



ZCAS UNIVERSITY

BBF 5132: PROJECT FINANCE IN MONITORING AND EVALUATION

second-semester test

Date: 19th October, 2023

TIME: 16:30-19:30 HOURS

TIME ALLOWED: WRITING – THREE HOURS

READING – 5 MINUTES

INSTRUCTIONS:

1. Section A: this question is compulsory and must be attempted.
2. Sections B: Answer THREE (3) questions from this section.
3. This examination paper carries a total of 100 marks.
4. Candidates must not turn this page until the invigilator tells them to do so.

Section A. Compulsory (50Marks)

Question 1.

You are a project finance analyst working for a major investment bank. Your team has been assigned to evaluate and provide financing for a renewable energy project, specifically a large-scale solar power plant. The project involves multiple phases, from the initial development and permitting to construction and operation. The project sponsors have approached your bank for financial support, and your task is to assess the feasibility and financial viability of the project

1. What criteria and factors will you consider to determine whether the solar power plant project is worth further examination? (10 marks)
2. Describe the key components of a feasibility study that you would conduct for this solar power plant project? (10 marks)
3. Identify and categorize the potential risks associated with the solar power plant project. (10 marks)
4. Explain how the identified risks in Q3 might impact the project's financial feasibility? (10 marks)
What types of financing instruments and sources of capital would you consider for this renewable energy project? (10 marks)

Section B. Answer Two Questions ONLY (50marks)

Question 1

You are a project finance analyst working for a prominent investment firm specializing in sustainable infrastructure projects. Your team has been tasked with evaluating the feasibility of financing a large-scale wind energy project. This project involves the development and operation of multiple wind turbines in a rural area, with the goal of generating clean energy for the local community and contributing to regional renewable energy goals.

1. Identify and categorize the various stakeholders involved in the wind farm project? What are the primary concerns and interests of each stakeholder group? (10 marks)
2. Describe the regulatory framework and environmental permits required for the development and operation of a wind farm. How can non-compliance with environmental regulations affect the project's environmental sustainability and stakeholder relations? (15 marks)

Question 2

As an expert in project finance, you've been tasked with analyzing potential sources of financing for a new infrastructure project. Your team is responsible for proposing a financing strategy for the construction of a high-speed rail network connecting major cities in your region. The project is ambitious, with a substantial budget requirement, and your task is to explore various sources of funding to support its development.

1. Given the scale of the high-speed rail project, discuss the advantages and disadvantages of using a Public-Private Partnership (PPP) model as a source of financing. What specific risks and benefits should be considered when involving both public and private entities in the project? (15 marks)
2. Explore the potential for securing government grants and subsidies to finance the high-speed rail project. What government programs or incentives might be available to support such large-scale infrastructure projects, and how can the project team navigate the application process successfully? (10 marks)

Question 3.

- a. Explain the concept of capital structure in project finance and its significance in project financing decisions? (5 marks)
- b. How does the choice between debt and equity impact the financial risk and return profile of a project? (5 marks)
- c. Discuss the role of government in project finance, including the provision of guarantees, subsidies, and regulatory oversight? (5 marks)
- d. How can changes in government policies or regulations impact the financial feasibility of a project? Provide an example. (5 marks)
- e. Identify and discuss three common types of project risks that can impact the financial viability of a project? (5 marks)

End of Examination