

ADFIMI - BIM Joint Seminar On International Project Finance & Cash Flow Modelling

Parsian Evin Hotel, Tehran, Iran
17-18 December 2014

Dear Colleague,

Welcome to ADFIMI – BIM Joint Seminar on “International Project Finance & Cash Flow Modelling”.

Established as an autonomous, independent and non-profit international organization, ADFIMI (Association of National Development Finance Institutions (DFIs) in Member Countries of the Islamic Development Bank (IDB)) started its operations in September 1987 at its headquarters in Istanbul, Turkey.

It presently has around 50 members from 19 countries. ADFIMI organizes various training programmes, seminars, workshops, and conferences in different cities (like Istanbul, Antalya, Karachi, Kuala Lumpur, Amman, Hammamet, Cairo, Beirut, Khartoum, Gine, Islamabad, Tehran, Kampala, Dhaka, Tunis, Lefkoşa, Dubai, Maldives, Lome, Quagadougou, Baku, Jeddah, Dakar, Ashghabat, Prishtina, Sarajevo) for the benefit of its members in order to achieve networking and capacity building of its member institutions.

ADFIMI also organizes a development forum annually during which it confers honorary membership of ADFIMI to personalities with internationally recognised track record in the development of their countries / regions. In this respect, Honourable Tun Mahathir, the fourth Prime Minister of Malaysia, H.E. Dr. Ahmed Muhammed Ali, the President of Islamic Development Bank Group, H.E. Ali Babacan, Deputy Prime Minister of Turkey and HE Sheikh Abdullah Saud Al-Thani, Governor of Qatar Central Bank have all been conferred the honorary membership of ADFIMI.

“International Project Finance & Cash Flow Modelling” seminar discusses the concept of project finance as a mechanism for raising money to implement large projects. It probes into the documentation used for a power generating plant, the “classic project finance”, as well as the core features contracts must have, in order to be bankable. Financial Modelling, focuses on the need for cash flow modelling to analyze the financial and economic viability of projects. In Case Analysis, participants will apply their learning from the seminar to a real life project.

My appreciation goes to our valuable resource person, Mr. Nazmul Haque, Director (Investment) & Head of Advisory, Infrastructure Development Company Limited (IDCOL), Bangladesh, for traveling all the way from Dhaka, Bangladesh to conduct this seminar.

I would like to thank Mr. Ali Ashraf Afkhami, Chairman and Managing Director of Bank of Industry and Mine for proposing to organize this joint seminar jointly in Tehran. I am indebted to Dr. Morteza Naderi, Director, Training and Research Department, Bank of Industry and Mine for making great efforts to make this seminar a reality.

I am grateful to all the participants for their interest in ADFIMI Seminar, and wish them all a fruitful seminar.

Best regards



Nuri Birtek
Secretary General



About the Programme Manager

Mr. Nazmul Haque is currently a Director and the Head of Investment of Infrastructure Development Company Limited (IDCOL), the largest energy and infrastructure financing company in Bangladesh. During his tenure with IDCOL, Mr. Haque was involved in structuring

and financing of many large infrastructure projects in sectors like power, telecom, toll roads, ports, ICT etc. Many of these projects were first of its kind in Bangladesh and vital for the national development.

Mr. Haque also plays a major role in IDCOL's large renewable energy program. He was actively involved in implementing IDCOL's successful solar home system program funded by

the World Bank, ADB, IDB and other development partners. His contribution in developing the country's first biomass gasification based power plant as well as a nationwide domestic biogas program was also noteworthy. Mr. Haque is currently working with various local and international stakeholders to promote improved cook stoves in the rural areas as well as urban renewable energy applications.

