



INSEAD

Executive  
Education



Kigali  
International  
Financial  
Centre

# Project Finance and Green Finance

This programme provides a framework and methodology to look at project financing as a viable financing option from both the debt and equity perspective and focuses on structuring, financing and valuing large capital projects with an emphasis on Public Private Partnerships (PPPs). The last day of the programme focuses exclusively on the valuation and the financing of renewable energy projects (solar, wind...)

Using case studies, that cover both social and economic infrastructure projects, the programme 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.

## Programme director



### Pierre Hillion

Professor of Finance at INSEAD

The de Picciotto Chaired Professor of Alternative Investments

Professor Hillion received his MBA from the Ecole des Hautes Etudes Commerciales (HEC) in France, a DEA from the University Paris-Dauphine, and a PhD from the University of California in Los Angeles. He was the recipient of several awards from the Q. Group, NATO, ECMI and the BSI Gamma Foundation.

## Key benefits

- 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 equity
- Structure the financing with a wide variety of financial and industrial participants
- Understand BOTs and Public Private Partnerships (PPPs)
- Conduct the due diligence of a project from a bank's point of view and from an equity 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
- Recognise the limits of IRR and how it can be manipulated
- Learn how to properly value projects
- Familiarise yourself with new initiatives for infrastructure finance
- Understand how green energy projects (solar, wind...) can be valued and financed using project finance

## Participant profile

### Who should attend?

The programme is recommended for finance professionals, bankers, consultants, developers, project managers, engineers, lawyers and portfolio managers from the private sector and for civil servants from the public sector who deal with infrastructure and energy projects.

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## Programme content

### Day 1

#### Project Finance and PPPs

- The project finance framework
- Key characteristics and key parties involved
- Risks and risk mitigants
- Project finance as a financial contract and contract types (BOT, BOO, etc.)
- Public Private Partnerships (PPPs)
- Case – Victoria Desalination Plant

#### Project Cash Flows (CFs)

- Relevance of CFs in project Finance
- CADS versus FCFs
- Cash Flow Waterfall
- Group exercise

### Day 2

#### 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.
- The PBI Initiative
- Case – The Indiana Toll Road (A)

#### Financing Issues in Project Finance: The Micro View

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

### Day 3

#### Project Valuation: Discount Rates

- Discount rates
- Net Present Value (NPV)
- Reasons why the WACC cannot be used in project finance
- WACC alternatives
- Flow-to-equity (FTE) techniques
- Group Exercise

#### 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

### Day 4

#### Political Risk and Regulatory Risk in Project Finance

- Political risk in infrastructure projects
- Mitigating Political Risk
- Case – Gassled

#### Capstone: Combining Valuation and Financing Issues

- Critical overview of methods, risks, and other considerations in project finance
- Cases – BrisConnections (A)

### Day 5

#### Competitiveness of Renewable Energy Projects

- Economics of Renewable Energy Projects
- Cost Competitiveness: LCOE (Levelized Cost of Electricity)
- Price Competitiveness: Value Factors and Capture Price

#### Valuation and Financing of Renewable Energy Projects

- Risks of VRE projects and Risk mitigants
- Financing renewable projects: Project Finance or Corporate Finance?
- Case- Valuation and Financing of an Onshore Windfarm

## Dates, Location and Fee

### Dates

26–30 June 2023

### Location

Kigali, Rwanda

### Tuition fee

Euros 4800 per participant

### Contact us

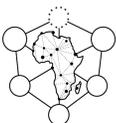
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## Programme partners



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