New York University
Stern School of Business

FINC-GB.3186 – Project Finance and Infrastructure Investment

Syllabus

Summer 2016   **Prof. Tommaso Albanese**

Rationale

This course will provide students with an understanding of the fast changing dynamics around project and infrastructure finance. For many years, project finance has been the core technique for financing infrastructure and other large-scale projects worldwide. Carefully engineered financings have allowed an efficient allocation of the project risks between sponsors and investors, typically under the umbrella of government or multilateral finance programs. More recently, there has been an increasing need for private capital investments in the sector. The syndicated project finance business has given space to hybrid secured financings and direct equity investments. Budgetary constraints in the public sector have fostered new forms of co-financing between the public and private sector, typically known as Public-Private-Partnerships (PPP or P3). Specialized funds have flourished using the private equity model to buy an infrastructure asset and leverage it up to increase the return on capital. This course will expose students to the current debate on how the recent financial crisis has structurally affected infrastructure investments across the world. New policies, instruments and regulations are required in order to ensure that such infrastructure investments are effectively implemented.

Course Objectives

The first part of the course will provide the necessary theoretical and conceptual tools for financial analysis and decision-making in relation to project and infrastructure finance. The course is designed to introduce students to project feasibility, evaluation, financial analysis and structuring, use of various sources of funds and markets, and contractual documentation. The second part will focus on the global need for infrastructure investments and the increased role played by private investors such as private equity, insurance companies, pension funds and sovereign wealth funds. Students will appreciate how international investors now consider infrastructure as an asset class per se. The course will make large use of real case studies, including greenfield and brownfield projects in energy, renewable power, transportation, and water. Area of focus will be the US, the UK and emerging markets. Student will learn the cogent analyses of why some deals have succeeded while others have failed. Part of the class will be devoted to financial modelling and derivatives as these techniques have altered the project finance analysis. The course will be very useful to students interested in a career in the infrastructure sector, or in a public authority involved in project and infrastructure financing, or in a financial institution that will inevitably consider an exposure to the infrastructure asset class.

Course Method

The course aims at providing students with the technical and strategic skills required to analyze and evaluate infrastructure projects. The case studies provide an opportunity to apply the project finance principles and valuation methods to real-life projects. The course will be taught in the form of lectures together with case studies intended for class discussion.

As in any case-based course, the method of analysis and the questions posed are far more important than the final answers. Consequently, the lessons and insights drawn from these cases are largely a

function of the effort and care students invest into being fully acquainted with the readings and cases for each session. Classes will include discussion of readings, case analysis and group presentations.

Instructor

Tommaso Albanese is an Adjunct Professor in Finance at Stern. He is currently Chairman and CIO of the Infrastructure Debt Platform at UBS Asset Management, being before Vice Chairman of Global Capital Markets EMEA at UBS Investment Bank and former Co-Head of Global Capital Markets in Europe at Morgan Stanley & Co.