

The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF ARTS, HUMANITIES, DEVELOPMENT
STUDIES AND SOCIAL SCIENCES (SADS)
DEGREE OF MASTER OF ARTS IN DEVELOPMENT
STUDIES

MDP 516: PROJECT APPRAISAL AND ANALYSIS

DATE: 27TH JULY 2026

DURATION: 3 HOURS

MAXIMUM MARKS: 60

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE is compulsory**.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

The County Government of Mwangaza has proposed a five-year integrated water, road and youth enterprise project intended to stimulate local development, improve access to basic services and promote inclusive economic growth.

The project seeks to rehabilitate rural access roads, construct community water points, support youth-owned micro-enterprises, improve market access for small-scale producers and strengthen service delivery in underserved wards. The initiative has attracted strong political support from county leaders and considerable interest from development partners, who view it as a potential model for integrated local development.

However, the appraisal process has revealed several technical, social, economic and environmental concerns. Community members argue that the project was selected without adequate public participation and that poor households, women, youth, persons with disabilities and marginalised groups were not fully consulted during the identification and design stages. Some residents claim that the project appears to favour politically connected areas, while other needy locations with serious water shortages and poor road networks have been left out. This has raised questions about equity, transparency, accountability and the legitimacy of the project selection process.

Technical officers have also reported that the cost estimates are incomplete and that some projected costs for land acquisition, maintenance, compensation, environmental mitigation and community mobilisation have not been clearly captured. In addition, the projected

benefits appear to be based on optimistic assumptions about increased trade, employment creation, improved household incomes and reduced transport costs. The appraisal team is concerned that if these assumptions are not tested through proper cost-benefit analysis, sensitivity analysis and risk assessment, the county may approve a project whose actual returns are lower than expected.

Civil society organisations have further questioned whether the project will deliver meaningful social value, protect the environment, create sustainable livelihoods and remain financially viable after donor funding ends. Environmental officers warn that road construction and water infrastructure may affect wetlands, grazing areas and community water sources if proper environmental and social impact assessment is not conducted. Youth groups are also concerned that the enterprise component may benefit only a small number of well-connected beneficiaries unless clear selection criteria, training, monitoring and accountability systems are established.

The County Executive now requires a comprehensive project appraisal and analysis before making a final investment decision. The appraisal must determine whether the project is economically justified, socially inclusive, environmentally sustainable, financially viable, and technically feasible and aligned with county development priorities. The Executive has therefore directed the planning department to prepare an evidence-based appraisal report covering cost-benefit analysis, stakeholder participation, risk and uncertainty analysis, environmental and social impacts, implementation capacity, sustainability measures and alternative project options.

Required:

- a) Define project appraisal and project analysis, and explain any four reasons why appraisal is important before committing public resources to a development project.

(6 Marks)

- b) Using examples from the case analyze the economic, social and environmental issues that should be considered in appraising the

Mwangaza project.

(8 Marks)

- c) Explain how cost-benefit analysis and multi-criteria analysis can be applied to determine whether the project should be approved.

(8 Marks)

- d) Propose practical measures that project managers and county decision-makers can use to manage risks improve stakeholder participation and enhance sustainability of the project.

(8 Marks)

QUESTION TWO

- a) Explain any three characteristics of a successful development project and show how each contributes to effective resource allocation. **(6 Marks)**

- b) Discuss any three common causes of project failure in developing countries, giving relevant examples.

(6 Marks)

- c) Evaluate three project constraints that should be considered during project planning and appraisal.

(3 Marks)

QUESTION THREE

- a) Differentiate between financial appraisal, economic appraisal and social cost-benefit analysis, giving one example for each.

(6 Marks)

- b) Analyse any three capital investment appraisal techniques that can be used to select viable projects.

(6 Marks)

- c) Identify three limitations of relying only on financial indicators when appraising public development projects.

(3 Marks)

QUESTION FOUR

- a) Explain any three sources of risk and uncertainty in project appraisal and show how they may affect evaluation outcomes.

(6 Marks)

- b) Evaluate the role of Environmental and Social Impact Assessment (ESIA) in promoting responsible project implementation.

(6 Marks)

- c) Assess three strategies that can be used to mitigate negative social and environmental impacts of a development project.

(3 Marks)