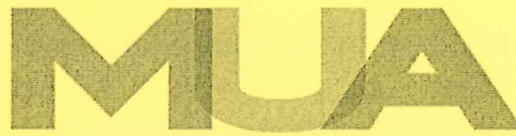


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**POST GRADUATE UNIVERSITY EXAMINATIONS**  
**SCHOOL OF MANAGEMENT AND LEADERSHIP**  
**DEGREE OF MASTER OF ARTS IN DEVELOPMENT STUDIES**

**MDP 516: PROJECT APPRAISAL AND ANALYSIS**

**DATE: 30<sup>TH</sup> MARCH, 2022**

**DURATION: 3 HOURS**

**MAXIMUM MARKS: 60**

**INSTRUCTIONS:**

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **FOUR (4)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **TWO** questions.
6. Question **ONE** carries **30 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided

**QUESTION ONE**

**Read the Case Study below carefully and answer the questions that follow:**

**PARKRITE CAR PARK UPGRADE PROJECT**

Parkrite is a large car parking company operating throughout Kenya. Parkrite Regional Manager has been tasked with project managing the new equipment upgrade of a shopping centre car park—Shop Fair. After being briefed on the requirements of the car park upgrade, he has had several meetings with both internal and external stakeholders to determine their expectations and concerns about the project and he has completed a project scoping document. He is now ready to begin the detailed planning phase of the project.

The State Operations Manager (his immediate boss) and the General Manager have called a meeting to begin this planning phase. At the meeting it was highlighted that competitors had already commenced a substantial upgrade program which had left the business competitively weak in both its operational performance and ability to market new initiatives. The Parkrite Board had made this project a number one priority for the business. General Manager has assured Parkrite Regional Manager that appropriate resourcing will be made available across the business to ensure the Board's objectives are met.

During this meeting Parkrite Regional Manager was presented with a project budget and a five year operational budget for the Shop Fair car park. His General Manager feels that a critical internal stakeholder, in terms of implementation, will be the IT Manager. The IT Manager has also appointed a Technical Installation Manager who is set to start with the company in a week's time. It has also been clarified that Parkrite Regional Manager will be responsible for the effective implementation of the car park upgrade. This includes ongoing operations during the installation and operation of the new equipment post installation. It is expected that the new equipment will be fully operational within three months. During the meeting Parkrite Regional Manager jot down a few key points about the project that he think may be areas of concern.

The day following your meeting, Parkrite Regional Manager has decided he needs to prepare a document outlining his concerns about the project. For each concern indicate how he proposes to address them and what resources he believes may be necessary to find a solution. He must obtain agreement on this document from the State Operations Manager and General Manager.

The budgets he had been supplied appear to have a few problems that he will need to fix including: (1) Both spreadsheets do not use any formulas to automatically perform calculations such as adding costs etc. and therefore he has decided to work through both budget spreadsheets and include formula to automate all of the calculations required. (2) After checking the five year operational budget with several staff at Parkrite he discovers that there are several budget items that are under budgeted including: Staff amenities for the first year needs to be increased by 30% (*this increase should carry across each year*); Shop fair car park staff will not be attending any conferences (*this item can be removed for all years*); staff gifts are now part of a separate, wider Parkrite social fund (*this item can be removed*); the travel item appears to be under budgeted (*staff has suggested an increase to \$200 in the first year with a 2% per annum increase*); and the admin and accounting fee should start at \$350 in the first year.

Parkrite Regional Manager obtained sign-off on his project concerns document and the next step was to create a comprehensive project plan and present to the State Operations Manager, General Manager and IT Manger to ensure they are all on the same page and in agreement. His plan should include all typical parts of a project plan but he must also include: A list of project tasks; key milestones through to project completion; his role and responsibilities, the roles of the IT manager, the technical installation manager and the installation contractors; a risk management plan; an assessment of the impact on current operations and the effect of contractor works; and Legislative requirements such as handling of anti-discrimination amongst workers, privacy of staff details, environmental impact of project works; a simple budget overview; costs in grouped sections (rather than itemized) and the

total costs; and finally, the overall projected costs and increased revenue for the years following the completion of the project.

**Required:**

- a) Parkrite Car Park Upgrade Project may use problem analysis approach in enhancing success of project planning and appraisal. Explain any five uses of problem analysis approach **(5 Marks)**
- b) Explain the following Economic Appraisal Techniques that Parkrite Car Park Upgrade Project can use in its capital investment appraisal **(5 Marks)**
  - i. Cost Benefit Analysis (CBA)
  - ii. Benefit / Cost Ratio (BCR)
- c) Explain five stage methodology used in Social Cost Benefit Analysis of Parkrite Car Park Upgrade Project **(5 Marks)**
- d) Parkrite Car Park Upgrade Project may carry out Environment Impact Assessment on their just completed project. Discuss the stages involved in fundamentally carrying out Environmental Impact Assessment **(8 Marks)**
- e) During the process of project appraisal a feasibility study may be undertaken by Parkrite Car Park Upgrade Project. Identify any seven aims of feasibility study **(7 Marks)**

**QUESTION TWO**

- a) Critical Path Analysis (CPA) is the organised application of systematic reasoning for project success. Discuss the three phases involved in project planning using CPA method **(3 Marks)**
- b) Rug Limited is considering a capital investment in new equipment. The estimated cash flows are as follows

Year	Cash flow \$
0	(240,000)
1	80,000
2	120,000
3	70,000
4	40,000
5	20,000

The company's cost of capital is 9%. Calculate the NPV of the Project to assess whether it should be undertaken **(5 Marks)**

- c) The assessment of impacts on social and environmental systems requires a range of different approaches, methods and techniques. Giving examples in each case, explain any five types of project impact on social, economic and environment **(7 Marks)**

### QUESTION THREE

- a) Project selection is the process of evaluating individual projects or groups of projects, and then choosing to implement some set of them so that the objectives of the parent organization will be achieved. Explain any five non-numeric and five numeric methods of project selection **(10 Marks)**
- b) Define the concept of Risk Management. Explain any five techniques used to mitigate project risk **(5 Marks)**

### QUESTION FOUR

- a) Appraisal is the analysis of a proposed project to determine its merit and acceptability in accordance with the established criteria. Discuss the key aspects involved in the following analysis which are done during project appraisal
- i. Social - Economic Analysis **(3 Marks)**
  - ii. Environmental aspect **(2 Marks)**
  - iii. Political Analysis **(2 Marks)**
  - iv. Gender analysis **(2 Marks)**
  - v. Sustainability analysis **(2 Marks)**
- b) Valuing the impacts of projects using revealed preferences can be conducted using various methods. Explain the following methods of project valuation **(4 Marks)**
- i. Market Analogy Method
  - ii. Trade-Off Method
  - iii. Contingent Valuation Method

iv. Revealed Preference Methods