



# ADFIMI – IRTI Joint Seminar

# PROJECT APPRAISAL

Point Hotel Taksim Istanbul  
06-10 April 2015

Dear Colleague,

ADFIMI is proud to organize a seminar on Project Appraisal jointly with IRTI, Islamic Research and Training Institute, the training arm of Islamic Development Bank (IDB) Group.

Investment decisions are important both for private and public entities. Goals for evaluation of investment projects include maximizing shareholders wealth for investors, maximizing social and economic benefits for the countries and ensuring the repayment capability from the lenders side.

Within this framework project appraisal methodology will be presented mainly from economic, technical and financial disciplines from a development and investment bank's perspective. Evaluation process of investment projects will be discussed from the point of view of both the investors and the lenders. Within the program, environmental & social impact and risk assessment process will also be highlighted. In parallel with the global trends, sustainable banking practices will be presented as well.

The seminar will be delivered by a team of nine experts from Industrial Development Bank of Turkey (TSKB).

Best regards

Nuri Birtek  
Secretary General



## Schedule of IRTI - ADFIMI Seminar on Project Appraisal

### Day 1: Monday, 6<sup>th</sup> April, 2014

8.30 – 9.00

Registration

9.00 – 9.30

Welcoming Remarks

Mr. Mohamed Faysal Slama, Training Officer, IRTI

Mr. Süleyman Kalkan, Member of ADFIMI Management Committee; Vice Chairman of Türkiye Halk Bankası

#### Part-I

##### Session 1 9.30-11.00

General Macroeconomic Outlook –Gündüz Fındıkçioğlu

- Global economy and international market
- General Overview of the Turkish Economy

11.00-11.15 Coffee Break

##### Session 2 11.15-12.30

General Macroeconomic Outlook (Contd.) – Gündüz Fındıkçioğlu

- Markets and the financial sector
- Expectations for 2015

12.30-13.45 Lunch Break

### Day 2: Tuesday, 7<sup>th</sup> April, 2015

##### Session 5 9.30-11.00

Project Appraisal: Economic Analysis (Contd.) –Gülay Dinçel/Yael Taranto

- Projections for the sector/product
  - ✓ Interaction with macroeconomic factors/developments
  - ✓ Methodology for demand/supply estimates and quantity projections
  - ✓ Methodology for price projections and price estimates
- Company level sales projections

11.00-11.15 Coffee Break

##### Session 6 11.15-12.30

Technical Appraisal –Rahmi Aksoy/Ece Yilmazer

- Technical Evaluation of Existing Facility
- Technical Evaluation of Investment Project

#### About ADFIMI

Established in 1986, ADFIMI, Association of National Development Finance Institutions in Member Countries of Islamic Development Bank, is an international non-profit association serving around 50 members in 19 countries with headquarters in İstanbul. The main objective of ADFIMI is to establish networking and solidarity among its members and capacity building of its member institutions. In this context, ADFIMI organizes seminars / workshops / conferences for its members in various cities in its region (like İstanbul, Karachi, Kuala Lumpur, Amman, Tehran, Baku, Cairo, Ouagadougou, Asghabat, Beirut, Dakar, Sarajevo, Prishtina, Lome, Dushanbe, Damascus, Khartoum, Dhaka, Girne, İslamabad, Kuwait City, Antalya, Tirana, Kampala, Dubai, Almaty, Maldives, Tunis).

ADFIMI aspires to be “a forum for development”.

##### Session 3 13.45-15.15

Structure of Economic Sectors in Turkey –Gülay Dinçel/Yael Taranto

- Structure and development of main economic sectors; interaction between sectors
- Structure and development of industry and major manufacturing sectors
- Manufacturing industry and foreign trade
- Company characteristics (sector distribution, analysis of largest 1000 firms, largest 1000 exporters, publicly listed companies)

A Brief Introduction to Project Appraisal Approach –Elif Aydoğan Özdemir

15.15-15.30 Coffee Break

##### Session 4 15.30-17.00

Project Appraisal: Economic Analysis –Gülay Dinçel/Yael Taranto

- Characteristics and dynamics of the sector
- Supply side dynamics
- Demand side dynamics

12.30-13.45 Lunch Break

##### Session 7 13.45-15.15

Technical Appraisal –Rahmi Aksoy/Ece Yilmazer

- Collateral Appraisal
- Investment Monitoring
- Environmental & Social Due Diligence

