INTERNATIONAL BUSINESS SCHOOL THE HAGUE

PROFESSIONAL COURSE IN

PROJECT FINANCIAL MANAGEMENT

Project finance for better decisions

Project finance must show what resources a project will require and what they will cost—and whether the project is a worthwhile use of organizational resources. This course develops the knowledge and judgement needed to estimate costs, build budgets, control financial performance and evaluate projects from project, organizational and customer or funder perspectives.

Two weeks	Ten working days	3 contact hours per day	**Course fee: €1,500** €1,936 incl. VAT

THE HAGUE PROFESSIONAL COURSE SERIES

COURSE AT A GLANCE

Connect project control with organizational decisions

Every project uses organizational resources. People contribute working time, materials are consumed, equipment and facilities are occupied, suppliers must be paid and shared services support the work. Yet project budgets do not always reflect the full cost of these resources. At the same time, accounting information may arrive too late or in a form that does not directly support project decisions.

Project financial management connects these different views. It translates project activities into credible estimates, budgets, prices, cash requirements and forecasts. It also provides the information needed to decide what to charge a customer, whether a project should be approved and funded, and whether it should later be changed, continued or stopped.

This course approaches project finance from three connected perspectives: the manager responsible for delivering the project, the organization providing and protecting its resources, and the customer or funder paying for the work.

Three connected perspectives

WITHIN THE PROJECT	WITHIN THE ORGANIZATION	TOWARDS THE CUSTOMER OR FUNDER
What resources will the project require, and what will they cost?	Does the financial plan reflect the organization's real costs and constraints?	Which costs can be charged or recovered?
When will resources and funding be needed?	Can the organization provide the required cash and capacity?	When may invoices or funding claims be submitted?
Are commitments, expenditure and progress developing as planned?	Does the project continue to justify the resources committed to it?	Are deliverables, records and expenditure sufficient to support payment?
What is the likely cost at completion?	How does the project compare with other investment opportunities?	Will the agreed price or funding cover costs, risk and the required margin?

These perspectives are connected but not identical. A project may remain within its internal budget yet produce an unacceptable margin because the customer cannot be billed for all its costs. A commercially successful project may still create cash-flow problems when expenditure occurs long before invoices are paid. Conversely, a strategically important or grant-funded project may be worthwhile even when it does not generate a commercial profit, provided that the organization understands and accepts its contribution.

What participants will gain

Participants learn to determine what project resources really cost, including labour, materials, equipment, shared services and overheads. They distinguish internal cost from the rate or price charged to a customer, determine which costs are recoverable and examine how contract type, payment terms, contingencies and financial risk affect pricing.

They develop credible estimates and budgets, connect project information with the organization's accounting system, plan cash requirements and interpret financial performance during implementation. They also learn how to turn a project's financial plan into an investment case by relating expected costs to revenues, savings, avoided losses and other organizational benefits.

Not all project benefits can be expressed credibly in monetary terms. The course therefore shows how financial analysis can be combined with strategic, social and operational considerations without assigning artificial financial values to benefits that cannot be measured reliably.

Calculations and software support the analysis, but they do not make the decision. The course emphasizes assumptions, uncertainty, interpretation and the ability to explain and defend a financial recommendation.

Who should attend?

This course is designed for project managers, project coordinators, project controllers and team leaders responsible for estimating, pricing, budgeting or controlling individual projects.

It is equally relevant to programme and portfolio managers, project sponsors, finance managers, department heads and senior managers who approve projects, allocate resources or oversee several organizational initiatives.

The course is particularly valuable for experienced project managers, including holders of PMP® or PRINCE2® certifications, who want to deepen the financial-management dimension of their professional practice. It supports progression from managing an individual project towards responsibilities involving programme or portfolio oversight, departmental resource allocation and advice to senior management on project investments.

No accounting qualification or project-management certification is required. Some experience of project work or responsibility for project-related decisions is recommended.

After completing the course

Participants will be better able to build and challenge project estimates, establish defensible budgets, set or assess customer charges, anticipate cash requirements and interpret differences between planned and actual performance. They will also be able to connect project reports with accounting information and present a clearer financial case for approving, pricing, funding, changing, continuing or terminating a project.

