



KIBABII UNIVERSITY COLLEGE (KIBUCO)

MAIN CAMPUS

**UNIVERSITY EXAMINATIONS
2014 /2015 ACADEMIC YEAR**

THIRD YEAR FIRST SEMESTER EXAMINATIONS

MAIN EXAMINATION

FOR THE DEGREE OF BACHELOR OF COMMERCE

COURSE CODE: BCF 352E

COURSE TITLE: DEVELOPMENT FINANCE

DATE: 16TH JANUARY 2015

TIME: 3.00-5.00 P.M

INSTRUCTIONS TO CANDIDATES:

Answer Question ONE and any other Two Questions

TIME: 2 Hours

QUESTION ONE

1. (a) (i) Define Development Finance (2 marks)
(ii) Explain the importance of financial evaluation of a development project.(8 marks)
(iii) Highlight five traditional sources of finance for a developing Country (5 marks)
(b) Justify the need for foreign aid for Kenya's economy despite Kenya's Economic Resources (10 marks)

QUESTION TWO

2. (a) Discuss the limitations of foreign aid to recipient LDC economies (7 ½ marks)
(b) Explain five reforms Less Developed Countries should take to promote sovereign debt Management (7 ½ marks)

QUESTION THREE

3. (a) "Innovative financing" is a UN recently coined lexicon. Explain key sources of innovative funding citing relevant examples. (10 marks)
(b) Explain the role of Micro finance institutions as an alternative to formal conventional financial institutions (5 marks)

QUESTION FOUR

4. (a) Financial Repression stifles financial markets. Justify the above analogy with reference to LDCS (8 marks)
(b) Assuming you were appointed to advice the ministry of finance and state enterprise for an LDC, give well reasoned reform areas you would propose to liberalize that country's financial sector. (5 marks)
(c) Highlight two reasons for capital flight in LDCs (5 marks)

QUESTION FIVE

5. (a) Define project appraisal (2 marks)
(b) Explain the benefits of project appraisal (8 marks)
(c) Discuss five reasons why LDCS have failed to raise finance to develop their economies (5 marks)