



MAASAI MARA UNIVERSITY

**REGULAR UNIVERSITY EXAMINATIONS
2023/2024 ACADEMIC YEAR
THIRD YEAR FIRST SEMESTER**

SCHOOL OF BUSINESS & ECONOMICS

BACHELOR OF SCIENCE IN ECONOMICS

COURSE CODE: ECO 3109-1

**COURSE TITLE: PROJECT APPRAISAL AND
ANALYSIS**

DATE:14/12/2023

TIME: 0830-1030HRS

INSTRUCTIONS TO CANDIDATES

1. Answer Question **ONE** and any other **TWO** questions

QUESTION ONE

- a) The county government of Narok intends to undertake the following two mutually exclusive projects (P_A and P_B). The table below gives their cash flows and initial costs. Use the Net Present Value (NPV) and the Internal Rate of Return (IRR) techniques to decide which project should be undertaken. (Use a required rate of return of 10 per cent). **(10 Marks)**

Project	Yearly Cash Flows (USD Millions)					
	0	1	2	3	4	5
P_A	(1,985)	650	780	720	450	410
P_B	(2,150)	700	1450	850	630	395

- b) Explain the four gender implications a project design may depict during gender appraisal. **(4 Marks)**
- c) Discuss the non-numeric models used in project selection and state the advantages they have over the numeric models. **(6 Marks)**

QUESTION TWO

- a) Discuss the aims of environmental impact assessment as a tool for environmental appraisal. **(8 Marks)**
- b) Differentiate between technical appraisal and economic appraisal criteria. **(3 Marks)**
- c) Discuss the rationale for Social Cost Benefit Analysis (SCBA). **(4 Marks)**

QUESTION THREE

- a) Explain the conditions that make Cost Benefit Analysis desirable in developing countries. **(6Marks)**
- b) Discuss the nine features which distinguish one project from another. **(9 Marks)**

QUESTION FOUR

- a) Use the following pay off matrix to explain the decision making criteria appropriate to uncertainty as listed below the matrix

N S	1	2	3	4
1	2	2	0	0
2	1	1	1	1
3	0	4	0	0
4	0	3	0	0

- i) The Maximin (Wald criterion) **(2 Marks)**
ii) The Minimax (minimum regret) criterion **(2 Marks)**
iii) The index of pessimism criterion (index of pessimism is 0.9) **(3 Marks)**
iv) Laplace Criterion **(2 Marks)**
- b) Explain the qualitative factors, strategic aspects and organizational considerations that may affect the choice of a project. **(6 Marks)**

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