

“*A society grows great when old men plant trees whose shade they know they shall never sit in.*”

Greek proverb

Infrastructure and Project Finance in Asia and the Middle East

Approaches to long-term financing of major projects and physical assets for financiers, operators, and public sector planners.

OVERVIEW

The demand for infrastructure finance is expected to continually increase, as assets in developed countries begin to age, and new infrastructure is required in Emerging Markets. Furthermore, private participation is anticipated to increase, as government budgets are increasingly stretched by weakened public finances. This course will coach delegates looking to master the wide range of tools and techniques available to the infrastructure and project financier, to successfully match the appetites to risk and reward of project sponsors and lenders respectively. It illustrates these techniques with reference to a rich set of detailed case studies, which show how theory can be applied in practice in the real world.

WHO SHOULD ATTEND?

This course is focused on professional project financiers working in a banking or financial advisory capacity. However, our experience is that the subject matter is also of significant relevance to other market participants, including project sponsors, concession holders, government personnel and their legal or engineering advisors, amongst others. This course is crafted to give participants a through grounding in the technical aspects of infrastructure and project finance. If you are asking yourself among the following questions, then this course is for you:

- *What are the distinguishing features of project and infrastructure finance and why should my bank be interested in developing a portfolio?*
- *How do the financing needs of different sectors vary, and what transaction structures are most applicable?*
- *What approaches are available to us to mitigate or avoid unwanted risks or uncertainty?*
- *Who are the different stakeholders in a complex project or infrastructure finance transaction and what roles do they play?*
- *How does the deal life-cycle manifest in project and infrastructure finance, and how can we organize ourselves around it most effectively?*
- *What happens when deals go awry, and what approaches are available to lenders in this scenario?*
- *How can I understand the position of private sector financiers with a view to mobilizing their participation in financing our infrastructure programme?*

sharing knowledge, developing skills

OUTLINE

OBJECTIVES

Participants in this course will come away with:

- A comprehensive understanding of the sources of infrastructure and project finance
- An appreciation of the global infrastructure and project finance market, the participants, and the dynamics of the market
- Familiarity with a variety of different project structures, their key features, and applicability in different circumstances and sectors
- An understanding of the complete deal lifecycle and the roles played by stakeholders at each stage
- Fluency with the wide range of risks that can affect financing and approaches to managing or mitigating them
- An thorough appreciation of the perspective of the project sponsor, and engaging them in managing or mitigating project risks

COURSE DELIVERY

- This is a four-day course totaling **28 hours of delivery time**.
- All hand-outs and instruction will be in English.
- Ideally delegates will have at least three years in banking experience. Also a good working knowledge of English is required, and some basic familiarity with some key concepts of project finance is desirable.
- The high-levels of participative group work on case studies and interactivity during tutorials strictly limits numbers to **no more than 20 participants**.

TRAINING NEEDS ANALYSIS & POST-TRAINING EVALUATION:

The course outline is first agreed with the relevant client stakeholders. There will be time available during the course for delegates to explore their particular interests too. Following completion of the course, participants are asked to measure and assess the effectiveness of the training. The results are collated and reviewed, and the analysis shared directly with the relevant client stakeholders.

OUTLINE

Module 1: Introduction

- ⇒ Evolution of Infrastructure Finance into today's sectors
- ⇒ Deal snapshot: IPM Eagle, global
- ⇒ Sources of Infrastructure Finance: sovereign, SOE, equity, capital markets, bank debt, MLAs / ECAs and when to use which
- ⇒ Case study: *BP Amoco merger, global*
- ⇒ Deal snapshots: *Tangguh, Indonesia/ Tata Steel, Odisha, India*
- ⇒ Distinguishing features of Infrastructure Finance: limited recourse lending, Public Private Partnerships (PPP) and Private Sector Participation (PSP)
- ⇒ The Infrastructure Finance market in Asia
- ⇒ Privatisations, single asset corporations, portfolio lending and brownfield projects
- ⇒ Deal snapshot: *privatisation of the Singapore power generation market*
- ⇒ Bond market characteristics
- ⇒ Similarities between Project Financing and Islamic Financing
- ⇒ Deal snapshot: *Manjung Island Energy, Malaysia*
- ⇒ Project Finance metrics
- ⇒ Sources

