

BINDURA UNIVERSITY OF SCIENCE EDUCATION

FACULTY OF COMMERCE

DEPARTMENT OF ECONOMICS

MASTER OF SCIENCE DEGREE IN ECONOMICS

SPECIALISING IN FINANCIAL ECONOMICS

DEVELOPMENT FINANCE (MEC 506)

DURATION: 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Answer four (4) questions
 2. The paper carries six questions
 3. All questions carry equal marks of 25 each
 4. No cell-phones allowed in the examination room
 5. Names mentioned in this paper are fictitious
-

Question 1

- a) Explain the market failure challenges that characterize credit markets in developing countries, which hinder access to credit for development. **[10 marks]**
- b) Discuss the role being played by Government, the Central Bank and private financial institutions in addressing these challenges. **[15 Marks]**

Question 2

‘Financial repression prevents the efficient allocation of capital and thereby impairs economic growth and development.’ Critically evaluate indicators and typical policies that constitute financial repression in Zimbabwe, outlining measures to address these.

[25 Marks]

Question 3

‘International banks have been de-risking on correspondent banking relationships with local banks and the Reserve Bank of Zimbabwe noted that by July 2017, the country had lost at least 50 foreign correspondent banks since 2008 because of compliance issues and sanctions and the country had only three correspondent banks facilitating foreign currency exchange and payments.’ Evaluate how de-risking on correspondent banking relationships with local

banks affects the country's ability to raise finance for development from internal and external sources.

[25 Marks]

Question 4

As a development finance consultant, advise domestic and international investors on the growing interests and impact of sustainable and responsible investment (SRI), particularly in development finance.

[25 Marks]

Question 5

Zimbabwe continues to have high levels of poverty despite registering positive growth rates in some years, being resource rich, and having a relatively advanced financial sector. Analyze why Zimbabwe's financial sector is struggling to support economic activities that reduce poverty and enhance inclusive growth, and how this can be addressed.

[25 Marks]

Question 6

Choose one SDG goal and do a comparative analysis of its status, how it can be localised and how it is or can be financed in Zimbabwe.

[25 Marks]

END OF PAPER