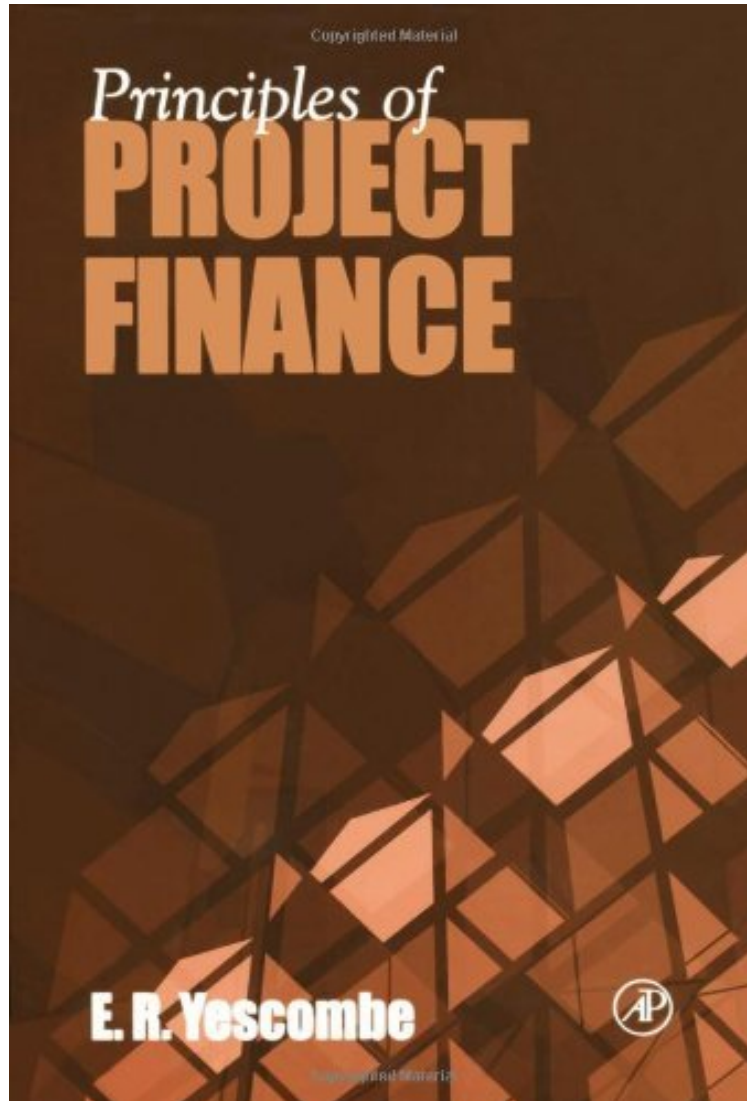


(Free) Principles of Project Finance

Principles of Project Finance

E.R. Yescombe

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E.R. Yescombe : Principles of Project Finance before purchasing it in order to gage whether or not it would be worth my time, and all praised Principles of Project Finance:

11 of 11 people found the following review helpful. Excellent practical treatment of Project FinanceBy David HoickaPrinciples of Project FinanceE. R. YescombeElsevier Academic PressE. R. Yescombe's Principles of Project Finance, published by Elsevier Academic Press, is an excellent and thorough practical treatment of project finance issues for professionals and others looking for a broad and deep understanding. At 344 pages, this book includes 13 chapters and a detailed glossary of terms.Clearly this book is by an exceptionally experienced and talented author, who focuses on how to make the project work. Every chapter is a good chapter; I particularly found Chapter 8 interesting

with its detailed discussion of project risks, including, e.g. EPC contracting issues (Engineering, Procurement and Construction contracts), commercial viability, completion risks, credit risks, construction cost overruns, delays, relocation of utilities, protesters, project dependencies, environmental risks, operating risks, technology risks, operating cost overruns, maintenance, long-term sales contracts, waste disposal, recourse to sponsor issues, and many more. Yescombe discusses numerous issues and potential situations, and provides suggestions for how to resolve the issue. In the first section, chapters 1-5, Yescombe provides a detailed discussion of the basics of project finance, with numerous tables and charts. For example, Chapter 1 is a general introduction to project finance, Chapter 2 reviews key characteristics of project finance and why it is used, Chapter 3 discusses markets for raising project finance debt, Chapter 4 discusses initiation and structuring of project development and finance for private and public projects, Chapter 5 reviews procedures for obtaining project finance from private lenders. In the second section, chapters 6-7, Yescombe discusses project finance documentation: Chapter 6 discusses the main Project Agreement, which is often an Offtake Contract or Concession Agreement, Chapter 7 reviews other project contracts, such as construction and operation of the project, raw materials and other inputs, insurance, etc. In the third section, chapters 8-11, Yescombe reviews project finance risk: Chapter 8 discusses project risk and mitigation from the viewpoint of lenders, Chapter 9 analyses the effect of macroeconomic risk, such as inflation, interest rates, exchange rates, on project finance, and mitigation efforts, Chapter 10 reviews effects of political risks on projects, Chapter 11 reviews mitigation of political risk, including insurance, guarantees, export credit agencies and development banks, etc. In the last section, Yescombe discusses the financing structure for projects, Chapter 12 reviews the use of project financial models for investors and lenders, Chapter 13 demonstrates review and risk analysis during negotiation of project finance structure and terms. Yescombe's *Principles of Project Finance* is a highly useful addition for anyone involved with project management and project finance, and serves as a useful reference.

