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**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF
DEGREE IN BACHELOR OF ECONOMICS**

ECON 409: PROJECT PLANNING AND EVALUATION**STREAMS:****TIME: 2 HOURS****DAY/DATE: TUESDAY 21/09/2021****2.30 P.M. – 4.30 P.M.****INSTRUCTIONS:**

- Answer question one and any other two questions

Question one

1. Explain the following terms as applied in project planning and evaluation.
 - i. Dummy activity. (1 mark)
 - ii. Slack time. (1 mark)
 - iii. Capital and revenue projects. (2 marks)
 - iv. Cost benefit analysis. (1 mark)

2. Jambo Construction Ltd has identified the following activities for a project to start soon.

| Activity | Predecessor |
|----------|-------------|
| A | - |
| B | - |
| C | A |
| D | A |
| E | B |
| F | C,D |
| G | D |
| H | D,E |
| I | G,H |

Required:

- i. Draw a network diagram for the project and identify the critical path (8 marks)
1. Estimate the IRR of the following project;

| Year | Cash flow |
|------|-----------|
| 0 | (150,000) |
| 1 | 40,000 |
| 2 | 60,000 |
| 3 | 100,000 |

The firm's target/required rate of return is 15%. Advise the firm whether the project should be undertaken. (4 marks)

- 2. With proper illustration, explain the common problems that arise from poor project design. (5 marks)
- 3. As a project sponsor, discuss the components that the project manager could have included in the risk management plan so as better communicate the possible impacts of the risk on the project. (8 marks)

Question two

1. You are given information on project, activities and their duration.

| Activity | Start time (weeks) | Duration (weeks) |
|----------|--------------------|------------------|
| A | 0 | 5 |
| B | 6 | 3 |
| C | 7 | 4 |
| D | 7 | 9 |
| E | 8 | 2 |
| F | 9 | 8 |
| G | 12 | 7 |

- i. Using a Gantt chart, state when the project will be completed. (5 marks)
 - ii. Discuss the advantages and disadvantages of using a Gantt chart for project planning. (4 marks)
2. Discuss the difference between Critical Path Method (CPM) and Program Evaluation and Review Technique (PERT) in project scheduling. (5 marks)

3. Project management has become a norm in today management practices as opposed to functional management for most organizations including government institutions, explain the reason for this paradigm shift. (6 marks)

Question three

1. Monitoring and evaluation are interactive and mutually supportive processes with a specific focus. Discuss the main focus and benefits of these processes. (10 marks)
2. Consider the project activities given below:

| Activity | Immediate Predecessor | Time Estimate in Weeks | | |
|----------|-----------------------|------------------------|----|---|
| | | A | B | m |
| A | - | 4 | 7 | 5 |
| B | A | 2 | 5 | 3 |
| C | A | 5 | 11 | 7 |
| D | B | 2 | 2 | 2 |
| E | B | 3 | 9 | 4 |
| F | D | 3 | 6 | 5 |
| G | C | 3 | 3 | 3 |
| H | C | 2 | 3 | 2 |
| I | G,H | 3 | 6 | 4 |
| J | E,F | 4 | 7 | 6 |

Required;

- i. Draw a PERT network for this project. (8 marks)
- ii. Identify the critical path (2 marks)

Question four

1. It is important before any project commences for the project manager to carry out adequate project of your choice, discuss project appraisal and clearly explain how different project appraisal models would influence your choice of the final project to implement. (15 marks)
2. Explain the reasons as to why projects fail. (5 marks)