



**NAMIBIA UNIVERSITY
OF SCIENCE AND TECHNOLOGY**

FACULTY OF COMMERCE, HUMAN SCIENCES AND EDUCATION

DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE

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| QUALIFICATION : POST GRADUATE DIPLOMA IN DEVELOPMENT FINANCE | |
| QUALIFICATION CODE: 08PGDD | LEVEL: 8 |
| COURSE CODE: FSD820S | COURSE NAME: FINANCING SUSTAINABLE DEVELOPMENT |
| SESSION: DECEMBER 2025 | PAPER: THEORY AND APPLICATION (PAPER 2) |
| DURATION: 3 HOURS | MARKS: 100 |

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| SECOND OPPORTUNITY EXAMINATION QUESTION PAPER | |
| EXAMINER | Dr Saara Hamunyela |
| MODERATOR | Dr Canicio Dzingirai |

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| INSTRUCTIONS | |
| <ol style="list-style-type: none">1. This question paper consists of FOUR (4) questions.2. Answer ALL FOUR (4) questions in blue or black ink only. NO PENCIL and TIPEX,3. Start each question on a separate (new) page and number the answers correctly and clearly.4. Questions relating to this examination paper may be raised in the initial 30 minutes after the start of the examination. Thereafter, candidates must use their initiative to interpret any perceived error or ambiguities, and any assumptions made by the candidate MUST be clearly stated for consideration. | |

PERMISSIBLE MATERIALS

1. None

THIS QUESTION PAPER CONSISTS OF 3 PAGES (including this front page)

QUESTION 1**[25 MARKS]**

| Challenges and opportunities for sustainable development | | |
|--|---|-----------|
| <p>Environmental, social and governance (ESG) is a set of standards for how a company operates regarding the planet and its people. ESG is important because socially conscious investors now use ESG criteria to screen potential investments. Environmental criteria examine how a company performs as a steward of the planet. Social criteria examine how a company manages relationships with employees, suppliers, customers, and the communities where it operates. Governance defines a set of rules and best practices, along with a series of processes that determine how an organisation is managed and controlled. ESG risks are increasingly influencing financial performance and investment decisions.</p> | | |
| REQUIRED: | MARKS | |
| a) | Define ESG risks and explain the concept of ESG risk drivers. | 5 |
| b) | Evaluate how financial institutions can manage ESG risks through both regulatory compliance and strategic investment practices. | 8 |
| c) | Discuss three key ESG risk drivers, providing examples to illustrate their impact on financial systems or firm performance. | 12 |

QUESTION 2**[25 MARKS]**

| The role of institutions and regulation | | |
|---|--|-----------|
| <p>Fragile economies face unique regulatory challenges due to conflict, institutional weaknesses, and economic instability. In such contexts, financial regulation must strike a careful balance between promoting resilience and supporting inclusive development.</p> | | |
| REQUIRED: | MARKS | |
| a) | Explain why financial regulation is particularly important in fragile economies. | 10 |
| b) | With the aid of examples, critically assess the role of institutional quality in promoting financial development and sustainable economic growth. Your assessment should explain why institutions may be more important than finance in some development contexts. | 15 |

QUESTION 3**[25 MARKS]**

| Challenges and opportunities for sustainable development | |
|--|--|
| <p>The presence of climate externalities poses a significant challenge to the effective integration of sustainability considerations in finance. However, there are market-based</p> | |

mechanisms, which are financial or economic tools that use market signals such as prices, trading, or incentives to address environmental or social challenges, particularly externalities, to influence the financial market's behaviour in a cost-effective way.

| REQUIRED | | MARKS |
|----------|---|-------|
| a) | Describe key market-based mechanisms for addressing climate-related externalities. | 6 |
| b) | Explain how these mechanisms incentivise low-carbon investment and promote sustainable finance. | 6 |
| c) | Analyse the role of pricing and regulation in shaping market behaviour and driving emissions reductions. | 7 |
| d) | Discuss the limitations and challenges of applying market-based mechanisms in the African context, providing relevant examples. | 6 |

QUESTION 4

[25 MARKS]

Sustainable financial instruments for development

Sustainable investment strategies are investment approaches that explicitly incorporate environmental, social, and governance (ESG) factors into financial decision-making to achieve long-term financial returns while promoting positive social and environmental outcomes.

| REQUIRED: | | MARKS |
|-----------|--|-------|
| a) | Critically evaluate any three (3) sustainable investment strategies. You are required to define and describe each strategy, explain how they integrate ESG factors into financial decision-making, discuss their strengths and limitations in promoting sustainability, and illustrate their practical application with examples. | 15 |
| b) | Critically evaluate the five key sustainable finance instruments for promoting sustainable development in Africa. You are required to define and explain its primary objective, discuss one major advantage and one limitation of each instrument in promoting sustainable development. | 10 |

END OF EXAMINATION PAPER