



ISCA Infrastructure & Project Finance Qualification

Contracts and Modelling

Scope of Content

Updated: 10 July 2019

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1. Scope of content

Detailed Topics	Learning Outcomes	Proficiency Level
Topic 5: PPP Contracts		
<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&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) Define the different types of PPP contracts.</p> <p>(2) Describe the different contracting parties typically involved and their role.</p> <p>(3) 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"> • Scope of the private party and government • Design process and review <p>b. Construction and completion</p> <ul style="list-style-type: none"> • Scope of the private party and government • Independent engineer • Final completion • Consequences of delay 	<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"> • Objectives of PPP payments • Availability payments • KPIs • Availability payment deductions <p>d. Scope variation</p> <ul style="list-style-type: none"> • Types of variations • Pre-agreed variations <p>e. Net financial impact</p> <ul style="list-style-type: none"> • Triggers for net financial impact events • Calculation of net financial impact <p>f. Intervening and changing events</p> <ul style="list-style-type: none"> • Relief events • Compensation events • Change in law • Force majeure <p>g. Default and termination</p> <ul style="list-style-type: none"> • Triggers for termination • Termination process • Calculation of estimated fair value • Termination payments 	<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"> • Equity valuation under government event of default 		
<p>5.3. The contract development and management process</p> <ul style="list-style-type: none"> a. Objectives of PPP contract design b. PPP contract design process c. Roles of advisors in designing PPP contracts d. Contract management process 	<p>Candidates will be able to:</p> <ul style="list-style-type: none"> (1) Recognise the role of each advisor. (2) Describe the responsibilities of the advisors. (3) Discuss the process involved in developing a PPP contract. (4) Discuss the importance of contract management. (5) Recognise the responsibilities of different stakeholders in contract management. 	<p>Foundation</p>
<p>Topic 6: Project Value and Modelling</p>		
<p>6.1. Value for money</p> <ul style="list-style-type: none"> a. Definition b. Value c. Cost d. Application e. VFM frameworks 	<p>Candidates will be able to:</p> <ul style="list-style-type: none"> (1) Define value for money. (2) Explain the categories of value and cost relevant to VFM. (3) Apply VFM thinking in different procurement contexts. (4) Apply VFM frameworks. 	<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>	Intermediate
<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>	Intermediate
<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>	Intermediate