



## REFERENCES

### EXAMPLES

#### Cement Production Facility – Kazakhstan

A modern greenfield cement plant was to be established to cover the growing demand for building materials in the booming construction industry.

The financial analysis verified the profitability and financial sustainability of the project considering detailed tabulations of material inputs, energy and overhead costs. Market data as well as industry cost comparisons were used as further yardsticks of the analysis. Financial projections were scrutinized under sensitivity tests for completion risks in terms of cost or time overrun and operational risk with input costs and sales prices. Results served for the preparation of the investment decision and financing negotiations;

#### Waste Management Scheme, Serbia

The project was initiated by Serbian Ministry of Protection of Natural Resources and Environment, which pursues its National Waste Management Strategy aiming at the implementation of EU standards in waste treatment. With the participation of an Austrian company experienced in the operation of a PPP waste management project from its facilities in Austria, alternative sites were investigated and waste collection and treatment schemes have been developed.

In a financial evaluation all project parameters, including project finance options through IFIs and bilateral financial institutions, were scrutinized. Discounted cash-flow analyses as well as sensitivity analyses on various parameters were elaborated. The results and conclusions from the various options were presented to the Austrian company's project committee.

# FINANCE & INVESTMENT SERVICES GROUP



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## Financial and Economic Project Evaluation Services

### Facilitating Project & Transactions



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### BENEFITS FOR PROJECT PREPARATION

Project evaluation services facilitate

- ❖ Financing negotiations related to loans and ECA insurance coverage
- ❖ Board or committee decisions
- ❖ Grant financing instruments
- ❖ Investment promotion and/or
- ❖ Public approval procedures

Through

- ❖ a quantification in financial and risk terms,
- ❖ the proper format of reports
- ❖ accepted methods and
- ❖ targeted coverage of key concerns

# Enabling financing for sustainable economic success

## COMBINING ECONOMIC AND TECHNICAL FACTORS

A key task in project preparation is to establish an information base for financing decisions. Demand, resources, the technical infrastructure and, in cases of public interest, socio-economic effects must be analyzed. These analyses are to fulfill information requirements of financial institutions in terms of cost and debt coverage, cash flow, risk profile and profitability.

Such requirements are met by financial and economic project evaluations. Divers of project performance, security of resources and potential risks need to be well understood before a bank appraisal or investors decision can take place.

Commercial financiers, development financing institutions or public funds, all require information on the capability of projects to cope with their cost structure, revenue constraints, financing terms and economic conditions.

Additionally, with infrastructure projects, tariff setting must be developed under constraints of willingness to pay, requirements of the polluter-pays-principle, affordability and political acceptability. Moreover, economic criteria to be observed in development funding need quantification of external effects such as to public health, the environment or related communities.

# Demonstrate sustainable project performance

## HOW IT IS DONE

Projects are described in a preliminary, however comprehensive model. The economic prospects, physical and business constraints as well as the financial and operational circumstances are considered. The project model is subsequently refined with a view to critical aspects through several steps such as

- ❖ to scrutinize components of the investment budget
- ❖ matching of investment budget and implementation schedule
- ❖ to consider increasing detail of financing terms
- ❖ legal and tax conditions
- ❖ to explore realistic development of start-up and learning curve;

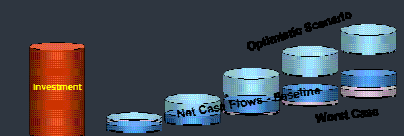
Eventually it is possible to establish a comprehensive, clearly defined overview of the project and its prospective financial performance and risks which therefore enables a statement about the project's viability.



## METHODOLOGY

### Demand, Revenues and Operational Analysis

The starting point of every project evaluation is the demand for its output and the resulting compensation through prices or tariffs. Details of transformation from material quantities as well as their development into cost structures require experience in the treatment of interfaces between technologies or systems and their economic evaluation



### Financial Evaluation

The dynamic investment analysis ultimately allows for the compilation of projections for financial statements over the project horizon, the concession or a contract period. The projections in particular show:

- ❖ The ability to fulfill financial commitments
- ❖ Sources and uses of funds
- ❖ The development of annual profitability
- ❖ The eligibility and sizing of grants (funding gap, co-financing rate)



### Cost-Benefit Analysis

The objective of this evaluation is to apply a socio-economic perspective through the consideration of effects not used in the financial analysis. Tasks include:

- ❖ the **revaluation** of the financial analysis data from an economic perspective
- ❖ **Fiscal corrections** to adapt inflows and outflows ( prices and costs) for tax effects
- ❖ The evaluation of **External effects** – costs and benefits
- ❖ The calculation of an **Economic Rate of Return**

## SERVICES OFFERED

Our extensive experience derives from numerous projects in industry and infrastructure in South East and Central Asia, Africa, Western as well as Central and Eastern Europe. We apply standardized bankable but also innovative methods to provide comprehensive decision support in the complex business environments found in these regions.

- ❖ **Investment analyses and financial modelling** of complex structures of investment costs, operating costs, revenue strategies and projections of cash-flows, profit and loss statements and balance sheets, considering any available degree of detail in **financing terms**
- ❖ Socio-economic **Cost-Benefit Analysis** of projects
- ❖ **Risk assessments** using Sensitivity analyses and scenario analyses
- ❖ **Market assessments** with analysis of demand based on macroeconomic parameters as well as on end use analysis, marketing concepts (segmenting, distribution, pricing policy), analysis of target markets for exports;
- ❖ **Bankable project documentation:**
  - Feasibility Studies
  - Business Plans
  - Development Funding Applications