The central question

What will this project really cost, how will those costs be funded or recovered, and does it remain a defensible use of organizational resources?

UNIT 1 — THE FINANCIAL LIFE OF A PROJECT

See the complete financial picture

A project creates financial consequences long before the first invoice is received or payment is made. Decisions about scope, timing, people, suppliers and materials create commitments that may only appear in the accounts weeks or months later. Effective financial management must therefore look beyond recorded expenditure.

The project manager needs to understand how project activities lead to resource use, costs, commitments, payments and customer invoices. These events do not necessarily occur at the same time. Work may already have been completed although the supplier has not yet invoiced it, while a customer payment received in advance does not mean that the project has earned a profit.

Financial control also requires two connected streams of information. Managers must record the physical progress of the work—what has actually been completed—as well as the resources consumed, including labour hours, materials and other costs. Neither measure is sufficient by itself. Hours worked do not demonstrate that the expected progress has been achieved, while progress alone does not reveal what it cost to achieve it.

The organization sees the same project from a wider perspective. It must provide staff, facilities, working capital and management support, while ensuring that the project fits its financial capacity and priorities. Some resources may already be available, but using them in one project can prevent their use elsewhere. Existing resources are therefore not automatically free.

Where an external customer or funder is involved, a third perspective becomes important. The organization must know what the customer is paying for, which costs can be charged, when invoices or funding claims may be submitted, and whether the agreed price will cover the project's full cost and financial risk. A project can appear profitable on paper yet create serious pressure on cash flow when costs must be paid long before income is received.

Understanding these relationships provides the foundation for every later financial decision. Before managers can estimate, budget, price or control a project, they must understand how work, resources, costs, progress, cash and accounting information move through it.

After this unit

Participants can distinguish resource use, physical progress, cost, commitment, expenditure, payment, revenue and cash receipt. They can map the main financial flows of a project and identify where incomplete information or differences in timing may lead to poor decisions.

The central question

How does this project turn resources into progress, costs, cash flows, revenue and organizational value from approval to completion?

UNIT 2 — THE REAL COST OF PROJECT RESOURCES

Determine what project resources really cost

A project estimate is only as credible as the rates and quantities behind it. The salary of an employee, the purchase price of a material or the rental charge for equipment may be visible, but these figures do not always represent the complete cost of using the resource.

An employee's hourly project cost may include employer contributions, benefits, paid leave and time spent on training, administration or other non-project activities. The rate therefore depends not only on annual employment costs, but also on the number of hours that can realistically be assigned to projects. Confusing salary, direct labour cost, fully loaded cost and customer billing rate can lead to serious underpricing.

Materials must also be estimated according to what the project will actually consume. Transport, storage, handling, waste, quality losses and unused minimum-order quantities can make the effective cost higher than the supplier's unit price. Equipment and facilities already owned by the organization are not automatically free: their use may create operating costs, wear, maintenance requirements or lost opportunities elsewhere.

Reliable resource costing requires managers to understand both quantity and rate. An apparently precise total is of little value when it is based on unrealistic productivity, incomplete resource requirements or outdated prices. Assumptions should therefore be visible and open to challenge.

The resulting cost information supports several different decisions. It helps the project manager build a realistic estimate, enables the organization to understand what it is committing, and provides a foundation for determining what must eventually be recovered from a customer or funder.

After this unit

Participants can identify the full resources required for project activities and distinguish visible prices from their real cost to the organization. They can develop and challenge labour, material, equipment and facility rates without confusing organizational cost with the amount charged to a customer.

The central question

What does using each project resource really cost the organization?

UNIT 3 — SHARED COSTS AND OVERHEADS

Allocate shared costs without distorting decisions

Projects use more than the people, materials and equipment assigned directly to them. They also depend on management, administration, IT, accommodation, insurance, procurement and other shared services. If these costs are ignored, the project appears cheaper than it really is. If they are allocated carelessly, one project may carry costs caused by another.

