

ISCA Infrastructure & Project Finance Qualification

Project Risks and Financing

Scope of Content

Updated: 10 June 2021

**ISCA Infrastructure & Project Finance Qualification
Project Risks and Financing**

1. Scope of content

Detailed Topics	Learning Outcomes	Proficiency Level
Topic 3: Risk Analysis and Mitigation		
<p>3.1 Introduction to risk</p> <p>a. Introduction to risks</p> <p>b. Types and categories of risks</p> <p>c. Risks at each stage of the project lifecycle</p> <p>d. Examples of where risk has gone wrong</p> <p>e. Risk management process</p>	<p>Candidates will be able to:</p> <p>(1) Define typical project risks.</p> <p>(2) Describe a risk and its consequences.</p> <p>(3) Summarise the different types of project risk.</p> <p>(4) Explain how project risks change through the lifecycle of a project.</p> <p>(5) Summarise the importance of managing risk.</p>	<p>Foundation</p>
<p>3.2 Risk identification, assessment and risk register</p> <p>a. Risk identification process</p> <p>b. Purpose of a risk register and its contents</p> <p>c. Qualitative assessment of materiality or significance</p>	<p>Candidates will be able to:</p> <p>(1) Summarise the risk identification process.</p> <p>(2) Discuss the purpose of a risk register.</p> <p>(3) Define the contents of a risk register.</p> <p>(4) Explain how the significance of different risks can be assessed and compared.</p>	<p>Foundation</p>

**ISCA Infrastructure & Project Finance Qualification
Project Risks and Financing**

<p>3.3 Risk quantification</p> <p>a. Introduction to risk quantification</p> <p>b. Quantifiable and non-quantifiable risks</p> <p>c. Methods of quantifying risk</p>	<p>Candidates will be able to:</p> <p>(1) Summarise the risk quantification process.</p> <p>(2) Explain why some risks are non-quantifiable.</p> <p>(3) Discuss the relevance of different calculation methods in different scenarios.</p> <p>(4) Discuss the value of risks based on given scenarios.</p>	<p>Foundation</p>
<p>3.4 Risk allocation</p> <p>a. General principles of risk allocation</p> <p>b. Typical risk allocation for PPP projects</p> <p>c. Contractual mechanisms for allocating risk</p>	<p>Candidates will be able to:</p> <p>(1) Explain why it is important to consider risk allocation.</p> <p>(2) Discuss principles of risk allocation.</p> <p>(3) Explain the rationale behind allocating certain risks to specific parties.</p> <p>(4) Discuss the contractual mechanisms that can be used to allocate and share risk between parties.</p>	<p>Foundation</p>

**ISCA Infrastructure & Project Finance Qualification
Project Risks and Financing**

<p>3.5 Risk management frameworks</p> <p>a. Risk monitoring and reporting</p>	<p>Candidates will be able to:</p> <p>(1) Explain the importance of risk mitigation.</p> <p>(2) Explain the various risk mitigation options.</p> <p>(3) Discuss the role of risk management plan as a monitoring tool.</p> <p>(4) Explain the objectives of risk reporting and monitoring.</p>	<p>Foundation</p>
---	--	-------------------

Topic 4: Project Financing

<p>4.1. Overview of project finance</p> <p>a. Definition</p> <p>b. Key characteristics</p>	<p>Candidates will be able to:</p> <p>(1) Define project financing.</p> <p>(2) Understand the basic contractual structure and payment flows in project financing.</p> <p>(3) Explain the benefits and challenges of project financing.</p> <p>(4) Differentiate between project and corporate financing.</p>	<p>Intermediate</p>
<p>4.2. Financing considerations</p> <p>a. Financing plan considerations</p> <p>b. Sources of finance</p> <p>c. Inter-creditor issues</p> <p>d. Covenants</p>	<p>Candidates will be able to:</p> <p>(1) Understand the considerations for raising finance.</p> <p>(2) Compare the characteristics of various sources of finance for a project.</p>	<p>Intermediate</p>

**ISCA Infrastructure & Project Finance Qualification
Project Risks and Financing**

e. Lender protection - covenants and rights	(3) Categorise the advantages and disadvantages of utilising different sources of finance.	
f. Role of credit rating agencies	(4) Discuss the typical proportion of equity and debt for project financing.	
g. Financing process and role of advisers	(5) Compare the key financing considerations of debt versus equity holders over the project lifecycle.	
	(6) Discuss covenants and rights that provide protection to the lenders.	
	(7) Understand the role of credit rating agencies.	
	(8) Suggest the most suitable source of finance for a given scenario.	
	(9) Discuss the process for raising finance and role of financial and legal advisers.	
	(10) Explain the purpose and contents of a term sheet.	

**ISCA Infrastructure & Project Finance Qualification
Project Risks and Financing**

<p>4.3. Financing metrics</p> <p>a. Financial metric methodology</p> <p>b. Project financial metrics</p> <p>c. Equity financial metrics</p> <p>d. Debt financial metrics</p>	<p>Candidates will be able to:</p> <p>(1) Recognise key principles and formula for net present value (NPV) and internal rate of return (IRR).</p> <p>(2) Define the key financial metrics used in project finance.</p> <p>(3) Compare the different metrics including their use and any limitations.</p> <p>(4) Calculate the different metrics for given scenarios.</p> <p>(5) Explain the relationship between certain metrics.</p>	<p>Intermediate</p>
<p>4.4 Credit analysis</p> <p>a. Creditworthiness of projects</p> <p>b. Risk assessment frameworks</p> <p>c. Project evaluation</p>	<p>Candidates will be able to:</p> <p>(1) Recognise the key factors which influence the creditworthiness of a project.</p> <p>(2) Recognise the different methods used for credit analysis of projects.</p> <p>(3) Recognise difference between short term and long-term ratings.</p> <p>(4) Discuss the differences and implications of an investment grade versus non-investment grade rating.</p> <p>(5) Discuss the credit profile of a project.</p>	<p>Intermediate</p>

**ISCA Infrastructure & Project Finance Qualification
Project Risks and Financing**

	<ul style="list-style-type: none">(6) Recognise the impact of risks on credit profile.(7) Prepare a summary of key credit issues for given scenarios.(8) Explain different methods to improve the credit profile of a project.(9) Explain the relationship between risk assessment, financing metrics and credit analysis.	
--	---	--