

NATIONAL UNIVERSITY OF LESOTHO
FACULTY OF AGRICULTURE

DEPARTMENT OF AGRICULTURAL ECONOMICS & EXTENSION
POSTGRADUATE EXAMINATIONS

SEMESTER 2

AEC 641: AGRICULTURAL FINANCE AND RISK MANAGEMENT

MAY 2023 EXAMINATIONS

TIME: 3: HOURS

MARKS: 100

INSTRUCTIONS:

1. Answer any **four** questions.
2. Start each question on a new page.
3. Each question carries **25 Marks**.
4. Marks allocated for each question are in brackets.

1. Discuss the agricultural finance status of Lesotho and the main sources of rural finance. The discussion should propose innovative strategies to improve agricultural finance (25)
2. Identify and describe the major types of risk that farmers in rural areas face, the sources of risk and possible risk mitigation strategies for the risks you have identified (25)
3. Discuss the importance of a good business plan and how you would prepare a comprehensive business plan. Make sure you highlight important components and information that one would include in a standard comprehensive business plan. Provide examples in your discussion (25)
4. Explore and discuss innovative ways of unlocking agribusiness finance for youth and women in agriculture? (25)
5. In the Lesotho context what factors influence the demand for agricultural finance and what is agricultural finance used for? Provide various example for different enterprises of your choice (25)
6. Discuss the factors influencing supply and effective use of credit In Lesotho. (25)
7. Discuss the risk management mechanisms in agriculture sector in Lesotho. Provide practical examples (25)
8. “Banks in Lesotho are no willing to provide credit to the agriculture sector.” There are only a few players like Post Bank that provide credit for farmers. If credit is so critical to agriculture development in Lesotho, explain why banks are not willing to provide credit and suggest possible strategies to make credit more accessible to local smallholder farmers [25]