A useful cost structure separates three levels:

COST LEVEL	WHAT IT REPRESENTS	EXAMPLES
Direct project costs	Resources clearly used for a particular project	Project labour, materials, travel and dedicated equipment
Project-related indirect costs	Support required by the project but difficult to assign to one activity	Project administration, shared supervision and quality support
Organizational overheads	General capacity that enables the organization to operate	Finance, HR, IT infrastructure, premises and senior management

Organizations commonly allocate shared costs using labour hours, direct labour cost, total direct cost, headcount or another measurable basis. No method is automatically correct. The allocation basis should reflect how the cost is created and should remain practical enough to apply consistently. A convenient rate can still produce misleading project costs when it has little connection with actual resource use.

The rate used for internal management may also differ from the rate accepted by a customer, donor or funding programme. Some contracts permit overhead recovery up to an agreed percentage; others allow only specified direct costs. The amount recoverable from a customer does not determine the project's true cost. Any unrecovered portion has to be funded by the organization.

Overhead rates therefore affect project selection, pricing and performance assessment. Managers need to understand what is included, how the rate was calculated and whether the resulting project cost supports a fair comparison.

After this unit

Participants can distinguish direct, indirect and overhead costs, assess allocation methods, identify unrecoverable costs and explain how overhead treatment affects pricing and project comparison.

The central question
Which shared costs should this project carry, and what is the most defensible way to allocate them?

UNIT 4 — PROJECT COST ESTIMATING

Build an estimate that can withstand challenge

A project cost estimate is not simply a total produced by a spreadsheet. It is a reasoned forecast based on the project's scope, activities, resource requirements, rates, timing and assumptions. When any of these foundations are incomplete, the apparent precision of the final figure can be misleading.

Different parts of a project may require different estimating methods. Some costs can be calculated from detailed quantities and rates, while others may be estimated from comparable projects, supplier quotations or cost relationships. Managers need to understand where each figure comes from, how current the information is and how confidently it can be used.

Uncertainty should be made visible rather than hidden inside a single number. Productivity may differ from expectations, prices may rise, exchange rates may change and technical work may require more effort than planned. Estimates should distinguish expected costs from contingencies for identifiable uncertainty and from management reserves for work that cannot yet be specified. Contingency is not a convenient amount added to make the total feel safer; it should respond to the risks and uncertainty of the project.

The estimate must also be kept separate from the budget and customer price. The estimate forecasts what the project is likely to cost. The budget authorizes how much may be spent. The customer price determines what will be charged or recovered. These amounts may be related, but treating them as interchangeable can conceal risk, understate the organization's contribution or create an unrealistic margin.

A credible estimate therefore presents more than a total. It shows what has been included and excluded, which assumptions matter most, how uncertainty has been treated and what could cause the expected cost to change.

After this unit

Participants can develop and challenge project cost estimates using appropriate information and methods. They can distinguish estimate, contingency, budget and price, identify the assumptions driving the result and communicate the level of uncertainty without creating false precision.

The central question

What is this project likely to cost, and which assumptions could materially change that estimate?

UNIT 5 — BUDGETING AND PRICING

Decide what to spend—and what to charge

Once the expected cost has been estimated, the organization must make two distinct decisions. Internally, it must decide how much the project may spend and where the resources will come from. Externally, it may need to decide what to charge a customer or claim from a funder. Neither decision follows automatically from the estimate.

The approved budget converts the estimate into an authorized financial plan. Costs are assigned to activities, responsibilities and reporting periods so that later performance can be compared with an agreed baseline. The budget should also define how contingencies may be used, who can authorize expenditure and what happens when the approved amount is no longer sufficient.

The customer price must begin with a realistic understanding of cost, but may also need to cover financial risk, unrecoverable expenditure and an appropriate margin. A price based only on direct labour and purchased materials can generate apparent revenue while failing to recover the organizational capacity used to deliver the work.

The organization must also establish what the customer or funder is paying for: resources used, specified deliverables or achievement of a defined result. This determines what may be invoiced and who carries the uncertainty. In research and other uncertain projects, successful completion may mean that the agreed work was performed and properly reported—not that a particular finding or commercial result was achieved.

What is the customer or funder paying for?

