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(Knowledge for Development)

# KIBABII UNIVERSITY

## UNIVERSITY EXAMINATIONS 2017/2018 ACADEMIC YEAR THIRD YEAR SECOND SEMESTER SPECIAL/SUPPLEMENTARY EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCF 352E

COURSE TITLE: DEVELOPMENT FINANCE

DATE: 8/10/2018 TIME: 3:00 P.M

### INSTRUCTIONS TO CANDIDATES

Answer Question One in Section A and Any other TWO (2) Questions in Section B

TIME: 2 Hours

KIBUCO observes ZERO tolerance to examination cheating

This Paper Consists of 2 Printed Pages. Please Turn Over. 

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## **SECTION A (COMPULSORY)**

### **QUESTION ONE**

- a) Hypothetically assume that you have been appointed as chief finance officer of central bank of Kenya. With relevant examples explain how you can reform the financial sector to increase financial deepening in the Kenyan financial markets. (8 marks)
- i) Development finance 2 marks  
ii) Innovative finance 2 marks  
iii) Micro credit finance 2 marks
- b) Explain five functions of development banks. 10 marks
- c) Discuss the role played by micro finance institutions in Kenya's economic development.(10 marks).
- d) Explain limitations of public borrowing to finance a deficit budget 4 marks

## **SECTION B**

### **QUESTION TWO**

- i) Explain FIVE financial repression practices with reference to developing countries' financial strategies.  
10 marks
- ii) Explain the role the government should play in a liberalized financial system. 10 marks

### **QUESTION THREE**

- a) Discuss the fundamental principles advocated by the IMF in promoting a sound sovereign debt management strategy.  
10 marks
- b) The United Nations advice to member states is to embrace the philosophy of "innovative financing". Do you agree? Support your stand with relevant reasons. 10 marks

### **QUESTION FOUR**

- i) Explain project evaluation that was carried out before the launch of the Construction of the Standard Gauge Railway line in Kenya 10 marks
- ii) What are the merits of project evaluation 10 marks