

Graham Vinter... the man who wrote 'the book'

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In the latest in a series of interviews with senior figures in infrastructure, IJGlobal speaks to legendary lawyer Graham Vinter about infrastructure after PFI, the promise of Africa, and being lured back from retirement.

Graham Vinter is well-known across infrastructure finance, and particularly among lawyers, as the man who wrote 'the book'.

Not much from his demeanour hints at his reputation or considerable success. Originally from South London, the lawyer is faultlessly affable and unpretentious in person.



His straightforward way of explaining even the most technical of subjects hints at why his book became so widely read in the industry.

It was 1995 when Sweet & Maxwell published the first edition of *Project Finance, a Legal Guide*. At the time Vinter was seven years into a 20-year stint as a partner at Allen & Overy, and the PFI market in the UK was about to take off like a rocket.

The book has now run into four editions, during which time Vinter left A&O, spent eight years in-house at BG Group, and then enjoyed a very short-lived retirement before being tempted back into practice by US law firm Covington & Burling.

This is a man who was at the centre of the PFI boom in the UK, cut his teeth on North Sea project financing, and has been lured from early retirement by an evolving energy sector he says "is going to keep me interested for a long time yet".

He acknowledges the influence and success of his book in typically self-deprecating style: "Look, it's not JK Rowling but it sold very well".

There are lots of legal guides to project finance now, but Vinter's was the first and is still seen as the gold standard.

He was inspired to write the first edition after a meeting in which he had to explain how project finance worked to German bankers looking at the Tapada do Outeiro CCGT project in Portugal.

"I was waiting for a plane, on my way back from some negotiations in Frankfurt and I thought to myself "no one knows this stuff!"

The first edition was around 150 pages and took just six months to write, as Vinter had already penned an internal guide for A&O. The fourth edition published in 2013 spanned almost 600 pages and was a "huge undertaking", though Vinter claims its co-authors Gareth Price and David Lee (both A&O partners) did the heavy lifting for that edition.

He says there probably will be a fifth edition though he is not sure when.

“We need to stop expanding the book though. Some parts are less topical and can probably be taken out. The tendency is to include it because it is already written. Take upstream oil & gas in the North Sea – that is over now, or at least it is on a classic project finance basis.

He adds: “It would also be nice if Brexit was out the way so we could write about the UK with some certainty”.

PFI and beyond

Unfortunately it is not just Brexit that is causing uncertainty for UK infrastructure. There is very little clarity on how the current government, or any future government, is going to fund major projects, given how much PFI as a product has been discredited in the eyes of politicians and the public.

Vinter was involved on some of the earliest PFI deals and was at the vanguard during Tony Blair’s premiership, when so many of these projects were financed.

“My sad lament on PFI is that I still think it is a great way to get infrastructure projects built but its timing was cursed”.

He notes how most PFI projects were financed during a period of high interest rates which lending banks locked in through long-term hedges.

“Of course when you then look at these embedded interest rates after the crash they look insane, at a time when the government can borrow cheaper than 2%.

“All those projects are too expensive but they are creatures of when they were put together”.

He acknowledges that concerns around executive pay in wider society are “totally justified” given rising inequality in society, and says PFI became an easy target given some cases of “extreme and undeserved” returns.

While not wanting to defend bad projects, he blames the execution rather than the model itself for the problems that arose.

Vinter says that many of the PFI projects completed and still operational do not have problems of excessive returns. He names the Second Severn Crossing, one of the earliest PFIs, as an example of a great project he advised on.

But he acknowledges that there was often a mismatch of firepower between public and private sectors.

“I have been a district councillor in Surrey. I had huge respect for people who were heads of department at my local council but could they match a Rothschild or Goldman Sachs in terms of understanding financial modelling? Of course not. Do they have the money to pay for consultants of equal firepower? Of course not.”

Those in the private sector need to take responsibility too: “If you play in that public/private space, you have to accept the ‘Sunday Times’ test about the amount of profit you can make and you need a mechanism that allows the public to share in that success.”

Vinter argues that public-private partnership will need to come back “in some form” in the UK, even if Labour forms the next government and goes through with its renationalisation plans.

He suggests that local authorities need more help in negotiations with private entities, argues for a new Treasury taskforce to prioritise projects, and suggests revisiting plans dating back as far as the early 1990s for PFI vehicles to be jointly owned by the public and private sectors.