Module 2: Typical Structures by Sector

- ⇒ Project agreements and financing agreements
- ⇒ Power generation classic Power Purchase Agreements and Contracts for Differences
- ⇒ Deal snapshot: Sur gas fired IPP, Oman
 - ⇒ merchant risk
 - ⇒ renewable energy
- ⇒ Deal snapshot: Shams 1 solar IPP, UAE

- ⇒ Natural resources:
 - ⇒ with market price risk: metals and mining, oil
 - ⇒ without market price: LNG
 - ⇒ with feedstock: refining and petrochemicals
- ⇒ Deal snapshots: *Icthus LNG, Australia/ Nanhai Petchem, China*
- ⇒ Infrastructure
 - ⇒ market volume risk
 - ⇒ road, rail, airports, ports and water availability risk
 - ⇒ prisons, schools, defence, hospitals
- ⇒ Impact of Project Finance: UK, India, South Korea
- ⇒ Telecoms: fixed line, mobile and cable
- ⇒ Deal snapshot: *C2C, regional*
- ⇒ Leisure: casinos, theme parks and stadia

Module 3: The Deal Lifecycle

- ⇒ Inception, Bidding, Award, Negotiate financing, Due diligence, Syndication, Construction and operation, Repayment
- ⇒ Case studies: Philippines BOT Law, Marubeni / Tepco purchase of Mirant Philippines portfolio

Module 4: Risk Mitigation

- ⇒ Class discussion: *Mundra UMP*
- ⇒ Completion of construction
- ⇒ Revenues: with Offtaker, market price risk, market volume risk, market price and volume risk
- ⇒ Fuel supply and reserves risk, Operating, Technical, Interest rates, Equity, Force majeure, Environmental and reputational, Foreign exchange, Approvals, Tax and regulatory, Legal, Corruption, Political
- Case studies: *Taweelah B IWPP, UAE/ North Luzon Expressway, Philippines/ Asia Container Terminal, Hong Kong*

OUTLINE

Module 5: Political Risk

- ⇒ Exercise in identification of political risk: *Theun Hinboun expansion, Laos*
- ⇒ The risks
- ⇒ Preemption
- ⇒ The mitigants
- ⇒ The players: Multilaterals, Bilaterals, Private Insurers
- ⇒ Alternative dispute resolution
- ⇒ Mitigation benefits and policy issues
- ⇒ Case studies: *Lihir Gold, PNG/ Manila airport terminal 3, Philippines*
- ⇒ Practical case study: *Dubai metro, UAE*

Module 6: Project Financing Characteristics

- ⇒ Finance Agreements
- ⇒ Cash flow control waterfall
- ⇒ Maintenance reserves, debt service reserves & sinking funds
- ⇒ Ratio definitions
- ⇒ Flexible payback of debt
- ⇒ Flexible returns on debt
- ⇒ Equity considerations
- ⇒ Project life tail
- ⇒ Credit enhancement
- ⇒ Lenders' involvement in project
- ⇒ Dispute resolution
- ⇒ Default
- ⇒ Ancillary banking products
- ⇒ Nature of Sponsors
- ⇒ Accounting treatment by Sponsors
- ⇒ Case studies: *Hong Kong Tel Co/ CBK Power, Philippines*

Module 7: Financing Plan

- ⇒ Sources of finance and sufficiency of funding
- ⇒ Deal snapshot: *Shuweihat 3 IPP, UAE*
- ⇒ Standby facilities
- ⇒ Contingent equity
- ⇒ Tax effectiveness and leasing
- ⇒ Base Case cash flows and sensitivities
- ⇒ Case study: *typical road financial aspects*

Module 8: Host Government Agenda

- ⇒ Geography, function, autonomy and coordination
- ⇒ Appetite for Private Sector participation
- ⇒ Control of monopoly asset
- ⇒ Credit support for State Owned Enterprises
- ⇒ Support for individual projects via Viability Gap Funding, revenue collars, etc.
- ⇒ Powers of eminent domain
- ⇒ Restrictions on foreign nationals
- ⇒ Control of investor returns
- ⇒ Accounting treatment by Governments
- ⇒ Case study: *Indonesia's PPP programme versus the Fast Track direct procurement*

9. Project Finance Outcomes

- ⇒ Moody's re project finance loans performance 1983 – 2011
- ⇒ Political climate around Asia
- ⇒ Deal snapshots: Star refinery, Thailand/ Delhi airport metro link, India
- ⇒ Case study: Paiton Energy, Indonesia

Module 10: Conclusion

DETAILS

FREE TOOLS, MODELS & TEMPLATES

Courses are supplemented with a range of practical documented methodologies, models, tools, and templates refined from best practice, and tried and tested in a range of leading banks. Participants can take these back to the workplace to adapt and apply, and wherever appropriate, to make a tangible improvement to policy and practice in their own bank.