EFFORT OR RESOURCES	DELIVERABLES	RESULTS
Eligible hours, materials and agreed costs	Completion and acceptance of specified outputs or milestones	Achievement of an agreed outcome or level of performance
The amount billed depends on actual resource use	Payment depends on whether the promised output is delivered	Payment depends on whether the intended result is achieved
The customer or funder carries more of the cost uncertainty	Risk is shared through scope and acceptance criteria	The supplier normally carries the greatest uncertainty

The basis of payment determines what must be recorded, what can be billed and who carries the financial risk.

One job, two ways of looking at it

Consider a contractor who agrees to paint a house for a fixed price. The offer is based on estimated labour hours, materials, overheads and profit, but the customer pays for the completed job—not for the hours actually worked.

The contractor therefore carries the uncertainty. If the work requires fewer hours than estimated, the profit increases. If it requires more hours, the profit falls and may become a loss. To manage the job, the contractor must record both the percentage of work completed and the labour hours and materials used.

Under an effort-based agreement, the customer pays for eligible hours and other agreed costs. Using fewer hours may demonstrate efficiency, but it may also reduce the amount that can be billed.

Contract and funding terms determine how financial risk is divided. Fixed-price agreements place much of the cost risk on the supplier. Time-and-materials and cost-reimbursement arrangements transfer some uncertainty to the customer, but require reliable records and may restrict which costs, rates or overheads can be charged. Grant-funded projects may require co-financing or leave the organization responsible for expenditure that the funder considers ineligible.

The resulting financial plan must reconcile expected cost, authorized expenditure, available funding and recoverable income. A project should not be approved merely because the proposed price is attractive or funding is available. Management must understand what the organization is committing and whether the arrangement is financially acceptable.

After this unit

Participants can turn a cost estimate into an approved budget and assess an appropriate customer price or funding claim. They can distinguish cost, budget, funding and price; determine whether payment is based on effort, deliverables or results; and explain how contract terms, recoverability, uncertainty and required margin affect the financial arrangement.

The central question

What should the organization authorize, what is the customer or funder paying for, and what must be recovered to make the project financially acceptable?

UNIT 6 — CASH FLOW AND PROJECT FUNDING

Ensure the project can finance the work it promises

A project can be profitable and still run out of cash. Staff, suppliers and taxes may need to be paid before the organization can invoice the customer, while invoiced amounts may remain outstanding for weeks or months. Financial viability therefore depends not only on how much the project earns and spends, but also on when the money moves.

A project cash-flow plan places expected payments and receipts on a timeline. It shows when the project must pay for labour, materials, equipment and suppliers, and when advances, milestone payments, customer invoices or funding instalments are expected. The difference reveals the project's peak funding requirement: the greatest amount the organization may have to finance before receipts catch up with expenditure.

Payment terms can materially change this exposure. Advance payments and frequent milestone billing reduce the organization's financing requirement, while delayed certification, customer credit periods and retention amounts increase it. Grant-funded projects may require expenditure to be incurred and verified before reimbursement. A project that appears fully funded may therefore still place considerable pressure on organizational liquidity.

Cash-flow planning also supports contract negotiation and operational decisions. Managers may adjust payment milestones, negotiate supplier terms, phase purchases or arrange temporary financing. These choices can reduce financial pressure, but they must remain consistent with the project schedule and should not transfer unacceptable risk to suppliers or compromise delivery.

The cash-flow forecast must be updated as the project develops. Late activities, disputed invoices, early purchases and changing customer behaviour can all alter the timing of receipts and payments. Profit shows whether the project is expected to create a financial return; cash flow shows whether the organization can keep delivering it.

After this unit

Participants can translate a project budget into a time-based cash-flow forecast, identify peak funding requirements and assess whether payment terms provide sufficient liquidity. They can distinguish profit from cash and evaluate measures for reducing or financing temporary cash shortfalls.

The central question

When will this project need cash, when will money be received, and how will the organization finance the difference?

UNIT 7 — PROJECT CONTROL AND ACCOUNTING

Make the project records and accounts tell the same story

Project managers and accountants often organize information differently. The project manager follows activities, work packages, milestones and deliverables. The accounting system records transactions by account, department, cost centre, supplier and reporting period. Both views may be correct, yet neither automatically provides the complete information needed for project decisions.

