

CHUKA



UNIVERSITY

UNIVERSITY EXAMINATIONS

SUPPLEMENTARY EXAM

EXAMINATIONS FOR THE AWARD OF BACHELOR OF ARTS (ECON SOCI), BA
(GEN) HIST, MATH, PSYC, ECON STATS

ECON 443: PROJECT MONITORING & EVALUATION

STREAMS: BA

TIME: 2 HOURS

DAY/DATE: WEDNESDAY 12/9/2018

2.30 P.M. – 4.30 P.M.

INSTRUCTIONS: Answer question ONE and any other TWO

QUESTION 1

(i) Projects are expensive and therefore the decisions to adopt an identified project in an organization should be critically evaluated. As a procurement officer, discuss some of the major issues you would consider in appraising a project before making a decision on whether to procure the materials required in the implementation of the identified project. [10

marks]

(ii) State and explain at least five aspects that distinguish projects from programs. [10

marks]

(iii) Explain at least three advantages of projects. [3 marks]

(iv) Considering the following information, draw a network diagram [7 marks]

| | Activity | Predecessor |
|------------------|----------|-------------|
| Buy plastic body | A | - |
| Design component | B | - |
| Make component | C | V |
| Assemble product | D | A, C |

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| | | |
|-----------------|---|---------|
| Testing product | E | C |
| Branding | F | C |
| Marketing | G | D, E, F |

QUESTION 2

- (i) Thika road is among the modern roads that have significantly helped in ensuring efficiency in transport sector in Kenya today. For such projects to be successful there are systematic stages that must be followed. In reference to this road, describe the steps that must be followed for the projects team to achieve its objective. [10 marks]
- (ii) Explain the various types of evaluation [10 marks]

QUESTION 3

- (i) ABC limited is company that deals with transport services, in the year 2015, the procurement department in this company realized that they needed to expand their warehouses so as to increase the capacity of the stock that can be held in their premises. However, this project of expanding the warehouses started but failed in the process. The management is trying to evaluate some of the causes to this failure. As an expert in project management, inform the management on the possible reasons why the project failed and propose the solutions to the same challenges. [10 marks]
- (ii) (a) Distinguish between monitoring and evaluation [4 marks]
- (b) Describe the reasons why monitoring is essential for a project objective to be achieved [6 marks]

QUESTION 4

- (i) Mr. Z wants to decide which of two projects he is going to invest in. Project A requires an initial investment of ksh 300,000 while project B requires an initial investment of ksh. 250,000. The following are the expected cash inflows for the two projects.

| Period | Cash flow | Cash flow |
|--------|-----------|-----------|
| | Project A | Project B |
| 1 | 200,000 | 20,000 |
| 2 | 100,000 | 120,000 |
| 3 | 20,000 | 220,000 |

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| | | |
|---|--------|---------|
| 4 | 53,000 | 100,000 |
| 5 | 60,000 | 150,000 |

Using a discount rate of 13%, advise Mr. Z on which project to choose using the Net Present Value approach [10 marks]

- (i) Explain three non-numerical models used to appraise projects [6 marks]
 - (ii) Project planning defines the project activities and end products that will be performed and describes how the activities will be accomplished. Explain the various activities involved in project planning. [4 marks]
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