



ISCA Infrastructure & Project Finance Qualification

Project Risks and Financing

Scope of Content

Updated: 17 December 2019

**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>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>	Foundation
<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 / 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>	Foundation
<p>3.3 Risk quantification</p> <p>a. Introduction to risk quantification</p>	<p>Candidates will be able to:</p> <p>(1) Summarise the risk quantification process.</p>	Foundation

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

Detailed Topics	Learning Outcomes	Proficiency Level
<p>b. Quantifiable and non-quantifiable risks</p> <p>c. Methods of quantifying risk</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>3.4 Risk allocation</p> <p>a. Principles of risk allocation</p> <p>b. Typical risk allocation for PPP projects</p> <p>c. Risk allocation and risk transferring under PPP and PSC cases</p> <p>d. 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 under different procurement options.</p> <p>(3) Explain the rationale behind allocating certain risks to specific parties.</p> <p>(4) Summarise the key difference in risk allocation between the PPP and PSC cases.</p> <p>(5) 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**

Detailed Topics	Learning Outcomes	Proficiency Level
<p>3.5 Risk management frameworks</p> <p>a. Risk monitoring and reporting</p> <p>b. Risk management and project governance</p>	<p>Candidates will be able to:</p> <p>(1) Explain the importance of monitoring risk.</p> <p>(2) Discuss the role of risk reporting in a project.</p> <p>(3) Summarise the components of a risk management framework.</p> <p>(4) Explain the importance of risk management in project governance.</p>	<p>Foundation</p>
<p>Topic 4: Project Financing</p>		
<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>

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

Detailed Topics	Learning Outcomes	Proficiency Level
<p>4.2. Financing considerations</p> <p>a. Sources of finance</p> <p>b. Inter-creditor issues</p> <p>c. Covenants</p> <p>d. Role of credit rating agencies</p> <p>e. Financing process and role of advisers</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>(3) Categorise the advantages and disadvantages of utilising different sources of finance.</p> <p>(4) Discuss the typical proportion of equity and debt for project financing.</p> <p>(5) Compare the key financing considerations of debt versus equity holders over the project lifecycle.</p> <p>(6) Discuss the use of covenants and provide some examples.</p> <p>(7) Understand the role of credit rating agencies.</p> <p>(8) Suggest the most suitable source of finance for a given scenario.</p> <p>(9) Discuss the process for raising finance and role of financial and legal advisers.</p> <p>(10) Explain the purpose and contents of a term sheet.</p>	<p>Intermediate</p>

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

<p>4.3. Financing metrics</p> <p>a. Basic financial metrics</p> <p>b. Project 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. Credit enhancement</p> <p>d. Security</p> <p>e. 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) Discuss other covenants that provide protection to the lenders.(10) Explain the relationship between risk assessment, financing metrics and credit analysis.	
--	--	--