Financing Infrastructure Projects

Financing Infrastructure Projects

A practical guide

Second edition

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Foreword

Increasing pressure on government budgets worldwide has meant that, for a long time, public funds have not been sufficient to finance all needed infrastructure projects. The growing demand for higher levels of infrastructure services has reinforced the now mature model of private finance for public projects, rather than the traditional methods of public funding. This has resulted in a considerable number of infrastructure projects being funded using project finance in both developed and developing countries around the world.

Financing Infrastructure Projects: A practical guide is designed as a handbook/guide that brings together banking and engineering experience to present the latest thinking and developments in the effective implementation of finance for infrastructure projects. This book provides an insight into the practicability of financing different types of projects, the commercial aspects and risks affecting projects and a banker's perspective on how infrastructure projects are structured and ultimately banked.

Infrastructure is the cornerstone of economic progress. With changing global trends in the financing of projects, more emphasis than ever is being placed on infrastructure projects to drive economic growth and continually improve living standards. Roads, rail, ports, airports and telecommunications networks are the conduits of trade and productivity. Electricity fuels production and clean water underpins public health. Social infrastructure such as hospitals and schools maintains a healthy, educated workforce. Investment in all of these sectors is a necessity for economic growth, and infrastructure as an asset class continues to grow on a global scale.

The authors have for many years been actively involved in front-office banking and the procurement of large-scale infrastructure projects. The aim of this book is to provide the reader, whether they are a student of finance, an engineer or someone starting out in the banking industry, with a full understanding of 'why and how' infrastructure projects use finance as a method of procurement, with the application of the book's content in two case study chapters.

Dr Tony Merna – to Adela & my boys, Oliver,
Jakob and Joshua.

Dr Faisal F Al-Thani – to my family.

About the authors

Dr Tony Merna, MPhil, PhD is a director at a global bank with over 14 years' experience in project, structured and infrastructure finance. Tony graduated from the University of Manchester with a Master of Philosophy degree for his work on risk management within corporate organisations, followed by a Doctor of Philosophy degree for his research into the assessment of risks in the portfolios of infrastructure projects.

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