15.15-15.30 Coffee Break

##### Session 8 15.30-17.00

Innovative Project Practices from TSKB. –Rahmi Aksoy/Ece Yilmazer

#### About IRTI

Formed in 1981 Islamic Research and Training Institute (IRTI) is the training arm of Islamic Development Bank and it is part of the IDB Group. IRTI was founded for the purpose of creating and nurturing Islamic financial services, research and training. IRTI's research findings shape the landscape of the Islamic financial industry and its policies. It conducts training that covers all the areas of Islamic Finance Industry (ie. Islamic Economics, Banking, Finance, Sukuk, Takaful, Awqaf, Islamic Microfinance) that includes distance learning programmes, e-learning programmes and Masters Degree programmes. It has over 60 staff members.

IRTI produces a refereed journal in 3 languages and has already produced 300 publications. It also collects reliable and verifiable data from Islamic financial institutions and make them available online for the research communities, market players, and regulators. IRTI is trying to become a reference point for Global Islamic Financial Services Industry.

## Day 3: Wednesday, 8th April, 2015

### Session 9

**9.30-11.00**

General Project Appraisal Principles and Terminology –Hüseyin Gürel/Sevilay Kıran

- Investment Types
- Time Value of Money
- Project Appraisal Criteria by Investor's Side
- Considering Time Value of Money
- Ignoring Time Value of Money

**11.00-11.15 Coffee Break**

### Session 10

**11.15-12.30**

General Project Appraisal Principles and Terminology (Contd.) – Hüseyin Gürel/Sevilay Kıran

- Qualitative Techniques of Investment Appraisal
- Which criterion is superior?
- Project Appraisal Criteria by Lender's Side
- Debt Coverage Ratio
- Loan's Payback Period
- EBITDA/Net Financial Debt
- Review & Conclusion

**12.30-13.45 Lunch Break**

### Session 11

**13.45-15.15**

Financial Analysis –Hüseyin Gürel/Sevilay Kıran

- Past Financial Analysis
- Sales
- Profitability
- Financing Cost
- Working Capital Management
- Financial Liabilities
- Risk Management

**15.15-15.30 Coffee Break**

### Session 12

**15.30-17.00**

Financial Analysis (Contd.) –Hüseyin Gürel/Sevilay Kıran

- Ratio Analysis
- Profitability Ratios
- Financial Ratios
- Working Capital Ratios
- Existing Cash Flow Statement

## Day 4: Thursday, 9th April, 2015

### Session 13

**9.30-11.00**

Cash Flow Projections –Hüseyin Gürel/Sevilay Kıran

- Why Cash Flows are Important?
- Investment & Financial Planning
- Operational Cash Flows
- Operational Net Working Capital Requirement
  - Financial Payment Plan
  - Net Cash Flows
- An Example on Cash Flows and Financial Criteria

**11.00-11.15 Coffee Break**

### Session 14

**11.15-12.30**

Sustainability –Dora Üreten / Ece Sevin

Sustainability & Finance

Environmental and Social Risk Assessment for Financial Institutions

**12.30-13.45 Lunch Break**

### Session 15

**13.45-15.15**

Case Study – Rahmi Aksoy/Gülay Dinçel/Hüseyin Gürel/Sevilay Kıran

- Sector Analysis of the Project
- General Outlook of Cement Industry in the world
- The Turkish Cement Industry
- Key facts and figures
- Main players
- Major demand determinants
- Price developments

Expectations

**15.15-15.30 Coffee Break**

### Session 16

**15.30-17.00**

Case Study (Contd.)

- Economic Analysis
- Technical Analysis

## Day 5: Friday, 10th April, 2015

### Session 17

**9.30-11.00**

Case Study (Contd.)

- Cash Flows and Feasibility Analysis

**11.00-11.15 Coffee Break**

### Session 18

**11.15-12.00**

Case Study (Contd.)