“You don’t do infrastructure in fits and starts. You can’t say ‘it’s all done now, so let’s move on to something else’. It is a process of constant renewal and upgrading.

“We need to get back on the wagon. Otherwise we will end up in the same situation the Labour Government found itself

in 1997 – infrastructure was literally falling to pieces.

“Whatever you say about the financing, stuff got done”.

Covington lures him back

After A&O, the move in-house to BG provided a new “challenge and change of scenery”. He described the chance to sit on the other side of the negotiating table as a member of the executive committee for a major oil company “a once in a lifetime opportunity that I had to take then or I would have missed it.”

When BG was acquired by Shell in early 2016 Vinter thought his executive career had come to a “natural end” and life as a non-exec beckoned.

He soon became restless.

“I found that six months after leaving BG a bit boring. I was playing a lot of golf, badly, and realised I needed to do something else”.

After speaking to “five or six” law firms he picked Covington for his return due to three reasons: The chance to build a project finance practice from scratch; the firm’s focus on Africa; and its unique policy team.

Covington’s 120-strong public policy and government affairs team includes a number of former senior government officials, diplomats and regulators who work on some of the firm’s clients’ most intractable problems around the globe. The chance to work alongside a large team of non-lawyers appealed to Vinter after so many years working with geologists, engineers and other types of professionals at BG.

The firm said they recognised that building a project finance team from scratch was a long-term project.

Covington’s long-term approach and willingness to invest was a huge draw.

“A lot of short-term thinking has taken root in law firms in recent years, with everyone obsessed with the bottom line and individual billings.

“There is a fear of not wanting to be left behind, in terms of profitability. That pressure has always been there to some extent but I first really started to notice it after about 2001. Over the last couple of decades the firms have become a lot more professionalised and started to focus on the numbers a lot more.”

Given Covington is a US firm with an interest in growing in emerging markets, Vinter now spends a lot of his time thinking about Africa.

“Covington understands Africa could be ‘the next big thing’ and expanding its business in that region is a key objective of the firm. We want to be able to do corporate M&A, litigation, arbitration, as well as project finance in Africa. But project finance is a way for us to penetrate that market.”

He highlights how varied the opportunities are across the continent and admits that long-standing fundamental challenges remain.

“You need governments to attend to their own balance sheets and take on more fiscal responsibility. The block on many projects in Africa is the creditworthiness of the offtaker, typically a state-owned institution, which is often poor.”

He laments “a missed decade” for Nigeria but says there are lots of opportunities for investors in the continent’s major countries.

“In a way, the continent needs to reboot. South Africa needs to lead the way, along with Nigeria. I am optimistic but the challenges are large.”

Covington is looking to [expand its team based in Johannesburg](#), which includes not only project development and finance partner Ben Donovan but also – as an example of its different approach – compliance and investigations partner Ben Haley and senior adviser Robert Kayihura, a former Uber and Microsoft legal director and now part of the firm’s policy team.

Advice to young lawyers

While admitting he is no longer as involved in transactional work as before, Vinter predictably sees “ambassadorial” as too grand a description of his role at Covington.

As well as seeking opportunities to build the firm’s presence in Africa, he also now has the opportunity to mentor young lawyers.

“One of things I missed when I thought my executive career was over, was the interaction with younger colleagues moving through their careers”.

When asked what advice he would give to lawyers at the start of their careers, he says: “It is not about selling services, it’s about people liking you.

“Don’t be arrogant, or stropky, or think you are better than the clients – they pay your bills. If you think they are making a mistake, explain that to them but they ultimately make the decisions.”

The law is often inaccessible to the layman because it is so technical, he says, but the lawyer’s job is to make it accessible. The sector is changing fast but the skill of negotiation and the personal touch will still remain essential.

“Lawyers are very conservative by nature. We would prefer not to change and we worry about the loss of revenue, work and jobs that AI could cause.”

Law firms need to adapt and create new areas for revenue generation. Vinter expects a greater focus on law surrounding digital services and data, and points to how Covington has strategically positioned itself by having many of the major media and tech companies as its clients.

Despite the future appearing to be digital, he is glad he has devoted his career to project finance – a branch of the law “that is building something tangible”.

It is a job that has allowed him to work with a huge variety of people from all over the world, from engineers to the government minister Vinter says turned over a sand timer at the beginning of every meeting.

“There are few jobs that can send professionals in to negotiate with ministers of government. If you had told me I would be doing that sort of thing as a school boy, I wouldn’t have believed you.”

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