

The  
Management  
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**UNDERGRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF BACHELOR OF ARTS IN DEVELOPMENT STUDIES**

**BDS 320/ EDV 302:                   INTERNATIONAL FINANCE FOR DEVELOPMENT**

**DATE:                                   13<sup>TH</sup> APRIL 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:

### **PUBLIC DEBT: THE PATRIOTISM QUESTION AND BORROWING RESPONSIBLY**

Public borrowing has over many years been on an ever increasing upward trajectory. Public borrowing has been a darling to country leaders, especially of developing countries. It has become like betting, a very common practice over recent years, which has had to be regulated, its advertisement having to disclose the Betting Control and Licensing Board (BCLB) number, followed by the caveat; “not for persons under the age of eighteen, bet responsibly”.

It seems like public borrowing should be subjected to referendums so that citizens are given the opportunity to vote on whether they would want particular public debts, for what purpose, under what terms and conditions etc. and to be followed through to confirm the absence of diversions. Public debt is likened to the Swahili saying that goes, “kukopa harusi, kulipa matanga” (borrowing is a wedding, repayment is a funeral).

Does all public borrowing go to the intended purpose? Are there personal benefits that accrue to a few country leaders to the detriment of the rest of the citizenry? Is it really wise to borrow for development expenditure and then divert the borrowed funds to recurrent expenditure? Why not cut a country’s coat according to the country’s size (living within one’s means) by downsizing public expenditure? Why not prepare surplus budgets as opposed to deficit budgets? Why postpone problems instead of boldly facing them head-on e.g. the Kenyan Eurobond principal amount which was due for repayment in the year 2024 but was postponed to the year 2034 to be shouldered by others? Is it really patriotic to hang the necks of future generations with public debt burdens which have arguably not been beneficial to them? Shouldn’t elected officials of the national and county governments borrow only what they can repay during their terms in office?

The question of patriotism and responsible borrowing is not just a modern-day phenomenon. In the 1980s and 1990s, loans with strings attached in the form of

conditionalities referred to as Structural Adjustment Programmes (SAPs) were prevalent, from the International Monetary Fund (IMF) and World Bank. The years of SAPs seem to be back. Ironically, however, many former African heads of state hid colossal sums of money for their personal benefit in foreign bank accounts, specially the Swiss Bank, while their countries were still languishing in abject poverty.

**Required:**

On the basis of the foregoing discussion coupled with practical insight into public borrowing;

- a) Demonstrate five ways through which public borrowing can be done responsibly in a manner that displays patriotism. **(10 Marks)**
- b) Differentiate between 'surplus budgets' and 'deficit budgets' and present justifications for which of the two types of budget you would recommend for your country. **(5 Marks)**
- c) 'Structural Adjustment Programmes (SAPs) did not achieve their intended objectives for developing countries in the 1980s and 1990s and their return in modern times may not do any better'. Justify this statement citing five reasons. **(10 Marks)**

**QUESTION TWO**

- a) Illustrate five primary roles served by commercial banks in the development of your country. **(5 Marks)**
- b) Evaluate five forces that drive the 21<sup>st</sup> Century enormous globalization trends. **(10 Marks)**

**QUESTION THREE**

- a) Produce five functions of the World Trade Organization (WTO) underpinning successes and/or failures. **(10 Marks)**
- b) Analyse five repressive policies that are often practiced by financial systems of less developed countries. **(5 Marks)**

#### QUESTION FOUR

- a) Examine four benefits of financial sector regulation in in your country. **(6 Marks)**
- b) Citing examples drawn from around the globe, discuss six negative effects of financial market failure. **(9 Marks)**

#### QUESTION FIVE

- a) Appraise the validity or invalidity of three reasons raised in favour of governmental intervention and restriction of foreign trade. **(9 Marks)**
- b) Compose four features that are pointers of a country's financial sector development. **(6 Marks)**

#### QUESTION SIX

- a) Assess the developmental roles of the World Bank in the performance of five of its functions in a particular less developed country. **(10 Marks)**
- b) Demonstrate five components that constituted reform programs under Structural Adjustment Programmes (SAPs) of the 1980s and 1990s. **(5 Marks)**