- Results & Conclusions

**12.00-14.00 Lunch Break**

### Session 19

**14.00-16.00**

Attendees' Project Appraisal Presentations

**16.00-16.15 Coffee Break**

### Session 20

**16.15-17.00**

- Certificates
- Closing Ceremony



## **Gündüz Fındıkçioğlu**

### ***Chief Economist***

Gündüz Fındıkçioğlu was born in Istanbul in 1960 and graduated from Boğaziçi University with a B.A. in Economics after which he completed an MSc. in Economics at Boğaziçi University. He also holds an MSc degree from the London School of Economics. His doctorate is from the University of Istanbul, though he completed part of the PhD work at the Université Catholique de Louvain-Belgium. He has 20 years of experience in development and investment banking and primarily worked in research, although he also has experience in project evaluation. Before joining TSKB, he was worked with the World Bank-Washington D.C., [North Africa and Middle East Department (Algeria) and Sub-Saharan Africa Department (Ivory Coast)] as consultant. He has been doing research on the Turkish economy since 1995. His work involved econometric modelling, forecasting and politico-economic scenario analysis, and equity research. His key transaction experience spreads over many areas of banking. To name a few: Carried out sectorial analyses and economic appraisals of projects in iron & steel, education and health sectors; carried out equity research on the banking sector; developed long-term visions and embedded macroeconomic analysis within a strategic international politics framework; participated in internal seminars and in training-on-the job programs as instructor; performs as consultant to the top management of TSKB; acts as a member of the market risk committee of TSKB and contributes to risk management; acts as a member of the IPO team in the Corporate Finance department. Gündüz Fındıkçioğlu has published (or about to publish) in various refereed, peer reviewed and non-refereed journals in Turkey and internationally, such as Iktisat Review, Yapi Kredi Economic Review, Euromoney, Toplum ve Bilim (Science and Society) Maltepe University Economic Review, Istanbul University Economics Faculty Review, Political Economy etc.



## **Gülay Dincel**

### ***Senior Manager-Economist***

Gülay Dincel was born in Sinop in 1970 and graduated from University of Istanbul with a B.A. in Economics after which she completed an M.A. in Master in Economics at Roma Tor Vergata University (Italy). Ms. Dincel joined TSKB in 2000 and has been working as Economist in the Economic Research Department since 2000. She is specialized in the construction sector and construction materials such as cement, glass, ceramic and has been involved in these sectors and project analysis of nearly all the construction material projects financed or consulted by TSKB. Dincel has been involved in the privatization consultancy for the largest public sector ports in Turkey and in loan restructuring activities under the Istanbul Approach. In addition to the construction and construction materials, Dincel has been involved in sector and sales analysis of numerous sectors including, logistics, textile and clothing, automotive parts, textile and clothing, petroleum and refinery products. She carried out several project financing activities under various credit lines developed by international financing institutions such as the World Bank, European Investment Bank, European Bank for Reconstruction and Development, Agence Française de Développement.



## **Yael Taranto**

### ***Manager-Senior Economist***

Yael Taranto was born in Izmir in 1967 and graduated from Smith College (USA) with a B.A in Economics after which she completed an M.A. in International Political Economy and Development at Fordham University (USA). Ms. Taranto joined TSKB in 1996 and has been working as Manager-Senior Economist in the Economic Research Department since 2002. She is specialized in the energy sector and has been involved in the sector and project analysis of nearly all the energy generation and distribution projects financed or consulted by TSKB. Taranto has been involved in the privatization consultancy for the largest public sector ports in Turkey and in loan restructuring activities under the Istanbul Approach. In addition to the energy and infrastructure, Taranto has been involved in sector and sales analysis of numerous sectors including, pulp and paper, wood products, plastics, mobile telecommunications and machinery. She carried out several project financing activities under various credit lines developed by international financing institutions such as the World Bank, European Investment Bank, European Bank for Reconstruction and Development, Agence Française de Développement.



## **Rahmi Aksoy**

### ***Manager***



Rahmi Aksoy is a senior electrical engineer with 25 years of electrical and automation engineering expertise, of which 9 years as a production/maintenance chief in industrial plants in Turkey and turn-key project manager in international engineering companies in Germany. Finally, he has 17 years of experience as a senior consultant engineer in TSKB, dealing with technical feasibility studies of investment projects for finance or valuation purposes which are specifically in renewable energy, energy efficiency, environment and also in a multitude of different industrial sectors, including infrastructures of shopping malls, green-certified buildings, hospitals and organized industrial zones. Mr. Aksoy is also one of the early owners of Energy Manager License from Ministry of Energy addressing the key issues about the energy efficiency on different platforms in the annual events in Turkey. He also carries the Real-Estate Appraisal License as one of the first successors heading the exam organized by Capital Markets Board of Turkey (SPK) in 2002.

