



UNIVERSITY OF PERADENIYA  
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CENTRE FOR DISTANCE AND CONTINUING EDUCATION



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දෙසැම්බර් 2018

1<sup>st</sup> YEAR (100 LEVEL) EXAMINATION IN BACHELOR OF ARTS  
(EXTERNAL - NEW SYLLABUS) DECEMBER 2018

**SUPE 012: Project Formulation and Evaluation**

The total number of questions in this paper is Seven (07)

Answer **any Five (05)** questions.

Time allowed: Three (03) Hours

Calculators are allowed

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1.
    - a) Explain the major approaches of project identification using suitable examples. (07 Marks)
    - b) State and discuss the categories of feasibility studies in project formulation (05 Marks)
    - c) What are the priority areas should be considered in the project identification phase. Explain. (05 Marks)
    - d) Explain briefly the importance of project identification in project formulation phase. (03 Marks)
  
  2. Water pollution at Mahaweli River nearby Peradeniya city is recognized by the Provincial Health and Environmental Ministry of Central Provincial Council as a severe environmental issue. The Ministry has decided to design a project to overcome this water pollution due to it generates serious negative impacts on natural environment, inhabitants, business community, general public and users of Mahaweli river water. Assume that you are given an assignment to prepare a plan to this project.
    - a) State three alternative strategies for this project and justify each of them. (03 Marks)
    - c) List the areas be considered in the Situation Analysis of this project. (05 Marks)
    - d) Derive the problem tree and objective tree for the focal problem and clearly indicating its components. (08 Marks)
    - e) Identify the different types of stakeholders those who affected by this project. (04 Marks)
  
  3.
    - a) Differentiate the Project Profile and Logical Framework Analysis (03 Marks)
    - b) Explain the importance of Logical Framework Analysis in project formulation process. (04 marks)
    - c) List the components (sub-analysis) of the Logical Framework Analysis. (04 Marks)
    - d) Briefly explain the structure and elements of the Logical Framework Matrix (04 Marks)
    - e) Using an example, distinguish the output and outcome in a project/programme (05 Marks)

- 4 A private firm decided to produce a new product with a project life of five years. The new product will have two cost components; initial investment cost and, operational and maintenance cost (which include labour, input and maintenance costs) and estimated income cash flows for the period of five years. The investment cost of the project at year zero ( $t=0$ ) is Rs 400,000 (which include construction of building, machines, labour training cost etc.). The annual operational cost for year 1-5 years of the project is Rs. 40,000. The expected income from selling the new product is Rs. 300,000 per year during the project period. All cash flows provided are after the tax payment. The discount rate is 10% of this project.
- a) Prepare a schedule for discounted cost and benefits of the project. (07 Marks)
  - b) By using the above discounted information, calculate the Net Present Value (NPV) and Internal Rate of Return (IRR), and comment on your results. (10 Marks)
  - c) What are changes will take place in above decision when the operational and maintenance cost increase by 5%? (03 Marks)
- 5
- a) What do you meant by cost effectiveness analysis? Explain your answer using a suitable example. (04 marks)
  - b) Explain why we do discount all future benefits and costs of an investment in a project appraisal process. (05 Marks)
  - c) Differentiate and explain the Discounting Factor for Single Payment and Discounted Annual Payment Factor. (05 Marks)
  - d) Explain graphically the relationship between Net Present Value and Rate of Discount (06 Marks)
- 6
- a) Illustrate the analytical categories of impacts in Social Impact Assessment (SIA) and Environmental Impact Assessment (EIA). (07 Marks)
  - b) State and explain the different non-market goods quantifying techniques that could be used to calculate the shadow prices. (08 Marks)
  - c) Explain the difficulties that you could face when estimating shadow prices in developing countries. (05 Marks)
- 7
- a) Briefly explain the purposes of monitoring the investment projects? (05 marks)
  - b) Illustrate the tools could be used to monitor the socio-economic development project. (05 Marks)
  - c) Describe the various steps in analytical procedures of impact evaluation of a project (06 Marks)
  - d) Why it is important to conduct a impact evaluation for any kind of development project? Briefly explain your answer. (04 Marks)