THE JOURNAL OF
Structured and Project Finance

VOLUME 8, NUMBER 3 FALL 2002

In this issue, six articles address project and project-finance risk. First, Chris Beale, Michel Chatain, Nathan Fox, Sandra Bell, James Berner, Robert Preminger, and Jan Prins present the results of a four-bank study that challenges the Basel Committee's notion that project loans are riskier than corporate loans. Then Marc Wouters and Richard Klompjan summarize a study of 210 project loans that shows factors most strongly associated with default. Based on the recent volatility of electricity and fuel prices, Joel Gilbert explains that today's energy risks are asymmetric and better metrics are needed to properly alert management to consequent business risks. Next, Andy Dunn shows how risk-management decisions made when focused on individual assets can be different from those made when considering the entire generation and retail portfolio. Paul Forrester shows how collateralized debt obligations can help both institutional portfolio investors and commercial banks increase their participation in project lending while managing the related risks. Then, shifting to legal risks in developing countries, Mark Kantor describes how arbitration in recent years has failed to protect against the risk of unepredictable local courts in several Asian countries. We continue with John Strong's case study of a concession for the operation and development of the main airport in Côte d'Ivoire. Finally, Ralph Sapoznik explains why government guarantees and multilateral agency bank involvement are required to finance expansion of the São Paulo subway system.

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