## **Ece Yilmazer**

### ***Assistant Manager***



Ece Yilmazer received the B.Sc. and M.Sc. degrees in chemical engineering from the Middle East Technical University, Ankara, Turkey, in 2004 and 2006, respectively. She studied on the “Mathematical Modelling of Fluidized Bed Combustors with Radiation Model”. She began her career with Aksa Acrylic Chemical Company, world’s leading acrylic fiber manufacturer, as project manager in 2006. She led investment projects at Aksa from engineering design through commissioning activities. As a certified Six Sigma Black Belt, she successfully managed six sigma projects aiming to enhance productivity and profitability. In 2012, Ece joined TSKB, Industrial Development Bank of Turkey. She has been involved in several projects in refinery, energy, chemical, cement, and steel sectors. Her responsibilities have included conducting feasibility studies and determining the budget and operating cost of projects. She has also gained experience in analysing and reporting of greenhouse gas emissions.

## **Seyit Hüseyin Gürel**

### ***Manager-Financial Analysis Department***



Hüseyin Gürel was born in Istanbul in 1978 and graduated from the Department of Economics, Middle East Technical University. He began his professional career at Industrial Development Bank of Turkey (TSKB) as Management Trainee in the Financial Analysis Department. He was promoted to manager in 2013 responsible for a team of analysts focusing on project evaluation and investment banking consultancy projects. He leads the team who prepare cash flow projections, proforma balance sheets and income statements, feasibility reports, investment projects funded by supranational finance institutions like World Bank, European Bank for Reconstruction and Development, Islamic Development Bank and European Investment Bank. Apart from loan evaluation in corporate banking and project finance, with his team he also works for investment banking function of TSKB, where valuations and consultancy projects like public offerings, merger and acquisitions and privatizations. Privatization of bridges and motorways, Port of Iskenderun and SEDAŞ are some examples of important projects. Huseyin Gurel is also specialized in tourism sector. He prepares industrial evaluation reports and projections about tourism as a member of TSKB Research Team.

## **Sevilay Kiran**

### ***Senior Manager-Financial Analysis Department***



Sevilay Kiran was born in Iğdır in 1978 and graduated from the Department of Business Administration, İstanbul University. And also she has master's degree is in finance from İstanbul University. Ms. Kiran began her professional career at Yapı Kredi Bank as a Junior Financial Analyst in the Financial Analysis Department. After serving for three years in this department, she had worked in Credit Underwriting Department as a credit analyst. She started to work at TSKB in 2007 in Financial Analysis Department as a senior analyst. Sevilay Kiran was promoted as senior manager in 2015 responsible for managing team members, leading the project team who prepare cash flow projections, proforma balance sheets and income statements and feasibility reports for investment projects funded by supranational finance institutions like World Bank, European Bank for Reconstruction and Development, Islamic Development Bank and European Investment Bank. Apart from loan evaluation in corporate banking and project finance, with her team she also works for investment banking function of TSKB, where valuations and consultancy projects like public offerings, merger and acquisitions and privatizations.

## **Dora Üreten**

### ***Senior Manager***



Mr. Üreten is mechanical engineer with experience in the financial industry. In addition to his financial analyst role in TSKB, he assisted the establishment of Escarus, in which he took part in the development of business activities, GHG Calculation tools and methodologies. As a consultant, Mr. Üreten oversees Escarus operation and strategy in line with top management recommendations. He is actively involved in the development of various consultancy services for customers in renewable energy, energy efficiency, carbon credits, sustainability and management systems. Mr. Üreten also holds a MSc in International Management master's degree from EADA/Barcelona and currently studying MSc Financial Economics- Quantitative Finance in Istanbul Bilgi University.

## **Ece Sevin**

### ***Manager***



Ece Sevin is an environmental engineer and holds a Master's degree in Energy and Environmental Management. She has strong technical background in environmental and social aspects of various types of energy plants and emission reduction projects. She is especially skilled at conducting compliance/risk assessment reviews and possesses up-to-date knowledge on national legislation and the various requirements of international financing institutions, including the Equator Principles, The World Bank and IFC's performance standards, European Bank for Reconstruction and Development and European Investment Bank. She has taken part in several environmental and social impact assessments and due diligence studies of major energy and resource efficiency projects both in Turkey and international scale. She has also given courses about renewable energy market, environmental and social aspects of energy projects and climate protection. She acts as a Manager-Environmental Expert at Escarus since 2014 focusing on environmental and social risk assessment of various types of projects, sustainable management systems and reporting.