



KISII UNIVERSITY
UNIVERSITY EXAMINATIONS

**FIRST YEAR EXAMINATION FOR THE AWARD OF THE DEGREE OF
DOCTOR OF PHILOSOPHY IN PROJECT PLANNING AND MANAGEMENT
FIRST SEMESTER, 2021/2022
(JUNE-SEPTEMBER, 2022)**

DPPM 904: PROJECT FINANCING

STREAM: Y1 S1

TIME: 3 HOURS

DAY: THURSDAY, 9:00-12:00 PM

DATE: 06/09/2022

INSTRUCTIONS

1. *Do not write anything on this question paper.*
2. *Answer Question ONE (Compulsory) and any other THREE Questions.*

QUESTION ONE

A case study of project financing in emerging markets

Emerging markets faced with increasing population, urbanization and environmental concerns offer significant investment opportunities. According to the IMF, emerging markets constitute around 60% of global GDP and make up 80% of the current global population – it is anticipated that the global population will increase by approximately 2.1 billion people by 2050, with 58% of the population growth coming from Africa and a further 33% from Asia. Opportunities abound for developmental projects focused specifically on heavy transport and social infrastructure, agricultural production and innovative power generation solutions. It is estimated by the African Development Bank that Africa alone has a development financing gap of nearly USD 108 billion and an estimated need for infrastructure investment of between USD 130 billion and USD 170 billion a year. Such opportunities, however, are hampered by major challenges significantly reducing the attractiveness of desperately needed projects. To successfully implement infrastructure, development sponsors, lenders, and their advisors, need to recognize and understand these challenges and how to price for, or overcome, them

- a) i) From the above scenario critically examine four pertinent issues that can affect the success of a project. (8 marks)
- ii) Identify appropriately distinctive feature of a project finance deal for the above case. (2 marks)
- b) Explain fully the common characteristics of infrastructure assets that differentiate them from other assets. (5 marks)

QUESTION TWO

- a) Critic Public-Private Partnerships (PPP) as a panacea for all public infrastructure challenges in developing countries. (6 marks)
- b) You have been appointed as project financial manager. Given the range of investment appraisal methods and the need for a project to allocate resources efficiently to capital expenditure in an appropriate manner it needs a clear cut frame work. Write in details a guide that will inform the decision making on the key factors the management need to consider when making their capital investments. (9 marks)

QUESTION THREE

- a) Examine the common misconceptions about project finance in a daily works of life among the project stakeholders. (5 marks)
- b) Should the Government be an Equity Partner in Infrastructure Projects? Explain why so? (4 marks)
- c) Discuss the features of international project finance in details. (6 marks)

QUESTION FOUR

- a) Discuss in details the main financing mechanisms for infrastructure projects in both developed and developing nations. (6 marks)
- b) The project risks are identified by category and their salient features and characteristics are highlighted. Categorized them into three general categories and describe their features. (6 marks)
- c) Identify any three project financing models appropriate for developing economies. (3 marks)

QUESTION FIVE

- a) Examine in details who Are the Sponsors of a Project Finance Deal? (4 marks)
- b) Discuss the relevance of the cost-benefit analysis for cost benefit analysis for project finance undertaking. (4 marks)
- c) Explain the factors determining capital structure any undertaking known to you. (3 marks)
- d) Evaluate the ideal features of Venture capital appropriate medium size projects. (4 marks)

QUESTION SIX

- a) Evaluate the various stages of project financing, bring out what take place in each stage. (9 marks)
- b) Examine the tasks and responsibilities of a configuration manager in the project undertaking known to you? (3 marks)
- c) What do you understand by the term international diversification? Explain four benefits of international diversification. (3 marks)