A practical connection must therefore be established between the project structure and the organization's chart of accounts. Cost codes, responsibilities and reporting categories should be agreed before expenditure begins. If transactions are coded inconsistently or collected only at a general level, managers may know how much has been spent without knowing which part of the project caused it.

Timing creates another difficulty. A supplier may have completed work that has not yet been invoiced, a purchase order may commit part of the remaining budget, and staff may have worked hours that have not yet reached the accounting system. Looking only at posted expenditure can therefore make the project appear financially healthier than it is. Reliable control considers actual costs together with commitments, accruals and expected future expenditure.

Regular reconciliation helps explain differences between project records and accounting reports. It also supports customer invoicing and funding claims by linking expenditure to approved activities, contracts and deliverables. Good documentation is especially important where customers, donors or auditors may reject costs that cannot be properly substantiated.

The project manager does not need to become an accountant, but must understand what the financial reports include, what they omit and when the information becomes available. The accountant, in turn, needs a project structure that allows transactions to support operational decisions rather than merely satisfy financial reporting requirements.

After this unit

Participants can connect project activities and work packages with cost centres, accounts and reporting periods. They can recognize commitments and costs not yet visible in the ledger, reconcile project and accounting information, and improve the evidence supporting invoices and funding claims.

The central question

How can project administration and the company's accounting system be aligned so that accurate, timely information flows both ways and each side receives what it needs?

Look beyond whether the project is on budget

Comparing actual expenditure with the budget does not show whether a project is performing well. Spending less than planned may indicate efficiency, but it may also mean that work is late, purchases have been postponed or costs have not yet reached the accounting system. Spending more may reflect poor control, accelerated progress or an approved change in scope.

Financial performance can only be understood by comparing progress with resource use. A task completed with fewer hours than planned may represent genuine efficiency. Under a fixed-price agreement, this normally improves the margin; under an effort-based agreement, it may reduce billable revenue. Conversely, hours charged without corresponding progress may indicate low productivity, rework or an inaccurate assessment of completion.

Earned value management connects planned cost, actual cost and achieved progress. Its indicators are calculated automatically by project-management software, but an unexpected result does not prove that the project is performing badly. It signals that management attention is needed. Managers must examine work sequencing, progress measurement, scope changes, early purchases and the completeness of cost information before drawing conclusions. Unfavourable metrics can accompany better-than-planned performance, while favourable metrics can conceal delays or unrecorded costs. EVM supports investigation; it does not replace it.

Past expenditure alone is also insufficient. Management needs an updated view of the likely cost at completion. This requires combining costs already incurred with outstanding commitments, remaining work, current productivity, expected price changes and known risks. A forecast should be revised when circumstances change rather than maintained merely because the original budget was approved.

The consequences extend beyond the project. A cost overrun may reduce the expected margin, increase the organization’s funding requirement or make expenditure unrecoverable. Delays may postpone invoicing and benefits even when the final cost remains unchanged. Reliable reporting must explain what has changed, why it matters and what is likely to happen next. A variance is a signal for investigation—not an explanation, verdict or automatic reason for corrective action.

After this unit

Participants can interpret expenditure in relation to completed work, investigate EVM signals, explain departures from the baseline and forecast the likely cost at completion before deciding whether corrective action is needed.

The central question

What do current cost and progress information tell us about the project’s likely financial outcome—and is corrective action needed?

UNIT 9 — THE PROJECT INVESTMENT CASE

Decide whether the project deserves organizational resources

A credible budget shows what a project is expected to cost. It does not, by itself, show whether the project should be undertaken. Management must relate the financial plan to the revenues, savings, avoided losses, strategic improvements or social benefits the project is expected to create.

The investment case considers the project's incremental consequences: what is expected to happen if the project proceeds compared with what would probably happen without it. Costs that the organization will incur regardless of the decision should not be presented as project benefits, while resources redirected from other work may have an opportunity cost even when no immediate payment is required.

