



**Strathmore**  
UNIVERSITY

**STRATHMORE BUSINESS SCHOOL**  
MASTER OF SCIENCE IN DEVELOPMENT FINANCE  
**END OF SEMESTER EXAMINATION**  
**MDF 8106: DEVELOPMENT ECONOMICS**

**Date:** Wednesday, 19<sup>th</sup> May 2021

**Time:** 3 Hours

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**Instructions**

1. This examination consists of **FOUR** questions.
2. Answer **ANY THREE** questions. All questions carry equal marks

**Question 1 (20 Marks)**

- i. From a theoretical perspective, what would you say are the main constraints to Africa's growth and development? **(10 marks)**
- ii. Africa has over time developed its own development agenda that would guide the continent's development agenda. One such agenda is the New Partnership for Africa's development (NEPAD). Briefly explain the economic strategy that was employed by NEPAD and its main criticisms. **(10 marks)**

**Question 2 (20 Marks)**

The world has witnessed increased globalization and trade liberalization over time, with an increased role of trade in promoting development.

- i. In your opinion, can trade play a critical role in Africa's development? Explain. **(10 marks)**
- ii. Briefly explain the import substitution and export promotion strategies. Should Africa pursue import substitution or export promotion as a strategy for development? Explain. **(10 marks)**

**Question 3 (20 Marks)**

An assessment of how countries have developed over time reveals that some countries have sequentially transformed their economies from heavy reliance on agriculture towards more reliance on industrial production.

- i. Identify and discuss the theory that explains this type of growth path. What is the difference between this theory and the other classical theories? **(10 marks)**
- ii. Suppose a country like Kenya was to follow this type of growth process, what would be the main characteristics of its development process? **(10 marks)**

**Question 4 (20 Marks)**

- i. Briefly explain Sen's capability approach and its implication for development. **(5 marks)**
- ii. The Multi-dimensional Poverty Index (MPI) is one of the ways of measuring poverty. Suppose a household has the following characteristics (a) a child has died (b) another child is malnourished (c) there is one child who is out of school (d) they have no electricity, safe drinking water and sanitation. What would be their MPI score? Interpret the score **(5 marks).**
- iii. Discuss how Sub-Saharan African countries can finance their development **(10 marks)**