

FINANCE, CONTRACTS AND RISK MITIGATION FOR POWER INVESTMENT IN AFRICA
UNIVERSITY OF CAPE TOWN, GRADUATE SCHOOL OF BUSINESS

	Monday 11-Mar-2019 PROJECT FINANCE FUNDAMENTALS	Tuesday 12-Mar-2019 PROJECT DEVELOPMENT & REVENUE	Wednesday 13-Mar-2019 PROJECT OPERATIONS AND COSTS	Thursday 14-Mar-2019 LAW, REGULATION & POLICY	Friday 15-Mar-2019 RISK MITIGATION & ALTERNATIVES
08h00-09h00					Optional Key issues in renewable energy - forecasting wind and solar - intermittency / integration - siting and environmental concerns - operating risks
09h00-10h00	Power investment and procurement trends & the IPP landscape in Africa	Developer's Perspective - Overview of development process - Timeline - Risks - Case study of project success or failure	CapEx and Operating Expenses - EPC contracts - O&M contracts	Security package - Perfecting a security interest - Pledge, hypothecation, mortgage, lien - Deeds and certificates of title Foreclosure / Bankruptcy Implementation and Direct Agreements - Key concepts - Requirements for "bankability"	Interest Rate Swaps/Currency Swaps and Exercise: Reading Legal Contracts - Best practices for comprehending and summarizing transaction documents
10h00-10h30	TEA/COFFEE	TEA/COFFEE	TEA/COFFEE	TEA/COFFEE	TEA/COFFEE
10h30-11h00	Intro to Project Finance - Structural, tactical, legal - Corporate form - Participants / contract framework - Construction vs. operating period	Power Purchase Agreement - Take-or-pay obligations (capacity, energy) - Credit worthiness / bankability - Interconnection - Why oftakers sign PPA (vs owning project) Exercise in reading a PPA - Term sheet - Key clauses of an actual agreement	Role of the Independent Engineer - Navigating IE reports - Lender's rep vs. owner's rep - Exercise: reading an IE report	Taxation - import duties, VAT, withholding taxes - property tax & income tax - intro to depreciation and tax incentives	Mitigating risk: - Political risk insurance - DFIs, sovereign and partial risk guarantees - Letters of credit, escrow, put-call options - Environmental and social risks - IFC performance standards
11h00-11h30			Administrative Agency Services Insurance	Case Studies	The Chinese Alternative - Investment trends in Chinese funded power projects in Africa How are these projects structured? - Is the main emphasis on support for Chinese EPCs? - What about equity financing?
11h30-12h00	Debt Concepts - Amortization structures, DSCR - sSenior vs. subordinated - Secured vs. unsecured				
12:00 - 12:30	Equity Concepts - NPV and IRR	Case Studies	Case Studies		
12h30-13h30	LUNCH	LUNCH	LUNCH	LUNCH	Review of project risks (universal vs. SSA) Foreign Direct Investment - Bilateral Investment Treaties - International arbitration, choice of law
13h30-14h30	Optional Exercise: Intro to financial modeling - Forecasting cash flow - Best practice layout and navigation Participants require use of laptop computer	Optional Exercise: Sizing a debt facility Participants require use of laptop computer	Optional Exercise: Sensitivity Analysis - Scenario manager and data tables Participants require use of laptop computer	Optional Exercise: Stress testing the model - Fixed vs. dynamic debt sizing participants require use of laptop computer	Certificate Award & Farewell Lunch
14h30-15h30	Navigating legal documents - Structure of legal docs (focus Loan Agmt) - Reqs & warranties, covenants - Events of default - Cashflow waterfall	Credit Reporting Agencies - Function and role in market - Ratings methodologies - Sovereign ratings / ceiling - Bond pricing	Equity investor's perspective - Infrastructure fund structure - What do institutional investors want? - Pricing of equity / cost of capital - Case study of project success or failure	Tenders and auctions - Key design features - Direct negotiation vs. competitive process	
15h30-16h00	TEA/COFFEE	TEA/COFFEE		TEA/COFFEE	
16h00-17h00	Debt Capital Markets - Sources of debt (commercial banks, institutional, multilateral) - Pricing of debt / cost of capital - Overview of a sample term sheet	Innovation in Offtake Arrangements - Commercial and industrial scale - Residential scale - Offgrid / rural village pay-as-you go - Securitization	AFTERNOON AT LEISURE Optional hike up Lion's Head	Key issues in grid interface contracts - Grid codes - Connection agreements - Transmission investment, ownership, operation	