



# **ISCA Infrastructure & Project Finance Qualification**

## **Contracts and Modelling**

### **Scope of Content**

*Updated: 10 June 2021*

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**1. Scope of content**

Detailed Topics	Learning Outcomes	Proficiency Level
<b>Topic 5: PPP Contracts</b>		
<p>5.1. Introduction to PPP</p> <p>a. Stakeholders involved</p> <p>b. Obligations of the different stakeholders</p> <p>c. Contractual relationship between the stakeholders (e.g., EPC, O&amp;M, sponsor, financiers, etc.)</p> <p>d. Payment flows</p> <p>e. Different types of PPP arrangement</p>	<p>Candidates will be able to:</p> <p>(1) Describe the typical contract function packages.</p> <p>(2) Define the different principal contracts in a PPP structure.</p> <p>(3) Describe the different contracting parties typically involved and their role.</p> <p>(4) Explain the relevant characteristics of the PPP contracts.</p>	<p>Foundation</p>
<p>5.2. Commercial principles</p> <p>a. Design</p> <ul style="list-style-type: none"> <li>• Scope of the private party and government</li> <li>• Design process and review</li> </ul> <p>b. Construction and completion</p> <ul style="list-style-type: none"> <li>• Scope of the private party and government</li> <li>• Independent engineer</li> <li>• Final completion</li> <li>• Consequences of delay</li> </ul>	<p>Candidates will be able to:</p> <p>(1) Discuss the key commercial principles addressed in a standard PPP contract.</p> <p>(2) Describe the obligations of the contracting parties across the project life.</p> <p>(3) Discuss the different components of the payment mechanism such as base availability payment, indexation, and deduction.</p> <p>(4) Describe the principles for designing termination payments.</p>	<p>Foundation</p>

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<p>c. Payment regime</p> <ul style="list-style-type: none"> <li>• Objectives of PPP payments</li> <li>• Availability payments</li> <li>• KPIs</li> <li>• Availability payment deductions</li> </ul> <p>d. Scope variation</p> <ul style="list-style-type: none"> <li>• Types of variations</li> <li>• Pre-agreed variations</li> </ul> <p>e. Intervening and changing events</p> <ul style="list-style-type: none"> <li>• Relief events</li> <li>• Compensation events</li> <li>• Change in law</li> <li>• Force majeure</li> </ul> <p>f. Net financial impact</p> <ul style="list-style-type: none"> <li>• Triggers for net financial impact events</li> <li>• Calculation of net financial impact</li> </ul> <p>g. Default and termination</p> <ul style="list-style-type: none"> <li>• Triggers for termination</li> <li>• Termination process</li> <li>• Calculation of estimated fair value</li> <li>• Termination payments</li> </ul>	<p>(5) Describe how the private party is compensated when the government requires changes to the project.</p>	

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<ul style="list-style-type: none"> <li>• Equity valuation under government event of default</li> </ul>		
<p>5.3. The contract development and management process</p> <ul style="list-style-type: none"> <li>a. PPP contract design process</li> <li>b. Roles of advisors in designing PPP contracts</li> <li>c. Contract management process</li> </ul>	<p>Candidates will be able to:</p> <ul style="list-style-type: none"> <li>(1) Discuss the process involved in developing a PPP contract.</li> <li>(2) Recognise the role of each advisor.</li> <li>(3) Describe the responsibilities of the advisors.</li> <li>(4) Discuss the importance of contract management.</li> <li>(5) Recognise the responsibilities of different stakeholders in contract management.</li> </ul>	<p>Foundation</p>
<p><b>Topic 6: Project Value and Modelling</b></p>		
<p>6.1. Value for money</p> <ul style="list-style-type: none"> <li>a. Definition</li> <li>b. Value</li> <li>c. Cost</li> <li>d. Application</li> <li>e. VFM frameworks</li> </ul>	<p>Candidates will be able to:</p> <ul style="list-style-type: none"> <li>(1) Define value for money.</li> <li>(2) Explain the categories of value and cost relevant to VFM.</li> <li>(3) Apply VFM thinking in different procurement contexts.</li> <li>(4) Apply VFM frameworks.</li> </ul>	<p>Intermediate</p>

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<p>6.2. Basic Excel knowledge</p> <p>a. Excel functionality and tools</p> <p>b. Excel functions</p> <p>c. Present graphical output</p>	<p>Candidates will be able to:</p> <p>(1) Apply common functions.</p> <p>(2) Calculate and apply results.</p> <p>(3) Apply common Excel functionality.</p> <p>(4) Draw and format charts.</p>	<p>Intermediate</p>
<p>6.3. General financial modelling</p> <p>a. Forecasting</p> <p>b. Financial statements</p> <p>c. Three-statement modelling</p> <p>d. Modular model development</p>	<p>Candidates will be able to:</p> <p>(1) Produce selected modules of basic forecasts.</p> <p>(2) Analyse the treatment of different company transactions in a modelling context.</p> <p>(3) Understand the organisation of models at the module and model level.</p> <p>(4) Read and interpret model structures.</p>	<p>Intermediate</p>
<p>6.4. Project finance issues</p> <p>a. Model a basic financing structure</p> <p>b. Reserve accounts and financial ratios</p> <p>c. Model solvers—rationale, types, application and common errors</p>	<p>Candidates will be able to:</p> <p>(1) Review and edit a simple debt module.</p> <p>(2) Model and link up reserve accounts and financial ratios.</p> <p>(3) Explain at a high level and apply model solvers.</p> <p>(4) Understand typical circularities in a project finance model.</p>	<p>Intermediate</p>