Moderated
24/01/2020

EAE 405 DEVELOPMENT PLANNING

2HRS

Externally Moderated
03/02/2020

Answer question one and any other two

QUESTION ONE

a) Distinguish between economic and development planning. (4MKS) The question is not clear, rephrase

b) Explain the limitations of applying the following indices in evaluation of public projects

   i. The net present value (3MKS)

   ii. The internal rate of return (3MKS)

   iii. The payback period (3MKS)

c) Presented below is a technical coefficient matrix for a two-sector economy.

$$\begin{bmatrix} 0.1 & 0.2 \\ 0.6 & 0.3 \end{bmatrix}$$

   i. Interpret the sum of the second column. (2MKS)

   ii. Using the Leontief input output model determine the sectoral outputs that are consistent with a final demand of $\begin{bmatrix} 160 \\ 250 \end{bmatrix}$ billions shillings. (6MKS)

   iii. Determine the minimum primary inputs that the county must posses in order for the production in (ii) above to be possible. (3MKS)

d) Apart from the population size, what other population characteristics was the planning division interested in during the August 2019 Population Census Exercise? (6MKS)

QUESTION TWO

a) In most occasions, developing countries have prepared well thought development plans. However, the development targets contained in those plans are hardly met. Explain why this is so. (8MKS)

b) Outline features that distinguish an indicative from a centralized development plan. (6MKS)

c) Describe the four stages of a well-set economic development plan. (6MKS)

QUESTION THREE

a) Using the Kenyan National budget, medium Term Frameworks and the Vision 2030, explain the concept of rolling plans. (4MKS)

b) Explain five challenges encountered by the development planning Authority in developing countries in collecting economic data. (10MKS)

c) "Government intervention is still necessary even in capitalistic based economies" Explain the case. why is this so? (6MKS)

QUESTION FOUR

a) Define the term shadow price and explain its use in development planning. (4MKS)

b) Describe any five causes of divergence between market prices and the private marginal social cost. (10MKS)

c) (i) Outline the three pillars of the Kenyan Vision 2030. (3.MKS)

   (ii) In which pillar(s) do the affordable housing and the food security aspirations in the big Four Agenda fall into? (3MKS)

Simple questions allocated a lot of marks. Set another question & reallocate mkts.

QUESTION FIVE

a) Describe the key features of a well-set economic development plan. (6MKS)

b) Identify the four common goals contained both in the millennium and in the sustainable development goals Agenda. (4MKS)

c) "Failing to plan is planning to fail" in the context of the African continent asses the validity of this statement. (10MKS)