Mr. Haque is a leading expert in project appraisal techniques and financial modeling. He has given training on financing large projects, renewable energy financing, advanced project finance and financial modeling, corporate valuation techniques, public private partnership etc. in Singapore, Indonesia, Cyprus, Sudan and Uganda. Mr. Haque also presented papers in various international symposiums and conferences in South Korea, USA, France, Germany, Kenya, Ghana, Ethiopia, Namibia, Philippines, Thailand and Singapore. He is a regular contributor to ADFIMI seminars.

SCHEDULE

DAY 1: 17 December 2014

- 8.30 – 9.00 Registration
- 9.00-9.10 Welcoming remarks by Mr. Ali Ashraf Afkhani, Chairman & CEO, Bank of Industry and Mine
- 9.10 – 9.20 Welcoming remarks by Mr. Nuri Birtek, Secretary General, ADFIMI
- 9.20 – 9.30 Group Photo Session

Setting the Stage

- Session 1 Overview of Project Finance**
9.30 -11.00 Definition and applications
Major Participants
Risk sharing mechanism
Project finance vs. corporate finance
History of large project financing
Project finance in modern times
Advantages and disadvantages
PPP & Project Finance

- 11.00-11.15 Networking Break

- Session 2 Project Development**
11.15 – 12.45 Government perspective
Sponsor's perspective

- Sources of Finance**
Types of financing
Sources of financing
Comparison of financing sources

- 12.45 – 13.45 Break

Project Agreements and Finance Documents

- Session 3 Project Agreements**
13.45 - 15.15 Basic document structure
Risk and mitigation
Organizational Documents
Key agreements
- Concession agreement - Off-take agreement
Cost based contracts
- EPC contract - Input supply contract - O&M contract

- 15.15 – 15.30 Networking Break

- Session 4 Finance and Security Documents**
15.30 -17.00 Equity support agreement
Common terms agreement
Individual loan facility agreement
Inter-creditor agreement
Accounts Agreement
Security sharing agreement
Security Documents

DAY 2: 18 December 2014

Financial Modeling

- Session 5 Purpose and uses of Financial Model**
9.00 – 10.30 Use of a Financial Model during Project Evaluation, Negotiation, Construction, and Operation Period
- Developing a Financial Model**
Golden rules
Input / assumption sheet
Calculation sheets
Output sheets
Sensitivity Analysis
Introduction to MS Excel

- 10.30 – 10.45 Networking Break

- Session 6 Important concepts of Financial Model**
10.45 – 12.45 Annuity/ Level principal debt profile
Grace/Moratorium
Up-front fees, monitoring fees, & commitment fees
All-in-rate
Using logical functions
Minimum, Maximum, Average and Rank
E-function
NPV, IRR, MIRR, WACC
Switch, Transpose

- 12.45 – 13.45 Break

- Session 7 Developing a Financial Model**
13.45 – 15.00 Working Example 1
Working Example 2
Working Example 3

- 15.00 – 15.15 Quiz

- 15.15 – 15.30 Networking Break

- Session 8 Case Analysis**
15.30 - 17.00

- 17.00 - 17.30 Closing Ceremony

What is the aim of the seminar?

The aim of the seminar is to provide participants with an opportunity to develop an in-depth understanding of the risk-return scenario of limited recourse financing from multiple perspectives. The broad objectives of the seminar are to enable participants to: (1) analyze and evaluate project viability; (2) manage and minimize projects risk; and (3) understand basic documentation features; and (4) develop simple cash flow modeling.

Who should attend?

The seminar has been designed for project and/or program managers having responsibility to finance, manage or analyze project finance transactions. The seminar will be relevant to individuals and teams from the public sector, private sector, non-governmental

organizations as well as SMEs that intend to participate in the development and/or financing of large infrastructure projects.

What benefits will the participants have by attending the seminar?

The course is intended to improve the understanding of ceding authorities, project developers, finance professionals, in regard to the techniques employed in cash flow lending as well as the principles used to make it successful.

What are pre-requisites for attending this seminar?

Participants should hold a minimum of a bachelor degree in finance discipline. In addition, participants are required to have basic knowledge in MS Excel.