



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2016/2017

FOURTH YEAR FIRST SEMESTER EXAMINATIONS FOR THE DEGREE OF BACHELOR OF BUSINESS ADMINISTRATION AND BACHELOR OF ARTS IN ECONOMICS WITH INFORMATION TECHNOLOGY

CITY CAMPUS – REGULAR

AEC 418: PROJECT APPRAISAL AND EVALUATION


Date: 28th November, 2016

Time: 2.00 - 5.00 pm

INSTRUCTIONS:

- Answer question ONE and any other TWO questions.

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ISO 9001:2008 CERTIFIED 

Q1. a) Price distortions need to be considered when carrying out economic analysis of project. Explain the pertinent issues on accounting for wages distortions. [6 Marks]

b) A project appraiser of Kamburu Rural Settlement project is undecided between using cost effective analysis and multi-criteria analysis in his appraisal of the project value to the government. Differentiate to the appraiser how each method will assist him to implement the best project alternative.

[12 Marks]

c) Distinguish between feasibility analysis and option selection activities which are likely to be done at the initiation of Kamburu Rural Settlement project. [6 Marks]

d) Describe the process of sensitivity analysis for the Kamburu Rural Settlement project. [6 Marks]

Q2. a) Olkaria Investments is starting a Geothermal Project at Gathurima Hills. Make a case study for this energy project appraisal process.

[14 Marks]

b) Differentiate between the concepts of reference forecasting and systemic risk when conducting risk assessment on the Geothermal project.

[6 Marks]

Q3. Kirinyaga Contractors have been awarded a tender by the government to build Kutus-Meru Road. Discuss what to take into consideration in the following steps of project appraisal.

a) Project objectives [3 Marks]

b) Project identification [3 Marks]

c) Feasibility and option analysis [5Marks]

d) Financial analysis [4 Marks]

e) Economic analysis [5 Marks]

Q4. a) Externalities can arise during a project execution. Explain to the Board of Management of Kamagut Water Project how to integrate externalities in the project analysis. [14 Marks]

b) Discuss the wider economic impacts that can arise from the water project

in (a)

[6 Marks]

b) Discuss the wider economic impacts that can arise from the water project in (a). [6 Marks]

Q5. Differentiate between benefit-cost ratio and net present value methods of project appraisal. [20 Marks]