This course includes:

- ➔ **Pro forma cash flow model for a power plant**
- ➔ **Sample terms and conditions for a project financing**

TERMS & CONDITIONS

Total fee cost for the off-site delivery of the four-day course as described is US\$ 16,300 (sixteen thousand three hundred United States Dollars). This is EXCLUSIVE of:

- Flights (discounted business class);
- Accommodation (min. 4★) for every night required off-site;
- Local travel costs and subsistence; and
- Venue and equipment hire (if required) and materials production.

These additional items will be for the account of the client or, alternatively, we can provide an all-inclusive quote encompassing all expenses if that is more convenient.

GBRW Learning can also host the course on-site at or near our London headquarters for an all-inclusive fee of US\$ 16,300 including VAT. This includes venue and equipment hire but does NOT include the travel, accommodation and subsistence expenses of participants.

A 60% deposit is payable one-month prior to the scheduled course date, with the balance payable immediately following completion of the course.

Note: Discounts are available for multiple course bookings of the stand-alone course or other courses within the same programme.

For more information or to arrange a booking, please contact Mike Coates at:

michael.coates@gbrw.com

Note: Terms and Conditions valid until 31st July 2016

INSTRUCTOR



Andrew Kinloch
Course Instructor,
GBRW Learning

Andrew is a senior trainer with GBRW Learning, specializing in infrastructure and project finance.

Andrew moved into banking from Chartered Accountancy where he worked for KPMG and PWC. More than 20 years Lead Arranging and advising on project, export and structured financings in Sydney with Westpac; in London with ICB / Mizuho then UBS; and in Hong Kong where he ran Global Structured Finance, Asia Pacific for WestLB followed. He helped propel WestLB to the top 5 Lead Arrangers of Project Finance globally and was responsible for a €2.5 billion loan book and 30 professionals. He was also a board member of the only Asia-based aircraft lessor, now Bank of China Aviation. In addition, he spent 2010 at the ADB as Head of PPP Advisory Services before returning to the private sector.

Andrew's training focuses on contemporary market practice as his main business is advising on infrastructure finance in Asia. This involves advising governments and institutional investors, fundraising and acting as an expert witness in arbitrations. He thus brings the perspectives of debt, equity, host government and bilateral / multilateral agencies in these markets, drawing on case studies which have both succeeded and failed. He is regularly published in the specialist press and contributed the chapter on Indonesia to Principles of Project Finance, a 500+ page textbook published by Gower Ashgate in 2012. Amongst other assignments, he is a guest lecturer at Hong Kong University and Rotterdam School of Management's international project.

ABOUT GBRW LEARNING

GBRW Learning is the training and knowledge-sharing arm of GBRW Limited. Founded in London in 1995 by a group of senior bankers GBRW's mission is to provide first-class consulting and training to banks and bankers in Emerging Markets, to the same standard as would be expected in developed markets. From our London headquarters and subsidiary offices in Washington DC and Singapore we have served clients in more than 50 countries in Europe, the Middle East, Africa, Asia and the Caribbean. Our clients include banks and other financial institutions, governments, and economic development agencies and institutions.

Through our training programmes we share the experience and knowledge of our experts with bankers in Emerging Markets, supported by high quality materials and taking advantage of the latest technologies. Our courses are all highly inter-active, and make use of carefully designed case studies and simulations.

We offer a range of training topics for banks and financial institutions including:

- Strategy & Management – Formulating, Implementing & Monitoring Strategy
- Risk Management – Credit, Market & Operational Risk
- Human Resources Management
- SME Banking – Customer Relationship Management; Credit Risk Management
- Retail Banking – Customer Relationship Management, Distribution Strategy, Product Management, Credit Risk
- Corporate Banking – Customer Relationship Management, Credit Risk Management
- Governance, Regulation & Compliance
- Financial Markets

For more information, visit our website at:

<http://www.gbrw.com/training>

To discuss your specific requirements email us at:

mail@gbrw.com