



"Investing in Africa's Future"

**COLLEGE OF BUSINESS, PEACE, LEADERSHIP AND
GOVERNANCE**

NMEC 404: RESOURCE AND ENVIRONMENTAL ECONOMICS

END OF SECOND SEMESTER EXAMINATIONS

MAY 2021

LECTURER: MR G. MANDEWO

INSTRUCTIONS

Answer **ONE** question. Total possible mark is **100**.

Start **each** question on a new page in your answer booklet.

The marks allocated to **each** question are shown at the end of the question.

Show all your workings.

Credit will be awarded for logical, systematic and neat presentations.

1. Placing a monetary value to the environment is an important step in environmental management. You are required to suggest methods for determination of the total willingness to pay. Using a practical example of your choice demonstrate the different approaches to cost estimation. In circumstances when Cost-Benefit Analysis is not viable, suggest alternative methods for environmental valuation. **[100 Marks]**
2. The idea behind resolving externalities is to internalise the externality. In the context of environmental problems come up with practical strategies to resolve externalities. In each case demonstrate how the externality will be resolved. What is the contribution of Ronald Coase to this problem **[100 Marks]**
3.
 - (a) What are the fundamental problems of common property resources?
 - (b) With reference to fisheries is there a difference in the biological and economic allocative efficiency?
 - (c) Why is the problem of market failure rampant in environmental resource use?
 - (d) Explain why economic agents are said to be overproducing or under producing in the presence of externalities.
 - (e) What is AC Pigou's contribution in terms of solutions to externalities?Your responses to the above question should be based on practical and trending examples. **[100 Marks]**

END OF EXAMINATION
