



Name	PROJECT FINANCE
Component Modules	-
Subject area	SECS-P/09
Academic year and semester	3rd year, 2nd semester
Language of instruction	English
ECTS	8
Number of hours of lectures	48
Teachers	
Expected learning outcomes	<p>Students will learn and understand a methodology and financial technique to accomplish infrastructure investment projects. The objective is the knowledge and understanding of the ways in which a project financing project makes use of typical issues of corporate finance, such as the role of agency costs, underinvestment, management responsibility, control and use of cash flows. Students will have a secure grasp of the key concepts commonly used in Project Finance and understand how a transaction is structured in Project Finance, from contract design, to risk allocation and analysis, and financial modeling. The financing of projects and infrastructure will be analysed from the point of view of public authorities, end-users and credit institutions. Particular emphasis will be given to the various types of Public-Private Partnerships, which can be used in the development of infrastructure projects.</p> <p>Students will have a secure grasp of the key concepts commonly used in project financing: the role of Special Purpose Vehicles; circumscription of the causes of bankruptcy of the SPV; fundamental contractual relationships and (Government/Public Sector – Contractors- Financiers-Investors), Public-Private Partnerships (PPPs). The theoretical basis and practical application of project financing models (use of BOT versus disaggregated models) will be taught and practical examples will be provided. Students will also be guided in understanding the legal framework surrounding contractual and financial relationships, as well as the budgetary implications of the public sector for certain guarantees or commitments undertaken to ensure the financial sustainability of a project (contingent liabilities issues) Students will also be taught financial modelling, which is the basic analytical tool to master to assess the economic and financial feasibility of a project from the perspective of a funder, or a project sponsor, end-user or public sector contracting entity. Students will also learn new financing techniques for public works using credit and capital markets in different project financing scenarios.</p> <p>At the end of the course, students will have a secure grasp of the key concepts commonly used in project financing and PPPs and will have the ability to decide autonomously how current financing models (BOT versus disaggregated models) interact in the development of a correct PPP structure. Students will acquire critical skills by working on real cases and will be able to test their independent point of view, using recent data, and evaluating how the cases could have been developed.</p> <p>The theoretical and practical notions acquired during the course will allow the student to deal with practical cases that he may encounter in the course of his work. The student will be able to make presentations on concrete cases and will be able to hold discussions in support of his/her thesis, and in general on the impact of the various aspects of project financing.</p>
Syllabus	Project finance versus corporate finance. Role and structure of an SPV. The project cycle. Feasibility studies. PPP models. PPP and Eurostat. Structure and principle of financial models. Role of funders. Role of credit and capital markets. Risk Allocation and Mitigation: Risk Matrix. Guarantees and off-take contracts. Financial modeling. Cases to be discussed in class. Testimonials.
Teaching and learning methods	Teaching is mainly delivered through lectures. In addition to lectures, the course also involves a number of hours of interactive teaching (at least one hour for each ECTS). By focusing on the discussion of real cases and on group work, this teaching method will allow students to learn methodologies and tools in an active and more effective way. The students' understanding and conversancy with technical skills will be monitored during the discussion of the case studies. By interacting with the lecturer, students will develop critical situations taken from real cases and class discussions. The



	discussion of the cases will depend on the number of students enrolled and will be conducted by groups of 3/4 students. The cases will be taken from projects currently under discussion in the Italian reality, for example "local public transport projects" and international cases, which will be decided from time to time, at the beginning of the year on the basis of the students' preparation. The discussion of the cases will take place towards the end of the course and the students will have to demonstrate through their presentation that they are able to express the case, understand it, critically reflect on it, and use the tools learned to present different solutions.
Evaluation methods	The exam is oral and will be based on the cases presented by the students and on the main topics covered during the course. For non-attending students or students who have not completed the case, the oral exam will consist of 5-7 questions on the topics of the course for a duration of about 30 minutes.
Assessment methods	The final grade is expressed in thirtieths. Honours are awarded to students who obtain a grade of 31 points.
Prerequisites	There are no prerequisites. However, it is advisable to acquire prior knowledge of Business Administration and Corporate Finance
Teaching materials	R.Cohen,J.Trujillo,X.Freitas,R.Sheehy: Infrastructure Financing with Unbundled Mechanism. <i>Inter American Development Bank</i> . R.Cohen-T.Boast :Governance of PPP and Infrastructure Delivery: the case of Milan Metro line 4,in <i>Transportation Research Record, Journal of the Transportation Research Board</i> , n.2597,Washington D.C.2016 Slides provided by the teacher.