**Project Financing**

* **Syllabus**

1. **Financing Criteria**

* Selection of Sponsors
* Sponsors’ Stake
* Selection of Industry Group
* Selection of Projects
* Exposure Limits

1. **Project Cycle**

* Project Identification
* Evaluation
* Appraisal
* Approval
* Implementation

1. **Management Aspects**

* Credit Worthiness and Management Capabilities
* Sponsors’ Background, Educational Qualifications, Previous Experience (Technical and Managerial)
* Performance of Allied Concerns
* Credit Reports and Business Reputation
* Technical Manpower Availability and Training of Personnel
* Sound Internal Controls
* Organizational Chart
* Key Personnel

1. **Market and Demand Aspects**

* Demand and Supply Analysis
* Determinants of Demand
* Market Considerations, Trends, Business Environment, and Market Segments
* Nature of Competition and Availability of Substitutes
* Consumption Growth
* Collection of Secondary Information and Conduct of Market Surveys
* Demand Forecasting;
* Quantitative Methods
* Time Series
* Causal Methods
* Demand and Supply Projections
* Marketing Strategy, Organizational Structure
* Pricing
* Distribution
* Promotion
* Service

1. **Technical Aspects**
2. Material Inputs and Utilities
3. Manufacturing Process and Technology

* Choice
* Acquisition
* Appropriate Product Mix

1. Plant Capacity

* Technological Requirements
* Investment Cost
* Resources of the Sponsors
* Government Policy

1. Location and Site

* Proximity to Raw Materials and Markets
* Availability of Infrastructure

1. Construction Plan and Specifications

* Site Preparation and Development
* Building and Infrastructures
* Outdoor Works

1. Engineering and Construction Schedules

* Project Chart and Layouts
* Environmental Considerations
* Manpower

1. **Implementation Scheduling Indicating**

Various Implementation Stages Such as Negotiations and Contracting, Project Formulation, Actual Construction, Erection, Trial Runs and Commissioning

1. **Financial Aspects**
2. Capital Cost Estimates; major heads such as:

* Land and Site Development
* Building and Civil Works
* Engineering and Construction
* Imported and Locally Manufactured Equipment
* Erection and Installations
* Foreign Technicians and Training Abroad
* Preliminary and Capital Issue Expenses
* Pre-operating Expenses
* Furniture & Fixture
* Contingencies
* Working Capital at Startup
* Product Cost, Overheads, Cost of Distributing and Selling Prices
* Profitability
* Projected Financial Statements
* Cost Break-Even Analysis
* Sensitivity Analysis
* Pay Back Period
* Average Weighted Cost of Capital
* Internal Rate of Return and Internal Economic Rate of Return
* Foreign Exchange Earnings and DRC
* Job Creation
* Backward and Forward Linkages, and Externalities
* Development of Backward Areas
* Income Distribution, etc.

1. **Sources of Finance**

* Sponsors and their Foreign Partners
* National / International Development Financial Institutions
* Commercial Banks
* Euro-Currency Markets
* Leasing
* Consortium / Syndicate Financing
* Supplier Credit
* Public Floatation

1. **Documentation and Disbursement of Funds**

* Loan and Financing Agreements
* Guarantees
* Securities and Charge Creation
* Disbursement of Funds

1. **Project Monitoring and Supervision**
2. Need for Monitoring during Construction, Implementation and Operations

* Time Parameters
* Cost Parameters
* Physical Quantities and Qualities of Project
* Organization and Staffing
* M.I.S.

1. Techniques of Project Supervision

* Personal Links
* Plant Visits
* Follow-up and Progress Reports
* Appointment of Institutional Directors
* Industrial Surveys

1. **Deviations from Approved Project Parameters**

* Time-Over Runs
* Cost-Over Runs
* Irregularities by Sponsors
* Change in Duty Structure
* Role of Early Warning Signals

1. **Recovery from NPLs**

* Provisioning and Classification of Loans
* Rescheduling, Restructuring and Write Off
* Institution of Legal Proceedings
* Out-of-Court Settlement
* C.I.R.C.