



**JARAMOGI OGINGA ODINGA UNIVERSITY OF  
SCIENCE AND TECHNOLOGY**

**UNIVERSITY EXAMINATION 2012/2013**

**1<sup>ST</sup> YEAR 2<sup>ND</sup> SEMESTER EXAMINATION FOR THE  
DEGREE OF MASTER OF ARTS IN PROJECT PLANNING  
AND MANAGEMENT**

**(KISUMU LEARNING CENTRE)**

COURSE CODE: APP 814

COURSE TITLE: PROJECT FINANCE

DATE:18/4/2013

TIME: 9.00-12.00NOON

DURATION: 3HOURS

**INSTRUCTIONS**

1. This paper contains FIVE (5) questions
2. Answer question 1 (Compulsory) and any other two questions
3. Write all answers in the booklet provided

- Q1.a) Explain the concept of project financing clearly highlighting the differences between project financing and Traditional forms of finance. (5 Marks)
- b) Identify at least five (5) factors that should be considered while determining whether project financing might be an appropriate method of raising funds for a particular project. (5 Marks)
- c) Discuss the following sources of project financing:
- (i) Eurocurrency loan bonds highlighting the features of Eurocurrency loans (5 Marks)
- (ii) Venture Capital (5 Marks)
- d) Explain the merits of debt finance (5 Marks)
- Q2. a) Explain the term 'Commercial Projects? (10 Marks)
- b) Discuss the position of Mezzanine and subordinate debts in financing projects (10 Marks)
- Q3. a) Discuss the importance of establishing the cost of each source of capital to finance project development. (10 Marks)
- b) Explain why the capital structure is important in calculation of the average cost of capital. (10 Marks)
- Q4. a) What are infrastructure projects? Explain their significance in the economic development of a country (10 Marks)
- b) Discuss ten (10) principles of sustainable public-private partnerships that should be observed by a project manager. (10 Marks)
- Q5. a) Discuss any Development project in Kenyan perspective explaining how it has improved the lives of Kenyans. (7 Marks)
- b) What is risk Management? Explain why risk management is important in projects Development. (7 Marks)
- c) Discuss the risk management process in projects Development. (6 Marks)