

Number of ECTS credits : 3

Course language : English

Course leader : MINCHENEAU MYRIAM

Speakers : POTET Laurent

COURSE DESCRIPTION

The aim of the course is to provide an insight into the complex landscape of international projects and present the main elements of Project Finance as a key financial engineering technique designed to associate an array of public and private stakeholders, who will work together for the implementation of international projects in OECD and in emerging countries in various fields (energy, infrastructure, private sector development etc.).

Project Finance is an essential instrument to address the global challenge of finding sufficient resources to meet growing worldwide investment needs and to fill the huge financial gap observed in emerging countries. The main argument raised during the course will be that increased recourse to private sector sources of finance is critical to achieve this goal, in a new and complex risk environment, increased regulations and as public sector sources of finance are clearly insufficient. Recourse to efficient Project Finance, together with efficient public-private cooperation and dialogue are vital to attract commercial sector finance.

The course can serve as preparation for the Majeure Management of Public Policies (Management des Politiques Publiques). The main focus of the majeure will be on public sector projects and Private Public Partnerships. Many basic concepts of the course will be further developed and new concepts and issues, such as investment arbitration, public procurement, or risk management of international complex projects, will be developed in more details.

COURSE OBJECTIVES

The course will provide basic knowledge to students of, and enable them to :

- Acquire an understanding of the typology of international projects: what are the characteristics of 'international projects' and what global challenges do they tackle?
- Gain a working knowledge of fundamental elements of Project finance in terms of objectives, rationale, risks, standard financing structures, standard documentation, risk analysis and mitigation, in the context of projects in various fields (private sector development, infrastructure, energy for example)
- Identify the main participants and stakeholders in an international project being developed on the basis of Project Finance, the main contractual issues among these participants, the main risks and mitigation measures in such projects: who is involved in international projects, what are their (often diverging) interest and how do they work together despite the risks involved?
- Understand the financial needs of an international projects and identify the main sources of finance for such projects, especially in Emerging and Developing Markets, including International Financial Institutions (IFIs): who finances international projects? What are the most innovative mechanisms for Project Finance?
- Acquire some working knowledge of technical assistance, information, and financing and guaranty instruments provided by IFIs to support infrastructure investments and the private sector
- Identify the main Political risks affecting international projects
- How do we assess the impact of international projects and improve their implementation over time?

Students will develop the capacity to analyze in general terms a standard summary international project brief in terms of objectives, results, expected outputs, risks, resources etc.

Students will become proficient in case analysis and discussion, as the course will rely extensively on case studies and examples of existing international projects

Students will develop team working skills, presentation skills and communications skills

≡ LEARNING OBJECTIVES

C4B learning goal	LG1 - Analysis
C4B learning objective	L02 - Analyse complex situations
Outcomes	Lev. 1 - Identify and examine the various components of a complex situation

C4B learning goal	LG2 - Action
C4B learning objective	L05 - Evaluate, prevent and manage short, medium and long-term risks
Outcomes	Lev. 1 - Locate and state overall risks characterizing a situation

≡ TACKLED CONCEPTS

Project Finance, Public Private Partnerships, Economic and Social Infrastructure, Project Sponsor, Project Developer, Development Finance Institutions (DFIs), International Finance Institutions (IFIs), Public Procurement, Project risk analysis and risk mitigation, project cycle management, monitoring & evaluation

≡ LEARNING METHODS

The methodologies used in the course will include PPT lectures and presentations on existing international projects, case presentations and case discussion sessions, and a group workshop. Basic concepts of project finance will be introduced and developed with the help of a few case studies which will serve to illustrate the lectures. At this stage it is expected that the lectures will be done online.

≡ EXPECTED WORK AND EVALUATION

Continuous Assessment is based essentially on a collaborative group work to be restituted to the class at the end of the course. Students will be asked to work on concrete case studies of selected international project documentation, and present the result of their work during the final session. Students will be placed in real-life work situation and will have to work in a collegial efficient manner to produce all results in the allocated time.

The Final written examination will in principle include 2 sections: A series of questions on the course, and a case study analyzing the documentation of a selected international project. This written examination will represent 70% of the examination grade. Documentation will be forwarded before the session to allow for preparation time if needed.

The purpose of the final examination is :

- 1/ to assess the level of knowledge and understanding of the main concepts of the course,
- 2/ evaluate the students ' capacity to identify the main participants and stakeholders of an international project together with their interests and the main risks which may have a negative impact on the project
- 3/evaluate the extent to which the objectives of the course have been reached.

≡ BIBLIOGRAPHY

Main text book:

Project Finance in Theory and Practice : Designing, Structuring, and Financing Private and Public Projects, Stefano Gatti, May 2018, Academic Press, 3rd edition, Paperback ISBN: 9780128114018

Required additional Readings

International project finance: review and implications for international finance and international business, Jakob Muellner, March 2017, Journal Manag Rev Q, DOI:10.1007/s11301-017-0125-3

Public-Private Partnerships: A Review of Theory and Practice of Performance Measurement, Henry J. Liu, April 2014, International Journal of Productivity and Performance Management 63(4):499-512

Project Finance in Developing countries, Lessons of Experience-7, International Finance Corporation, IFC Publications, 1999

Facultative Readings :

International Project Finance: Law and Practice, John Dewar (editor), 2019, 3rd Edition, Oxford University Press, ISBN: 9780198844204

Project Cycle Management Guidelines, European Commission, March 2003

≡ EVALUATION METHODS

30 % : Continus Assessment

70 % : Examen

≡ SESSIONS

1 Typology of international projects: definition of Project Finance and its main stakeholders

LECTURE & CASE STUDIES : 04h00

2 Main sources of finance: Introduction to International Financing Institutions (IFIs); Innovative finance tools and mechanisms

LECTURE & CASE STUDIES : 04h00

3 International project cycle (from project programming to evaluation); Public Procurement and Risk Management

LECTURE & CASE STUDIES : 04h00

4 Group work and restitution of a case study

PRACTICAL WORK : 04h00