Timing also matters. A benefit received several years from now is not financially equivalent to the same amount received today. Payback period, return on investment and net present value provide different views of the proposal. These indicators can support comparison, but none can determine whether a project is worthwhile without considering the assumptions, uncertainty and strategic context behind the figures.

For customer-funded projects, the investment decision may concern expected margin, cash exposure, capacity use and the risk of non-payment or cost overruns. An apparently profitable contract may still be unattractive if it occupies scarce expertise, creates excessive financial exposure or prevents the organization from accepting more valuable work.

Not every important benefit can be expressed credibly in money. Public, research, social and organizational-development projects may create knowledge, capacity, resilience or social value that cannot be reduced to a reliable financial return. These benefits should be assessed explicitly rather than converted into artificial monetary amounts simply to improve the calculation.

A defensible investment case therefore presents expected costs and benefits, their timing, the major assumptions and uncertainties, and the alternatives available to the organization. Its purpose is not to prove that the project should proceed, but to support an informed choice.

After this unit

Participants can turn a project financial plan into an investment case, compare expected costs with financial and non-financial benefits, and use payback, ROI and NPV appropriately. They can evaluate a project against alternative uses of organizational resources without overstating uncertain or unquantifiable benefits.

The central question

Do the project's expected benefits justify its costs, risks and use of organizational resources compared with the available alternatives?

UNIT 10 — PROJECT FINANCIAL DECISIONS

Decide what the organization should do next

Project approval is not the final financial decision. Estimates change, risks materialize, customers revise requirements and expected benefits may become more or less credible. Management must therefore reconsider the financial case at important decision points throughout the project.

The relevant question is not simply whether the project is still following its original budget. Managers must compare the remaining costs, risks and resource requirements with the benefits that can still be achieved. Money already spent is a sunk cost: it may explain how the current position arose, but it should not by itself justify further expenditure.

Several decisions may be appropriate. The organization may approve or continue the project, modify its scope, renegotiate the price or funding arrangement, postpone work, provide additional resources or terminate the project. Corrective action should be based on the project's expected future—not on a desire to restore the appearance of the original plan.

The consequences for customers, funders and suppliers must also be considered. A change may affect contractual obligations, recoverable costs, payment milestones and expected margin. Stopping a project may avoid future expenditure but create termination costs, repayment obligations or reputational damage. Continuing may preserve expected benefits but expose the organization to further financial risk.

In the final course case, participants bring together the project and organizational perspectives. They examine resource costs, overheads, estimates, budget, price, cash flow, accounting information, progress and the updated investment case. The result is a reasoned recommendation supported by evidence, assumptions and a clear explanation of the remaining uncertainty.

A sound financial recommendation does not have to preserve the project. Sometimes the best decision is to continue; sometimes it is to redesign, renegotiate, postpone or stop. The quality of the decision lies in whether management has used the available information honestly and understood what the organization is committing.

After this unit

Participants can integrate project financial information into a defensible recommendation. They can distinguish past expenditure from future consequences and support decisions to approve, continue, change, postpone, renegotiate or terminate a project.

The central question

Given what we know now, what should the organization do next—and can that decision be financially defended??

JOIN THE COURSE

Make project finance support better decisions

Course format

Course	Professional Course in Project Financial Management
Duration	Two weeks; ten working days
Daily contact time	3 hours
Additional study	Assignments and group activities
Course fees	€1,500 course fee + €100 non-refundable registration fee, excluding VAT (total: €1,936 incl. VAT)
Award	Certificate of participation
Frequency	Offered several times per year

Certificate of participation

Participants who complete the course receive a certificate of participation from **International Business School The Hague**. The certificate confirms participation in a professional course; it is not an accredited academic degree, professional licence or external certification. This is an independent professional-development course. It is not a PMP® or PRINCE2® examination-preparation course and is not affiliated with or endorsed by PMI or PeopleCert.

Application documents

- a completed application form;
- a copy of the applicant's passport; and
- payment of the €100 registration fee.

Register via https://ibsthehague.com/admissions/application-form/

Contact and apply
International Business School The Hague
Visseringlaan 23, 2288 ER Rijswijk, The Netherlands
+31 (0) 6 8412 0665 • info@ibsthehague.nl • www.ibsthehague.com