INTERNATIONAL UNIVERSITY OF EAST AFRICA
'Learning to Succeed'

# FACULTY OF SCIENCE AND TECHNOLOGY

## END OF SEMESTER EXAMINATIONS - DECEMBER 2025

**PROGRAMME: BSEM**
**YEAR/SEM: YEAR 2/SEMESTER 1**
**COURSE CODE: BSE2106**
**NAME: NATURAL RESOURCES ECONOMICS**

**DATE:**
**TIME:**

**INSTRUCTIONS TO CANDIDATES:**

## SECTION A

*Attempt only ONE question*

**Question 1:**

a. Explain the operational principles of sustainability. (08 marks)

b. Mention any four (4) characteristics of effective indicators. (04 marks)

c. What four conditions define an efficient structure of property rights? (08 marks)

d. Explain the different types of property rights in Africa. (08 marks)

e. Differentiate between Strong and Weak Sustainability. (04 marks)

f. Define the following: Two (2) marks each. (08 marks)

i. Critical natural capital

ii. Other natural capital

iii. Man-made capital

iv. Human capital

**Question 2:**

a. Explain the components of an Environmental Accounting System. (08 marks)

b. Explain the two common sources of externalities. (04 marks)

c. Explain any four interventions designed to curb externality. (08 marks)

d.

Explain the factors of production. (08 marks)

e. Define effective demand and give factors that can increase the level of effective demand in a market. (08 marks)

f. Define and state the central purpose of economic activity. (04 marks)

## SECTION B

*Attempt any THREE questions*

**Question 1:**

Explain the techniques used for valuing natural resources.

**Question 2:**

Discuss the drivers and impacts of deforestation in tropical regions.

**Question 3:**

Discuss the roles of carbon markets in promoting sustainable resource use.

**Question 4:**

Discuss market failure as a cause of environmental degradation.

**Question 5:**

Discuss the policy solutions for proper environmental management.

**Question 6:**

What are the common financing avenues for environmental projects?

**Question 7:**

Explain how economic instruments are applied in natural resource management.

**Question 8:**

Describe the different types of Economic Activities that have shaped National Economies around the world.

**Question 9:**

Explain how price-based and rights-based measures are applied so as to promote sustainable resource usage.

**Question 10:**

With examples, explain the different types of production costs.

**Question 11:**

a) a. Explain any five factors that determine the supply of good and services. (10 marks)

b. Define Utility and explain any four types. (10 marks)

**Question 12:**

Define the following economic terms. (02 marks each)

i. Market failure
ii. Scarcity
iii. Option Value
iv. Existence Value
v. Bequest value
vi. Utility maximization
vii. Choice
viii. Opportunity Costs
ix. Charges
x. Demand