

**041306T4PMN**

**PROJECT MANAGEMENT LEVEL 6**

**BUS/OS/PM/CR/02/6/A**

**Manage Project Financing**

**July/Aug 2023**



**TVET CURRICULUM DEVELOPMENT, ASSESSMENT AND CERTIFICATION COUNCIL  
(TVET CDACC)**

**WRITTEN ASSESSMENT**

**Time: 3 hours**

**INSTRUCTIONS TO CANDIDATES**

1. This paper has two sections **A** and **B**
2. You are provided with a separate answer booklet.
3. Marks for each question are as indicated.
4. Do not write on the question paper.

**This paper consists of 3 printed pages  
Candidates should check the question paper to ascertain that all pages are  
printed as indicated and that no questions are missing.**

**SECTION A: (40 Marks)**

Answer **all** questions in this section

1. Project financing is a loan structure that relies primarily on the project's cash flow for repayment. State **five** financing options that are available for a project. (5 Marks)
2. A risk mitigation plan is a tool used to determine specific actions in response to risks. Highlight **four** benefits of preparing risk mitigation report in project financing. (4 Marks)
3. Project Budget is a tool used by project managers to estimate the total cost of a project. List **three** importance of a project budget. (3 Marks)
4. Stakeholders are either directly involved in the project or have interests that may be affected by the project's outcome. Highlight **four** stakeholders involved in project financing. (4 Marks)
5. Project financing must be considered by Companies for growth. Identify **three** factors that guide formulation of policies relating to project finance. (3 Marks)
6. Project Financing requires ICT integration. State **five** elements of a good finance management system. (5 Marks)
7. Highlight **three** factors considered when selecting a source of project finance. (3 Marks)
8. A Company intends to make decisions on the projects to invest on. The firm's initial ability for either project is sh. 1,800,000 at 15% p.a cost of capital. The expected cash flow for the two projects are as follows

<b>Period</b>	<b>Project "A"</b>	<b>Project "B"</b>
	<b>Sh.</b>	<b>Sh.</b>
1	500,000	600,000
2	500,000	800,000
3	500,000	700,000
4	500,000	600,000
5	500, 000	400,000
6	500,000	300,000

- Advise Company on which project to invest on based Pay back Period (5 Marks)
9. Risk mitigation is a strategy to prepare for and lessen the effects of threats faced by a business. Highlight **four** types of risk mitigation strategies. (4 Marks)
  10. State FOUR motivations behind supply of funding by donor agencies. (4 Marks)

**SECTION B (60 Marks)**

Answer any **three** questions in this section.

**CASE STUDY**

Komba Ga Gaconi is a group of well wishers comprising of 10 members who have come together with the aim of helping the needy in south Ngariama, Recently the members saw the need to come up with a settlement point in order to centralize their operations. The idea is in the initial stage and they have realized that they do not have adequate funds to undertake the project. The group is concerned about how to secure funds and also effective finance control as they have had challenges before in their previous endeavours.

11. Alvin, a project specialist has been approached by the group seeking his expertise on the issue. Advise Alvin;
- a) **Five** contents of a project funding proposal that Alvin will advise the group to come up with. (10 Marks)
  - b) **Five** factors to consider for effective project finance control. (10 Marks)
12. a) Project Financing is a long-term, non-recourse or limited recourse financing scheme. Explain **five** types of project financial risks. (10 Marks)
- b) Describe **five** steps of risk management process. (10 Marks)
13. a) Explain **five** funds utilization techniques that project managers can implement to enhance project success. (10 Marks)
- b) Wafula is in the process of preparing procurement budget. Describe **five** steps of preparing a procurement budget. (10 Marks)
14. a) A project progress report is a formal project management document that provides project status and progress. Elaborate **five** types of project progress reports (10 Marks)
- b) Describe **five** steps that should be followed when preparing a project progress report. (10 Marks)