By David Hoicka
3 of 3 people found the following review helpful. Essential read for all power developers
By Marco Panajon
I am a power developer for a generation company in the Philippines. I got into my present job not fully understanding what project finance entailed, which is why I bought this book. The principles and fundamentals found in the book are so good, I recommended it to my colleagues as part of the training regimen for new analysts. I call Yescombe's book "the job" as it pretty much encapsulates what project finance analysts must know about development work, deal structures, financial modeling, and most importantly, contract and risk management. Highly recommended for all those starting out or considering a career in project finance.
0 of 0 people found the following review helpful. Great reference
By fcs
This is an excellent reference book, very well structured, and related subjects are linked to each other along the text. The almost absence of numbers and modeling is not an issue, because the main proposal is to have all structuring elements and fundamentals explained, the ones that cannot be neglected in a serious modeling later. I do recommend.

This introduction for practitioners offers a balanced view of project financing, integrating legal, contractual, scheduling, and other areas that participate in large multiparty projects, large single-asset purchases, and broad-based financing programs for fleets of assets. It mixes theories and case studies but avoids becoming too oriented toward applications in any one particular industry. It focuses on the concepts and techniques required by project finance people without being overly academic or beset by case studies. The author, who has a legal background, recognizes that some legal information is necessary, but he doesn't attempt to write a law book. Project Finance refers to the techniques of financing projects which are dependent on cash flows for repayment, as defined by the contractual relationships within each project. By their very nature, these types of projects rely on a large number of integrated contractual arrangements for successful completion and operation. Project finance is an element within the larger field of project management. Many organizations around the world utilize project management to enable innovative processes, to plan, organize, and control strategic initiatives, to monitor enterprise performance, to analyze significant deviations, and to forecast their impact on the organization and project(s). Project management can be found in many industries today, from construction and information systems to healthcare, financial services, education, and training. A comprehensive and authoritative guide to the theory and practice of project finance
An international scope, covering projects in both the developed and developing worlds
The book describes and explains: Sources of project finance
Typical commercial contracts (such as those for construction of the project and sale of its product or services) and their impact on the project finance structure
Project finance risk assessment from the points of view of lenders, investors, and other project parties
Structuring the project finance debt
The key issues in negotiating a project finance debt facility
Extensive glossary and cross-referencing
No prior knowledge of project finance or financing techniques is assumed

"This book provides a comprehensive treatment of project finance accessible to those less familiar with the subject matter yet detailed enough to serve as a valuable reference for the experienced manager. The book covers a wide array of topics from legal issues to valuation methods, and even hedging financial risk with financial derivatives. Given the increasing importance of project finance in Asia and the Pacific Rim, *Principles of Project Finance*, will be an invaluable reference for academics and managers alike in this region." --Nobuya Takezawa, International Christian

University, Tokyo, Japan "This is an authoritative work written by a distinguished practitioner. I have no doubt it will quickly become a key text for those in both public or private sectors whose work involves Project Finance." --Michael Gerrard, Head of Public Private Partnerships, Partnerships UK plc

From the Back Cover "This book provides a comprehensive treatment of project finance accessible to those less familiar with the subject matter, yet detailed enough to serve as a valuable reference for the experienced manager. The book covers a wide array of topics, from legal issues to valuation methods, and even hedging financial risk with financial derivatives. Given the increasing importance of project finance in Asia and the Pacific Rim, Principles of Project Finance will be an invaluable reference for academics and managers alike in this region." --Professor Nobuya Takezawa, International Christian University, Japan

"This is an authoritative work written by a distinguished practitioner. I have no doubt it will quickly become a key text for those in both public or private sectors whose work involves Project Finance." --Michael Gerrard, Head of Public Private Partnerships, Partnerships UK plc

E. R. Yescombe's practical guide to project finance offers a systematic approach to this relatively new discipline, which is now used throughout the world in energy, infrastructure, natural resources, and other projects. Because project finance dictates every aspect of a project's development and contractual arrangements, all participants need to understand how this type of financing works and how the financial structure affects their roles. This examination of financial engineering tools therefore follows the typical project development process to demonstrate the principles which underlie the structuring of long-term debt finance for major projects. The book is intended both as an introduction to project finance and a general working handbook for those involved in any aspect of a project.

Key Features:

- A comprehensive and authoritative guide to the theory and practice of project finance
- An international scope, covering projects in both the developed and developing worlds
- The book describes and explains:
 - Sources of project finance
 - Typical commercial contracts (such as those for construction of the project and sale of its product or services) and their impact on the project finance structure
 - Project finance risk assessment from the points of view of lenders, investors, and other project parties
 - Structuring the project finance debt
 - The key issues in negotiating a project finance debt facility
- Extensive glossary and cross-referencing

No prior knowledge of project finance or financing techniques is assumed.

About the Author

E.R. Yescombe is an independent consultant on project finance and public-private partnerships (PPPs), advising investors on financing for power, infrastructure and PPP projects, as well as public-sector entities on PPP policy issues, project procurement and contracting.