



# Value for Money and Cost Benefit Analysis for PPP Projects

June 18-29, 2018 | Washington, DC (6.0 CEUs)

## Course Description

A value for money (VfM) analysis consists of a systematic comparison of total costs of financing and delivering an infrastructure project by traditional government means versus private sector means. For a government, there is no single more important exercise than carrying out this transparent cost comparator. Governments must understand the projected costs and revenue streams early in the development of a potential public private partnership (PPP) project so that they can make an informed, long-term decision as to whether the project is viable and what the appropriate financing mechanism would be.

The Institute for Public-Private Partnerships, A Tetra Tech Company (IP3), provides practical, process-oriented sessions on how to conduct VfM analyses, perform case studies, and structure a PPP transactions.

### Course Offering

Dates: June 18-29, 2018

Location: Washington, DC

Code: 5012-WA

CEUs: 6.0

Tuition: \$5,500

## Learning Outcomes

By successfully completing this course, participants will be able to:

- Analyze why VfM and public sector cost comparison analyses are so critical for PPP project development
- Analyze the overall strategic planning requirements for identifying and screening PPP project opportunities
- Construct public sector cost (PSC) and VfM models and calculate and analyze cost input variables for PPP projects
- Forecast financing costs and discount rates for both traditional (government) and private sector and capital market financing
- Demonstrate how to analyze, value, and manage retained public sector risks and contingent liabilities in long-term PPP projects
- Calculate the differences between financial and economic analysis for projects, including valuation, NPV, IRR, and discount rates
- Justify and estimate the need of public resources, whether direct or indirect, in a PPP project
- Design a detailed, strategic VfM action plan to apply learning outcomes on the job

## Become a Specialist

IP3 is an accredited provider of Continuing Education Units (CEUs) as sponsored by the International Association for Continuing Education and Training (IACET).

Successful completion of this course will award 6.0 CEUs.



## Who Should Attend

- Ministries, state infrastructure agencies, and municipal governments
- Officials from PPP units or investment agencies responsible for infrastructure development
- PPP transaction advisors, bankers, and project developers involved with PPP project development
- Bilateral and international development organizations

## Course Tuition Includes

- All training sessions/materials
- Presentations
- New computer for each participant
- Web-based course content/software
- High-speed internet access
- Receptions and tours
- Daily refreshments and lunch voucher
- Enrollment in professional certification program
- Professional certification counseling

# Course Contents

## Strategic Planning for Effective Value-for-Money Analysis

- Understanding the role of PSC and VfM analysis within the PPP project lifecycle
- Identifying the key factors driving VfM analyses: feasibility, affordability, sustainability and best value
- Does a viable public sector option exist?
- Determining whether PSC or VfM is applicable or not

## Estimating, Analyzing, and Comparing Base Public Sector Cost (PSC) Elements

- Designing the PSC comparison model using different approaches
- Calculating the elements of base public costs: construction, whole-life maintenance, rehabilitation, insurance, and risk premiums
- Understanding and estimating the different revenue streams
- Estimating public sector financing costs and selecting the right public discount rate

## PPP Risk Analysis: Constructing the Risk-Adjusted Public Sector Cost (RA-PSC) Comparator

- The PPP risk matrix: identifying and understanding all relevant project risks
- Project risk estimation: using historic public risk data versus estimates for risk adjustments
- Advanced statistical techniques for analyzing risk scenarios: understanding Monte Carlo Simulations
- Constructing PPP reference estimates: analyzing private sector risk management and costs for retained public sector risks
- Integrating capital market financing

## Managing the Value for Money Analysis Process

- Comparing RA-PSC estimates with PPP bids: VfM
- Using VfM analyses to strengthen project viability
- Understanding and analyzing how traditional government finance is different from private sector project finance
- Valuing public sector risk-sharing and contingent liabilities in PPP projects

## PPP Economic Analysis Techniques

- Overview of economic analysis techniques versus financial analysis
- Calculating future valuation, present valuation, NPV, and IRR
- Understanding the time value of money
- Waterfall Model of cash flows
- Discount rates and their risks

## Cost Benefit Analysis (CBA)

- Overview of CBA
- Economic foundations and fundamentals
- Valuing market effects
- The social discount rate
- CBA versus NPV – which is better?
- Designing models for CBA

## Special Situations and Further Developments

- Non-market valuation using stated preferences
- Non-market valuation using revealed preferences
- Uncertainty analysis
- CBA and VfM in the context of PPPs

## Action Planning

## About IP3

IP3 is a leading, global provider of PPP consulting and capacity building services. IP3 provides institutional support to public and private sector entities engaged in PPP projects around the world, helping mobilize private sector expertise and resources to enhance the quality and availability of infrastructure for public services.

IP3 has trained more than 35,000 officials from over 175 countries on PPP programs and opportunities, regulation operations and management initiatives, competitive utility management reform, and public policy and good governance.

Our experts have worked with more than 600 government agencies, ministries, and organizations, including some of the world's most influential institutions.



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