



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF SCIENCE (AGRIBUSINESS MANAGEMENT AND TRADE)

AGB 410 ENVIRONMENTAL ECONOMICS

DATE: 26/10/2020

TIME: 2:00 – 4:00 PM

INSTRUCTIONS:

- (i) Answer question one (Compulsory) and any other two questions
- (ii) Do not write on the question paper
- (iii) Show your working clearly
- (iv) Written material or electronic gadgets including mobile phones are not allowed in exam room.

QUESTION ONE (30 MARKS)

- a) Explain the steps involved in Environmental Impact Assessment (EIA) (12 marks)
- b) Elaborate on the aims of the Kyoto protocol. (10 marks)
- c) Provide a critique on Kuznets's 'Inverted U' hypothesis. (8 marks)

QUESTION TWO (20 MARKS)

- a) Elaborate on any 5 sustainable development goals. (10 marks)
- b) Illustrate how both local governments and the central government in Kenya have tried to achieve them. (10 marks)

QUESTION THREE (20 MARKS)

- a) A policy maker decides not to use Pigouvian taxes to control pollution in a certain area elaborate on the possible reasons for this decision. (10 marks)
- b) Explains the functions of NEMA. (6 marks)
- c) While giving examples of each differentiate between positive and negative externalities. (4 marks)

QUESTION FOUR (20 MARKS)

- a) According to the Food and Agriculture Organization (FAO) "Natural capital is the foundation of economies. Businesses, and agriculture in particular, depend on natural capital to be viable. However, in the current business model, natural capital has been largely neglected; it is 'economically invisible'. As a result, we are witnessing the over-exploitation of our finite natural capital through climate change, soil erosion, water pollution and loss of biodiversity and wild habitats such as forests and wetlands. The increasing scarcity of both renewable and non-renewable natural resources impacts on the sustainable development of farmers, businesses and nations. The degradation of natural capital imposes external costs on society and future generations. These costs can be better understood and addressed by accounting for natural capital." Illustrate the indirect input the natural capital(ecosystems) offer the economic processes. (14 marks)
- b) Explain the different types of standards used in pollution control. (6 marks)

QUESTION FIVE (20 MARKS)

- a) Explain the relevance of the Kuznets Hypothesis on policy making. (8 marks)
- b) Elaborate on the causes of market failure. (8 marks)
- c) Write brief notes on sustainable development. (4 marks)