



Strathmore
UNIVERSITY

SCHOOL OF HUMANITIES & SOCIAL SCIENCES
BACHELOR OF ARTS IN INTERNATIONAL STUDIES
END OF SEMESTER EXAMINATION
BIS 2102: INTERNATIONAL ORGANIZATIONS AND INSTITUTIONS

Date: Friday 26th October 2018

Time: 14:15-16:15

Instructions

1. This examination consists of **FIVE** questions.
2. Answer **Question ONE (COMPULSORY)** and any other **TWO** questions.

1a) Read the extract below and answer the questions that follow **(20 marks)**

From the extract: *Kenyans to feel pinch as Treasury implements IMF's 'painful' reforms*
SUNDAY, AUGUST 12, 2018

Kenyan households face a further squeeze on their finances as Treasury moves to fully implement the International Monetary Fund (IMF)'s financial assistance programme and undertake 'painful reforms' such as hiking energy prices and removing interest rate caps. The IMF completed reviewing the performance of its Sh150 billion forex insurance programme with Kenya a week ago ahead of expiry in September, piling pressure on Treasury to fast track its prescription of bitter pills to bolster revenue generation. The review was expected to see Kenya allowed or denied further access to the standby facility. The facility, which allows Treasury CS Henry Rotich to access the funds in case the shilling is under pressure, is tied to the pledge by Kenya to cut back on the fiscal deficit through a raft of measures, including public spending cuts. However, in a statement issued on August 3 upon conclusion of its two-week review mission in Nairobi, the IMF did not mention the new status of the facility, leading to speculation Treasury must do more to qualify. The Bretton Woods institution revealed this year that the credit had been suspended mid-last year before the March 14 expiry date because of failure to meet the agreed fiscal deficit reduction targets. Central Bank of Kenya Governor Patrick Njoroge said the Kenyan economy is well protected against capital outflows and does not need the IMF's precautionary credit facility. Dr. Njoroge said while the facility would be crucial to provide liquidity to the financial system if necessary, the country's external position was strong at the moment, underpinned by strong remittances and exports. The IMF in mid-March approved Kenya's request for a six-month extension of the facility, which is due to expire in March 2019. Kenya, in return, promised to repeal the law that caps interest rates within the extended six-month window that expires in September. *"The IMF is in town and they are reviewing our performance. We are confident in*

terms of our objectives... but at this point, we do not need the money from that perspective. We have 5.9 months of import cover. We are pretty comfortable in that sense,” Dr Njoroge had said.

Kenya’s economy grew by 4.9 per cent in 2017, recording the slowest margin in five years amid prolonged electoral process and adverse weather. However, amid the assurance by the governor on the solid state of the economic fundamentals, Kenya’s administration has moved to implement the IMF’s raft of proposals, which promise more pain on Kenyan households. This came amid warnings from consumer lobbies that Kenyans are struggling under the weight of high cost of living and saddling with more taxes will cause more pain, especially for ordinary consumers.

- i.** Write “IMF” in full **(1 mark)**
- ii.** State any FOUR objectives of IMF **(4 marks)**
- iii.** “IMF lends to its member countries with a commitment to implement corrective measures to repay in a timely manner.” From the extract above, what steps, has Kenyan government promised to take to respond to IMF’s demand? **(4 marks)**
- iv.** Using relevant examples, describe any THREE functions of IMF **(3 marks)**
- v.** Which of the above functions best explains IMF’s current relations with Kenyan government? (according to the above extract) **(3 marks)**
- vi.** “Kenya Governor Patrick Njoroge said the Kenyan economy is well protected against capital outflows and does not need the IMF’s precautionary credit facility” Analyze the statement. **(5 marks)**

1b) According to the extract, which theory best explains, Kenya’s current relation with the IMF? Illustrate your answer **(10marks)**

2. Using relevant examples, discuss the Limitations of International Court of Justice (ICJ) towards full implementation of its objectives as the principal judicial organ of the United Nations (UN) **(15 marks)**

3. Analyze the major Failures of the following International Organizations: **(15marks)**

- a) European Union
- b) African Union

4. Describe the United Nations under the following sub-headings: **(15marks)**

- a) Principal Organs
- b) Functions

5. Discuss the major roles of International Organizations according to the following theories: **(15 marks)**

- i) Marxism
- ii) Liberalism
- iii) Realism