MACHAKOS UNIVERSITY

University Examinations for 2017/2018 Academic Year

SCHOOL OF AGRICULTURAL SCIENCES

DEPARTMENT OF AGRIBUSINESS MANAGEMENT

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR BACHELOR OF AGRIBUSINESS MANAGEMENT

KEE 400/ KBT 427 AGRICULTURAL PROJECT MANAGEMENT

DATE:19/12/2017 **TIME:2.00-4.00 PM**

Instructions:

Answer question ONE and any other TWO questions

QUESTION ONE (30 MARKS)

a) Discuss the following concepts as applied in agricultural project management. Support your arguments with relevant examples.

i. Agricultural projects are temporary initiatives. (5 marks)

ii. Agricultural projects should be **SMART** (5 marks)

b) What are the five potential causes of human conflicts in agricultural projects. (5 marks)

c) Differentiate the following terminologies as used in agricultural project management. Provide relevant examples.

i. Agricultural project and agricultural program. (2 marks)

ii. Project monitoring and project evaluation. (2 marks)

iii. Project sponsor and project client. (2 marks)

d) Using clearly labelled diagrams, illustrate the four kinds of task dependencies in agricultural projects. (4 marks)

e) Precisely describe the main components of a project budget. (5 marks)

QUESTION TWO (20 MARKS)

a) Illustrate your understanding of the concept 'missing counterfactual' as used in the evaluation of agricultural projects. (5 marks)

b) With the help of a hypothetical example, illustrate the Randomized Control Trial (RCT) as the gold standard approach in addressing the missing counterfactual. (15 marks)

QUESTION THREE (20 MARKS)

a) Project design and implementation involves five distinct yet interrelated phases, discuss. (10 marks)

b) Company C is planning to undertake a project requiring an initial investment of KSH 50 million and is expected to generate KSH 10 million in Year 1, KSH 13 million in Year 2, KSH 16 million in year 3, KSH 19 million in Year 4 and KSH 22 million in Year 5.

i. Calculate the pay back period of project C. (5 marks)

ii. In which year does project C break even? (5 marks)

QUESTION FOUR (20 MARKS)

Use the information provided in the table below to answer the questions that follow.

Benefits after 1 year (KSH/Ha)	25,600,000.00
Variable costs (KSH/Ha)	9,119,814.28
Fixed costs (Ksh)	13,756,256.00
Interest rate	14.5%

a) What is the net present value of the project? (5 marks)

b) What is the internal rate of return (IRR) to investment of the project? (5 marks)

c) What is the economic implication of the IRR in b) above? (5 marks)

d) Explain whether the project officials should use public money to promote the bean? (5 marks)

QUESTION FIVE (20 MARKS)

Given the Table below representing activities of project X, answer the questions that follow.

Task	Predecessor(s)	Duration (months)
A	-	4
B	-	3
C	A	8
D	A	7
E	B, C	9
F	B, C	12
G	D, E	2
H	D, E	5
I	F, G	6

a) Draw a clearly labelled project network showing all the paths (5 marks)

b) Identify all the paths in network in a) above. (4 marks)

c) Identify the critical path of project X. (4 marks)

d) What is the float time of the paths identified in the network? (7 marks)