



AMREF INTERNATIONAL TRAINING CENTRE

Qualification Code : 0521 0654 A
Qualification : Environmental Science Level 6
Unit Code : ENV/CU/SCI/CR/08/6/A
Unit of Competency : Environmental Economics

WRITTEN ASSESSMENT

Time: 3 Hours

INSTRUCTIONS TO CANDIDATE

1. This paper has two sections A and B
2. You are provided with a separate answer booklet
3. Marks for each question are as indicated
4. Do not write on the question paper

This paper consists of three (3) printed pages. Candidates should check the question paper to ascertain that all the pages are printed as indicated

SECTION A: (40 MARKS)

Answer ALL the questions in this section

1. Define the following terms:
 - a) Cost benefit analysis (2 Marks)
 - b) Opportunity cost (2 Marks)
2. The economy of any country is greatly influenced by funds exchange rates. Highlight any THREE factors that affect exchange rates in a country. (3 Marks)
3. The goal of every market is to be at equilibrium. Differentiate between demand analysis and supply analysis (4 Marks)
4. In city A, all the markets were doing well and there was great customer satisfaction for a long period of time. In the recent past however, this has not been the case. List down FOUR causes that may have contributed to market failure (4 Marks)
5. Mr. Y is a new baker in town J. State FOUR factors that will determine the pricing of his bakery products (4 Marks)
6. The decision of an investor in a place have a great impact of the people living in the giving area. Briefly highlight TWO types of externalities that can occur as a result of building a construction company in a residential area. (4 Marks)
7. Describe the Pareto Optimality concept (4 Marks)
8. Country X produces majorly tea and coffee for exporting purposes. Identify any FOUR benefits of specialization and exchange between countries (4 Marks)
9. As an environmental officer, you have been assigned a group of people to explain to them the importance of Environmental Economic to a society. Briefly state the THREE points you would consider sharing with them (3 Marks)

10. Worker X makes Kes. 150 per day as a gardener. She takes off two days of work without pay to attend a party. The cost of transportation is Kes. 250. The cost of the party ticket is Kes. 50. Calculate the opportunity cost of the worker.

(3 Marks)

11. The price of a commodity Z is likely to go high in the coming month. As a market supplier, state three determinants that affects your business

(3 Marks)

SECTION B: (60 MARKS)

Answer any THREE questions in this section.

12. One of the major role of environmental economists is the assign value to the ecosystem goods and services

a) Discuss FIVE importance's of assigning economic value to environmental goods and services in Kenya (10 Marks)

b) Explain FIVE factors that affect exchange rates in a country (10 Marks)

13. The consumers in market A had a complain that their suppliers were over exploiting them

a) Explain any FIVE ways through which the government can influence market price (10 Marks)

b) Illustrate FIVE defects of price mechanism (10 Marks)

14. Trade can involve domestic buyers and international buyers through imports and exports of goods.

a) Describe FIVE major barriers to trade (10 Marks)

b) Explain FIVE positive effects of trade barriers (10 Marks)

15. The environment of a place greatly influences its economic growth.

a) Using a clearly labelled diagram, describe FIVE ways in which the economic system and the environment relate (16 Marks)

b) Describe TWO types of economic systems (4 Marks)