



Arabian Institute For Training

Project Policy & Financial Appraisal

INTRODUCTION

- Making effective and sound selection and evaluation decisions before investing substantial amounts in a new capital project is critical in a contemporary business environment. Given that projects and capital expenditures often consume a significant part of the finances of the organisation, it is vital that those involved in them can make high quality objective decisions about which proposals are likely to have the best results, before commitments to development work and substantial expenditures are made.
- The decision-making process requires skills to effectively assess organisation's capabilities and opportunities using various methods. Managers involved in creating project proposals may have expertise in technical fields, but may also lack training to make a comprehensive analysis of whether their project really is the best idea to go forward with.

This training course will highlight:

- The importance of thorough project identification and appraisal
- Modern concepts of stakeholder and policy issues (including environmental and social factors) affecting project appraisal
- The analysis of investment decisions using time-adjusted measures and real option techniques
- Acquire an understanding of the fundamentals of effective management of cash flow
- Understanding short-term and long term funds available for project funding

OBJECTIVES

- This interactive and practical training course on Project Policy & Financial Appraisal will provide an insight into how procurement organisations can meet the challenge to pick the best projects against a context of limited resources.
- This Project Policy & Financial Appraisal training course will focus on the best tools to manage the project appraisal process; identifying, and comparing significant evaluation methodologies ranging from social and developmental policies through environmental and stakeholder factors. It will also provide an understanding of key issues in economic and financial assessment.

By the end of this training course, participants will be able to:

- Appreciate the suitability of differing appraisal techniques for project types
 - Identify key challenges in comparing projects and selection solutions
 - Recognise the benefits of enhanced appraisal and selection models
 - Understand and use economic & financial analytical tools and techniques using real-world examples
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TRAINING METHODOLOGY

- This Project Policy & Financial Appraisal training course will utilise a variety of proven adult learning techniques including formal lectures and interactive worked examples to ensure maximum understanding and retention of the information presented. The daily workshops will be highly interactive and participative. This will involve regular discussions on key concept in project appraisal and economic evaluation of options, the uses and limitations of various techniques, and how best to identify, evaluate, select and structure these high value undertakings.

ORGANISATIONAL IMPACT

- Application of sound project appraisal and economic evaluation techniques will enable the organisation to forecast potential future conditions that might create strategic opportunities or jeopardise project success, thereby not only maximizing the organisation's return on capital invested in projects, but also improving its reputation for delivering positive outcomes. The use of case studies and illustrations of real projects will help delegates understand how to apply different economic evaluation skills and analysis techniques in a work situation.

PERSONAL IMPACT

- Understand the benefits likely to be achieved through projects initiated after proper appraisal, selection and economic evaluation processes
- Make more informed and hence better financial decisions using economic analysis models and techniques
- Discover how to evaluate and compare alternative/competing project investment options, and recommend projects with optimal potential benefits/value
- Maximise the prospects of successful supplier tendering and project delivery
- Develop your professional skills, powers of analysis, evaluation and decision-making

WHO SHOULD ATTEND?

- This Project Policy & Financial Appraisal training course is suitable to a wide range of professionals involved in the development, appraisal, implementation and management of projects. Those with previous experience in project appraisal will be able to share their expertise with others; the broad base of participants ensures that everyone benefits from a wide range of sector and policy perspectives.

This training course will particularly benefit:

- Project and contracts personnel in both public and private sectors
 - Technical specialists seeking broader perspectives of project planning & implementation
 - Government officials, ministries, public sector agencies
 - Financial decision makers, whose techniques of decision making and analysis will be improved through attendance
 - Managers involved in planning, risk assessments and decision making
 - Project Management Professionals
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Course Outline

MODULE I: Project Appraisal: Identification, Policy Analysis & Selection Strategic Context of Project Decision Analysis

- What is Project Management Decision Analysis?
- Project management maturity
- Managing programs and portfolios
- Strategic planning and policy context
- Typical project organisation structures and implications for project investment decisions
- Using subcontractors
- Key issues addressed by project appraisal
- Market analysis
- Technical analysis
- Environmental and social analysis
- Understanding stakeholders

Defining Project Scope and Estimating Timeline

- Project life cycle
- Project initiation
- Uncertainty in project selection and planning decisions, stage gate approach
- Project trade-offs
- Understanding and managing project scope
- Projecting project timeline

Evaluating Project Costs

- Fundamentals of budgeting and cost control
- Estimating methods
- Dealing with uncertainty in estimates
- Resource allocation and cashflow estimates

Project Analysis Under Risk And Uncertainty

- Project risk considerations
 - Risk and contingency analysis
 - Thought leadership on risk and uncertainty in projects
 - Making rational strategic choices
 - Selecting projects to meet organizational goals
 - Decisions under certainty, risk and uncertainty
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Strategic Project Selection

- Project feasibility studies – an integrated evaluation
- Introduction to scenario and sensitivity analysis; decision trees
- Psychological aspects of investment decisions: Before You Make That Big Decision
- Influencing investment decisions

MODULE II: Project Appraisal: Financial and Economic Factors

Source of Finance

- Potential funding sources
- Capital markets in financing projects
- Long Term source of finance
- Short Term source of finance
- Evaluation of the Types of Finance
- Equity Finance
- Debt Finance
- The Cost of Weighted Average Cost of Capital (WACC)
- Capital Asset Pricing Model (CAPM)
- Different measures of risks
- Mini Case study

Investment Decisions

- The most appropriate valuation techniques for different economic sectors
 - Applying time-adjusted measures
 - Social cost-benefit analysis in project appraisal
 - Net Present Value (NPV), Internal Rate of Return (IRR) and Pay back method
 - Decision making using EVA and NPV
 - Modified Internal Rate of Return (MIRR)
 - Application of real option to project valuations
 - Integration of financial, economic and social appraisals to investment decisions
 - Impact of inflation on financial viability and risks
 - Foreign exchange risks
 - Financial and economic analysis for selecting a high quality projects
 - Sensitivity analysis, scenario analysis and simulation
 - Mini case study
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Managing, Controlling and Modelling Cash flow

- Development of Cash Flow Statement
- Cash versus Profit
- The Cash Conversion Cycle
- Calculating and Managing the Cash Flow Cycle
- Cash Flow Ratios
- Working Capital
- The Cost of Maintaining Working Capital
- Maintaining the Optimum level of Working Capital
- Working Investment Ratios
- Preparing a Monthly Cash Flow Forecast
- Mini Case study

The Challenge of Financial Economic Decision-Making

- The practice of financial/economic analysis
- The value-creating company
- Corporate value and shareholder value
- A dynamic perspective of business
- The agency problem and corporate governance
- What information and data to use?
- The nature of financial statements
- The context of financial analysis and decision-making

Revisit the key concepts in decision making

- Course Summary and Checklists
 - Cash Budgets & Capital Budgets reviewed
 - Financial Skills and Further Development
 - Open Forum
 - Course Review
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