replacement.
- Sale, refinancing and negotiated exits.
- Recovery analysis and enforcement constraints.
- Insolvency interfaces and specialist legal advice.
- Assessing revised viability rather than merely extending debt.

20: Due Diligence, Credit Appraisal and Professional Conduct

- Defining diligence scope and materiality.
- Sponsor and management assessment.
- Reviewing technical, commercial, legal and financial reports.
- Identifying inconsistent assumptions across documents.
- Assessing contracts, counterparties and funding commitments.
- Preparing a project-finance appraisal memorandum.
- Documenting risks, mitigants and unresolved issues.
- Approval conditions and monitoring recommendations.
- Conflicts of interest and adviser independence.
- Confidentiality and responsible information use.
- Avoiding false precision and unsupported model assumptions.
- Recognising limits of competence.