



UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF DEVELOPMENT STUDIES

**BDS 209/BDS 216: DEVELOPMENT ECONOMICS / DEVELOPMENT
ECONOMICS AND FINANCE**

DATE: 14TH 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:

POVERTY TRAPS IN RIVERLAND COUNTY

Riverland is a developing country whose economy relies heavily on smallholder farming and informal trade. In recent years, the county has faced persistent food insecurity, poor infrastructure, and high unemployment among youth. Despite donor-funded projects, poverty levels remain stubbornly high. The government introduced fertilizer subsidies to boost crop yields, but corruption in distribution left many small farmers excluded. Meanwhile, wealthier farmers benefited disproportionately and expanded their holdings.

International investors recently proposed establishing an agro-processing plant in the county. While the project promises jobs, critics argue that profits may flow back abroad, leaving the community with limited long-term gains. Population growth has outpaced job creation, straining schools, health facilities, and public services. Women, who form the majority of small traders, face structural barriers such as lack of credit and land rights.

Civil society organizations are pushing for community-driven development, arguing that policies imposed from above fail to reflect local realities. Meanwhile, politicians focus on short-term projects that secure votes but rarely transform the economy. As the next development plan is prepared, Riverland faces critical choices on how to escape its poverty trap and ensure inclusive growth.

Required:

- a) Examine three structural barriers that keep Riverland trapped in poverty. **(6 marks)**
- b) Suggest three development strategies that could create long-term inclusive growth in Riverland. **(6 marks)**
- c) Discuss three ways in which unequal access to resources (land, credit, services) has shaped inequality in the county. **(6 marks)**
- d) Discuss three potential trades-offs between attracting foreign investment and protecting local development priorities. **(7 marks)**

QUESTION TWO

- a) Using a real or imagined example, compare two different paths countries have taken to move from underdevelopment to growth. **(5 Marks)**
- b) Suppose Country X has a GDP per capita of \$800 growing at 4% annually, while Country Y has \$1,200 growing at 2%. After 10 years, which country will be richer per capita? Show your workings and reasoning. **(10 Marks)**

QUESTION THREE

- a) Show how modernization theory and dependency theory might lead to very different development policies in practice. **(5 Marks)**
- b) A country invests in two strategies: industrial parks (\$2m creating \$3m value) and agricultural modernization (\$1.5m creating \$2.5m value). With \$6m available, which mix of strategies maximizes development gains? Show calculations and justify your answer. **(10 Marks)**

QUESTION FOUR

- a) Explore five reasons why overreliance on foreign aid may not guarantee sustainable development. **(5 Marks)**
- b) A government considers import substitution vs export-led growth. Show, with one example each, the strengths and risks of these strategies, then recommend which would better serve a resource-constrained African country. **(10 Marks)**

QUESTION FIVE

- a) Show how globalization can simultaneously open opportunities and create vulnerabilities for a developing economy. **(5 Marks)**

- b) Country Z must choose between building a road (\$4m, estimated to raise incomes by \$6m) or investing in education (\$5m, estimated to raise incomes by \$8m). With only \$8m available, which combination gives the highest net benefit? Show your workings. **(10 Marks)**

QUESTION SIX

- a) Describe five ways in which structural adjustment programs (SAPs) changed the development trajectory of African economies. **(10 Marks)**
- b) A government is weighing two anti-poverty programs:
- **Program A:** costs \$1m, benefits 2,500 households.
 - **Program B:** costs \$1.5m, benefits 3,000 households.

Calculate the cost per household for each and recommend which is more cost-effective. Justify with reasoning beyond calculations. **(5 Marks)**