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(Knowledge for Development)

**KIBABII UNIVERSITY
UNIVERSITY EXAMINATIONS
2017/2018 ACADEMIC YEAR
FOURTH YEAR 1ST SEMESTER
MAIN EXAMINATION**

**FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGRICULTURAL
ECONOMICS & RESOURCE MANAGEMENT**

COURSE CODE: IAE 480

COURSE TITLE: PROJECT PLANNING, EVALUATION AND DEVELOPMENT

DATE: 20TH DECEMBER 2017

TIME: 8 AM – 10 AM

INSTRUCTIONS TO CANDIDATES

Answer **Question 1** and any other two (2) Questions.

Section A

Question 1

- a) Explain the major characteristics of a project (10mks)
- b) Explain the major causes of project failures (10mks)
- c) Bungoma County government has got two mutually exclusive projects to invest in. You have been appointed as project planning and appraisal consultant for the project. Both projects would have an initial cost outlay of Sh. 1,000,000. The projects expected cash flows are as follows:

Year		0	1	2	3	4	5	6
Cash flows	Project 1	-10	1.2	3.0	5.0	5.4	6.0	1.1
(in million Kes)	Project 2	-10	2.89	4.11	3.0	2.0	5.8	0.5

Required: Using the ordinary payback period method, which project should be undertaken? (10mks)

Question 2

A project costs Ksh 32,000 and is expected to generate cash inflows of Ksh 16,000, Ksh 14,000 and Ksh 12,000 at the end of each year for the next 3 years. Using the trial and error method, calculate the Internal Rate of return for this project. (20mks)

Question 3

- I. Describe the steps of carrying out a cost benefit analysis (10mks)
- II. Discuss various methods of benefits valuation (10mks)

Question 4

Discuss the various stages of a project cycle (20mks)