1st SEM. 2014/ 2015

UNIVERSITY OF SWAZILAND

SUPPLEMENTARY EXAMINATION PAPER

PROGRAMME: BSc. in Agricultural Economics and Agribusiness
Management Year 4

BSc. in Agronomy Year 4

BSc. in Agricultural & Biosystems Engineering Year 4

BSc. in Agricultural Education Year 4

BSc. in Horticulture Year 4

COURSE CODE: AEM 404

TITLE OF PAPER: PROJECT PLANNING AND MANAGEMENT.

TIME ALLOWED: 2:00 HOURS

INSTRUCTIONS: ANSWER ALL QUESTIONS.

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CHIEF INVIGILATOR

Question One

    (a) Define a cost and a benefit of an agricultural project?   [2 marks]

    (b) List five types of costs in Agricultural Projects and briefly discuss any three.

                                                [8 marks]

    (c) What are contingency allowances?   [3 marks]

    (c) List the two major types of contingency allowances.   [2 marks]

Question Two

(a)   What is an Agricultural Project   [5 marks]

(b)   Explain three of the most common reasons why agricultural projects run into problems of implementation.   [10 marks]

(c)   Mention any four rural development projects embarked upon by Swaziland government.

                                                [5 marks]

Question Three

    (i)   What is resource use efficiency?   [5 marks]

    (ii)   Using the concept of Marginal Value Product (MVP) and Marginal Input Cost (MIC) when is a farmer said to be resource use inefficient?   [5 marks]

    (iii) Explain the importance of farm-gate price in determining a market price for agricultural commodity in project analysis.   [10 marks]

Question Four

a. What is sensitivity analysis?   [5 marks]

b. Briefly explain any three of the following measures of project worth: [15 marks]

    (i)   Benefit-Cost Ratio

    (ii)   Net Present Value

    (iii) Net Investment Ratio

    (iv) Internal Rate of Return

c. Consider the 2 projects X and Y, in the table below each with a life of 10 years.

Project	Cost	Benefits(p.a)	IRR	NPV @ 7%
X	1	0.20	12%	0.34
Y	2	0.36	10%	0.42
'Y-X'	1	0.16	9%	-

(i) on the IRR and NPV rule, which of the projects should be preferred to other? [10 marks]

(ii) if the two projects are mutually exclusive, which of them should be accepted and why?

[15 marks]