



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 1 EXAMINATION

COURSE TITLE: PROJECT EVALUATION
COURSE CODE: ECO 329
CREDIT UNITS: 3 UNITS
TIME ALLOWED: 3 HOURS
INSTRUCTION: ANSWER QUESTION ONE AND ANY OTHER THREE (3) QUESTIONS

QUESTION ONE

- 1a. In the context of a project cycle, how do public sector projects differ from private sector initiatives? (5 marks)
- 1b. How are new project ideas generated and what types of proposals might they include? (5 marks)
- 1c. Why is the Project Identification Stage necessary and how does it build on the Project Idea Stage? (5 marks)
- 1d. How does an organization's financial capability impact the Project Selection Stage? (5 marks)
- 1e. What are the responsibilities of the project management team during the Project Execution Stage? (5 marks)

QUESTION TWO

- 2a. Explain the concept of capacity planning and how it affects a company's operational efficiency and profitability. (7.5 marks)
- 2b. Describe the four broad strategies of capacity planning and provide an example of a situation where each might be appropriate. (7.5 marks)

QUESTION THREE

- 3a) Define a 'projected cash flow statement' and identify its main users, explaining why they need this information. (5 marks)
- 3b) Describe the types of cash inflows and cash outflows that might be included in a projected cash flow statement, giving examples. (5 marks)
- 3c) What is 'sensitivity analysis' in the context of a projected cash flow statement, and how might it affect the cash flow projections? (5 marks)

QUESTION FOUR

- 4a. Define the purpose of project evaluation and list the specific areas it attempts to assess objectively. (3 marks)

- 3b. Identify and differentiate the types of project evaluations, explaining the purposes of each type. (3 marks)
- 4c) Define the concept of "risk" and provide examples from various authors as contained in the given text. What is the common theme in these definitions? (4 marks)
- 4d) Differentiate between speculative risk and operational risk. Give examples of each. (3 marks)
- 4e) Briefly explain the relationship between risk and the objectives of an organization and identify at least three stakeholders that could be affected by risk incidents occurring in an organization. (2 marks)

QUESTION FIVE

- 5a) Discuss the concept of Social Profitability in the context of agricultural economics. (5 marks)
- 5b) Define and explain the importance of the four Margin Ratios: Gross Profit Margin, Operating Profit Margin, Net Profit Margin, and Cash Flow Margin. (5 marks)
- 5c) Elucidate on the impact of divergences between private and social valuations of revenues, costs, and profits in the accounting matrix. How does this affect the policy analysis? (5 marks)

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