

**UNIVERSITY OF ESWATINI
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS**

RE-SIT EXAMINATION PAPER: JULY, 2019

TITLE OF PAPER: ECONOMIC AND SOCIAL ANALYSIS OF PROJECTS

COURSE CODE: ECO 304/ECON 309

TIME ALLOWED: TWO (2) HOURS

INSTRUCTIONS

The examination must be completed in **TWO** hours.
Answer **THREE** questions, you must answer the **ONE** question from **Section A**
and select **TWO** questions from the remaining **three** questions in **Section B**.

Question 1 is marked out of 50 marks whilst the rest of the questions are marked out of 25 marks each.

SPECIAL REQUIREMENTS: SCIENTIFIC CALCULATOR

**DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR
HAS GRANTED PERMISSION**

SECTION A

THIS QUESTION IS COMPULSORY

Question 1

I. Write explanatory notes on any six of the following concepts.

- a) Evaluability and the importance of an evaluability assessment
- b) Sensitivity analysis and its basic purposes
- c) Definition and benefits of the critical Path Method (CPM)
- d) Formative and summative evaluation
- e) Risk and Uncertainty
- f) The concepts of risk pooling and risk spreading
- g) Unilateral externality and Reciprocal externality
- h) The Index of Pessimism (Hurwicz) criterion

[30 marks]

II.

- a) Why is the valuation of intangibles essential in Cost Benefit Analysis? [5 marks]
- b) Describe the four methods of valuing life and health which E.J. Mishan considers objectionable or inappropriate. Indicate the grounds on which each method is deemed inappropriate.

[15 marks]

SECTION B

ANSWER ANY TWO QUESTIONS FROM THIS SECTION

Question 2

(a) Regarding conceptual foundations of Cost Benefit Analysis explain briefly the relationship between "willingness to pay" and "distribution of wealth".

[10 marks]

(b) Describe the externalities that were associated with the construction of the Mliba – Msahweni highway.

[15 marks]

Question 3

a) What are performance indicators and what can we use them for?

[4 marks]

b) What are the advantages and disadvantages of using performance indicators?

[6 marks]

c) Lack of participatory planning, implementation and evaluation, has adverse effects on the community projects. Discuss.

[10 marks]

d) State other key guidelines which have to be considered whenever we plan community projects apart from the participatory dimension.

[5 marks]

Question 4

(a) Why is the analysis of risk important in investment analysis? Discuss any three sources of risk

[10 marks]

(b) Explain the concept of Scenario analysis and indicate how it is applied in project analysis.

[15 marks]