



EMBU UNIVERSITY COLLEGE
(A CONSTITUENT COLLEGE OF THE UNIVERSITY OF NAIROBI)

FIRST SEMESTER EXAMINATIONS 2014/2015

THIRD YEAR EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN
AGRIBUSINESS MANAGEMENT

AEB 309: ANALYSIS AND PLANING OF AGRICULTURAL PROJECTS

DATE: DECEMBER 17, 2014

TIME: 13:30 – 15:30

INSTRUCTIONS:

Answer Question ONE and ANY Other TWO Questions.

QUESTION ONE

- a) Differentiate between 'investment' expenditure and 'production' expenditure citing examples from agricultural projects (2 marks)
- b) Explain why a project in the Ministry of Agriculture is different from the normal operations of the Ministry (3 marks)
- c) Briefly discuss the advantages of using project approach in developing the agricultural sector in Kenya (3 marks)
- d) Explain the differences between financial and economic analysis of agricultural projects (2 marks)
- e) Briefly discuss the three main areas covered by a project proposal (3 marks)
- f) Explain the difference between vertical and horizontal logic in logical framework matrix (2 marks)

- g) Explain the difference between risk and uncertainty (2 marks)
- h) Discuss the three elements of risk management (3 marks)
- i) Explain the difference between project monitoring and project evaluation (2 marks)
- j) A group of farmers plan to establish a quail project on their one quarter acre piece of land.

They collected the following data about the anticipated costs and revenues:

Initial investment – 150,000

Expected life of project – 5 years

Salvage value at the end of project – 20,000

Anticipated net income – 70,000 in each of the first and second years, 80,000 in the third year, and 90,000 in each of fourth and fifth year

Rate of interest-15% per year

Calculate the following:

- i.) Net present value of the project (6 marks)
- ii.) Discounted and undiscounted payback period of the project (2 marks)

QUESTION TWO

Members of a women group in Embu County have come to you to help them identify a viable income-generating project in agriculture. Discuss how you would assist the group in the following areas:

- a) Identifying the sources of information that can assist them in identifying a viable project (10 marks)
- b) The types of project plans they should prepare before implementing the identified project (10 marks)

QUESTION THREE

- a) Horticultural farmers in Kirinyaga County have proposed a joint project of investing in a processing plant to add value and also increase the shelf-life of their products. The farmers have invited you to educate them in logical frame work method of project design. Prepare a detailed presentation that can help them to collect the information required in preparing a logical framework matrix (10 marks)

- b) Discuss the benefits and costs that may accrue from the above project (10 marks)

QUESTION FOUR

Tana-River County Government proposes to revive Bura Irrigation Scheme that stalled in 1970s. The local people claim that the project failed because of poor planning and analysis.

- a) Discuss the criteria you would use to conduct an appraisal of the proposed project in order to increase its chances of success (12 marks)
- b) Discuss the monitoring mechanisms that you would put in place to monitor the progress of the project during the implementation stage (8 marks)

QUESTION FIVE

- a) Discuss the three phases of implementing an agricultural project (10 marks)
- b) Discuss the five criteria of project evaluation (10 marks)

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