MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT AND TRADE

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE IN AGRIBUSINESS MANAGEMENT

AGB 413: AGRICULTURAL POLICY ANALYSIS

DATE: 2/12/2019   **TIME: 8.30-10.30 AM**

INSTRUCTIONS;
Answer question one and two other questions

QUESTION ONE (30 MARKS)

a)   Explain the following terms as used in agricultural policy

    i.   Buffer stock schemes   (1 mark)

    ii.   Import restrictions   (1 mark)

b)   Explain four mechanism that are used to impose a policy instrument   (4 marks)

c)   Explain four pillars for agricultural transformation in Africa as anchored in the Comprehensive Africa Agriculture Development Programme (CAADP)   (4 marks)

d)   Using necessary examples, explain four components of agricultural policy framework

                                                                        (4 marks)

e)   Describe how you will apply cost-benefit analysis to evaluate the viability agricultural policy

                                                                        (6 marks)

f)   Briefly describe five challenges facing agricultural transformation in Africa and possible policy interventions to address mentioned challenges (10 Marks)

QUESTION TWO (20 MARKS)

a)   Describe five causes of market failure that warrant for a policy intervention   (5 marks)

b)   Using relevant examples, describe any five main flagships highlighted in the Agriculture Sector Transformation and Growth Strategy (ASTGS) (2019-2020) that drive Kenya's agricultural transformation and support food security aspirations in the country   (5 marks)

c)   Describe the framework for investment in agricultural sector in the context of Kenya agricultural sector   (10 marks)

QUESTIONS THREE (20 MARKS)

a)   Explain five reasons why liberalized agricultural markets are not the prevailing choice of most governments   (5 marks)

b)   Explain institutional framework involved in implementing Kenya agricultural policy

(5 marks)

c)   The government of Kenya introduced a tariff to improve its balance of trade. As a policy analyst, advice the government on the following

i.   Two reasons why the government should impose a tariff   (2 marks)

ii.   The possible welfare effects of a tariff using necessary illustrations   (6 marks)

iii. The winners and losers of a trade tariff   (2 marks)

QUESTION FOUR (20 MARKS)

a)   Explain four models that guide policy making process   (4 marks)

b)   Budgetary allocation in agriculture is still below 10% even after African government's commitment in Malabo Declaration on Accelerated Agricultural Growth and Transformation. Describe strategies that could strengthen political will in support of agricultural transformation in Africa   (10 marks)

c)   There is political pressure to calm equilibrium price of maize flour to cushion low-income consumers in urban centers from ever increasing food prices. As a policy analyst advice the government on the following:

i.   The appropriate policy instrument(s) to impose and why   (2 marks)

ii.   The welfare effects of the proposed policy instrument(s) in (i) above using appropriate diagram   (6 marks)

iii. Will the proposed policy instrument hurt producers of maize and why?   (2 marks)

QUESTIONS FIVE (20 MARKS)

a)   Explain five reasons why an input subsidy is often not an effective policy instrument for encouraging adoption of technology and input use   (5 marks)

b)   Describe five contemporary food policy issues that act as a hidden barriers to international trade   (5 marks)

c)   Using relevant diagram and examples in Kenya, describe main phases of agricultural policy-making process   (10 marks)