

Why do we need financial modelling?

it helps build an informed business case

ensure financial viability/ bankability check assumptions

To enable know feasibility of the project

to evaluate viability and compare similar projects

It is a tool for decision making. It helps assess the viability of a project

To test IRR and NPV for project viability

To set up the interest rate for the fund

for preparation of financing plan in project financing

To ensure that the project has an acceptable return

Climate Finance Partnership

Why do we need financial modelling?

To get the estimate of pricing for the project

To understand/quantify risks and opportunities

To be able to compare various sources of fund and make decision

To predict future costs and expenses

We need to know the profitability of a project and duration of when you can break even including conducting sensitivity analysis

To understand the potential costs and revenue aspects

an institution i.e bank need financial modelling in order to estimate the valuation of the business and also to compare with other institution in the same industry

to ensure that the bank assets are growing

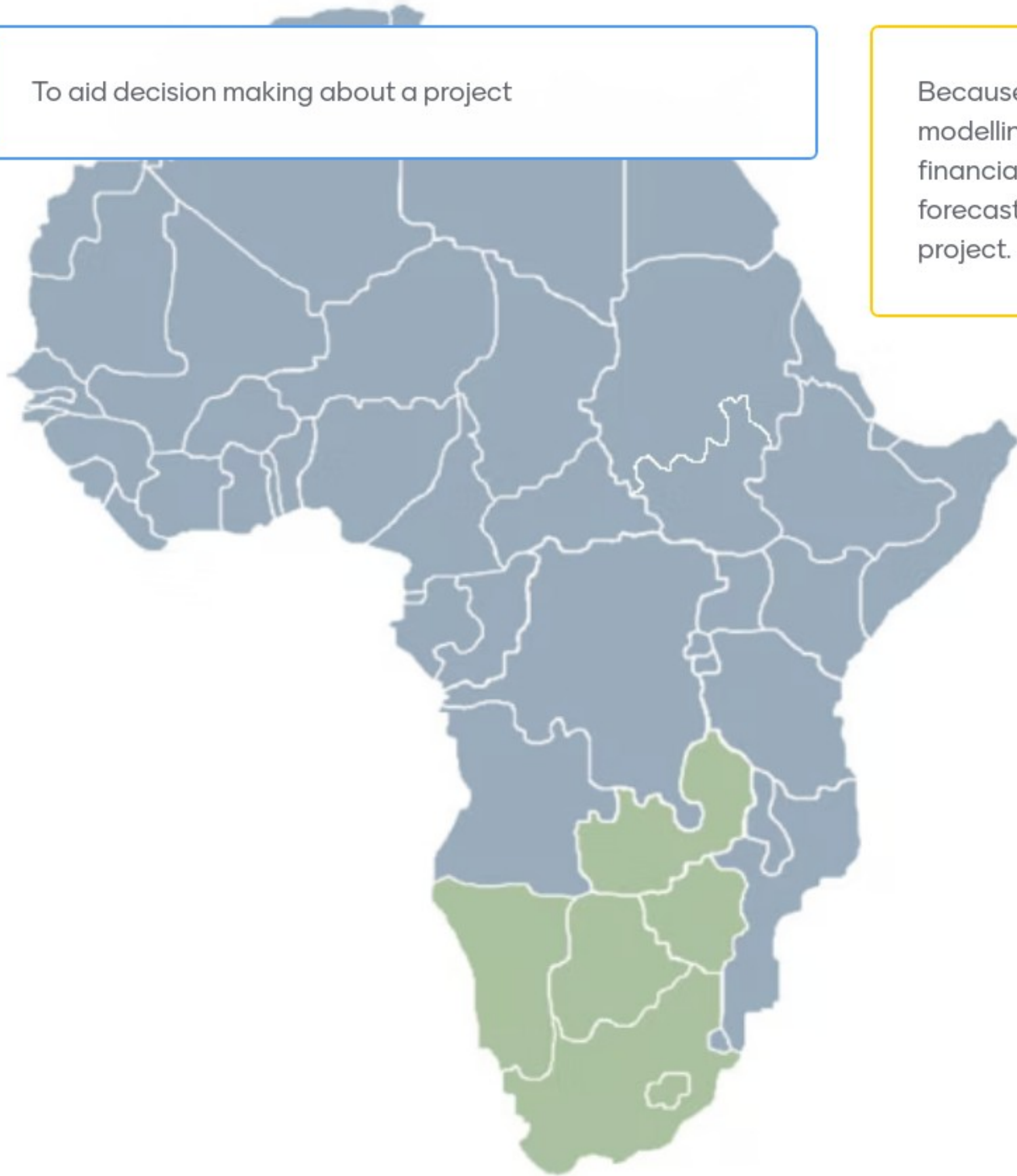
To ensure responsible lending through thorough analysis of financial statements

THE CLIMATE FINANCE PARTNERSHIP

Why do we need financial modelling?

To aid decision making about a project

Because project finance is non recourse, financial modelling becomes fundamental to determine project financial viability. Financial modelling is more about forecasting the cashflows and costs associated to the project.



The Southern Africa Climate Finance Partnership