UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF ARTS, HUMANITIES, DEVELOPMENT STUDIES AND SOCIAL SCIENCES (SADS)

DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES

BDS 320/ EDV 302: INTERNATIONAL FINANCE FOR DEVELOPMENT

DATE: 28TH JULY 2026

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 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:

EXOGENOUSLY IMPOSED STRUCTURAL ADJUSTMENT PROGRAMMES (SAPS): RATIONALES AND FAILURE TO TRANSFORM ECONOMIES OF LESS DEVELOPED COUNTRIES

Structural adjustment programsmes (SAPs) are a package of economic and institutional measures. SAPs were initially designed and funded by the World Bank and the International Monetary Fund (IMF), and later, also adopted by other major international financial institutions (IFIs). SAPs were policies/programmes that comprised of conditions imposed by the World Bank and the International Monetary Fund (IMF) on developing countries, following the global crises of the 1970’s and 1980’s.

Theoretically, SAPs are intended to make structural changes which are hoped to provide long-term solutions to economic challenges faced by developing countries by helping them to achieve economic stability and sustained growth. According to proponents of SAPs, structural adjustment is a forward-looking, long-term solution to underdevelopment. SAPs were developed as a result of failures of many projects and programs which only reacted to crises instead of preventing them.

Though intended for the transformation of Third World economies, SAPs achieved minimal results. Rather than economic growth and development being achieved, less developed economies were trapped into public debts that mostly compounded the already existing economic problems. Though the exogenously imposed conditionalities were viewed as burdensome, leaders of less developed countries nonetheless, accepted them chiefly due to the availability of alternative sources of public financing among other reasons.

Required:

Based on issues discussed above and your insight on Structural Adjustment Programmes (SAPs):

a) Examine five driving forces that led to the evolution of Structural Adjustment Programmes (SAPs). **(5 Marks)**

b) Analyse five components enshrined in a typical reform program under Structural Adjustment Programmes (SAPs) citing examples from an African country of your choice. **(5 Marks)**

c) As pointed out in the above discussion, though conditionalities imposed through Structural Adjustment Programmes (SAPs) were viewed as burdensome, leaders of less developed countries nonetheless accepted them. Assess five crucial reasons why less developed countries accepted SAPs. **(7½ Marks)**

d) As per the discussion above, Structural Adjustment Programmes (SAPs) did not transform Third World economies as intended. Compose five reasons behind this failure of SAPs citing illustrations. **(7½ Marks)**

QUESTION TWO

a) The Central Bank of Kenya (CBK) and the Capital Markets Authority (CMA) among others, are tasked with the regulation of the Kenyan financial sector. Appraise three crucial functions of financial sector regulation in Kenya; showing through examples, how each has been carried out in current periods. **(6 Marks)**

b) Concerted efforts must be taken by relevant governmental bodies to avert financial market failure. Justify this statement by describing three unpleasant consequences of financial market failure. **(9 Marks)**

QUESTION THREE

a) Embargoes are commonly applied by governments around the world to restrict international trade through tariffs and non-tariff barriers. Critique three arguments advanced by governments for such embargoes. **(9 Marks)**

b) South Africa is considered to be among the leading African countries in strides towards financial sector development. Discuss three features that are used as a yardstick to measure a country's financial sector development. **(6 Marks)**

QUESTION FOUR

a) Appraise five roles played by commercial banks in your country's economic development.

(5 Marks)

b) The wheels of globalization are unstoppable in the contemporary world. Evaluate five driving forces of modern-day globalization trends giving examples.

(10 Marks)

QUESTION FIVE

a) Describe three repressive policies of financial systems that hamper development of a specific less-developed country.

(6 Marks)

b) Using illustrations drawn from around the world assess six factors that are major causes of 'financial crises'.

(9 Marks)

QUESTION SIX

a) Examine five mandates of the World Trade Organization (WTO) citing illustrations around the world on how each mandate has successfully been carried out. **(7½ Marks)**

b) Assess five roles of the World Bank in fostering the development of particular less developed countries, citing appropriate examples. **(7½ Marks)**