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# MASTER'S THESIS ENGLISH RESUMÉ

Project Risk Management

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## Abstract

The aim of this master's thesis, entitled Project Risk Management, is to identify the risks of a particular project, to analyse them and to propose measures to reduce or eliminate them as much as possible. The thesis is divided into theoretical and practical parts.

The theoretical part introduces the basic professional terminology, as well as the individual phases of the project management, and emphasis is placed on presenting the project risk management process. The findings from the theoretical part are then applied in the practical part. This practical part introduces the context of the project of building a community centre on the Rusinga Island and its output is an identification of risks, risk analysis and also a proposal of preventive measures of the risks of this project.

Keywords: **risk, risk management, risk identification and analysis, project risks**

Projects and project management are becoming increasingly relevant topics. At present, there is perhaps no area of human activity where we have not met projects. In addition, greater emphasis is placed on the competence and knowledge of project managers, or of their entire teams. A lot of stakeholders are entering the scene and excellent knowledge of risk management is undoubtedly a huge competitive advantage. Project risk management could be defined as project management focusing on risk analysis and elimination using various risk prevention methods and techniques. The goal is to reduce existing, or detect future, risk-increasing factors.

The aim of this master 's thesis, entitled Project Risk Management, is to identify the risks of a particular project, to analyse them and to propose measures to reduce or eliminate them as much as possible. The thesis is divided into theoretical and practical parts.

The theoretical part introduces the basic professional terminology, as well as the individual phases of the project management, and emphasis is placed on presenting the project risk management process. The findings from the theoretical part are then applied in the practical part. This practical part introduces the context of the project of building a community centre on Rusinga Island and its output is an identification of risks, risk analysis and also a proposal of preventive measures for the risks of this project. The choice of this project of building a community centre on Rusinga Island is based on my previous experience with the Narovinu Centre where I did a volunteer internship. During that time, I was privileged to become familiar with the project Rusinga Island. Another reason I have chosen this topic for my master's thesis is that, in my opinion, this is a very meaningful activity that sets an ambitious goal.

Project management in the non-profit sphere has several specificities. According to the founder of the Narovinu Centre the main specificity of managing non-profit projects is the fact that they are based on mutual trust. So, it is necessary to gain the trust of people who are supporting or funding these types of projects. The non-profit sphere is also linked to limited funding opportunities, and for this reason it is difficult in some cases to establish cooperation

with experienced experts. Therefore, volunteering is common for non-profit organizations, and the Narovinu Centre uses it extensively. We must also bear in mind the fact that, in comparison with business projects, non-profit projects are often insufficiently processed in formal terms. Rather than following a predetermined procedure, non-profit organizations respond to current needs. Although the non-profit sphere has its own specifics, we can also find many aspects that are common to project management in both the non-profit and the business sphere.

The Narovinu Centre, founded in 1995 is a non-profit organization focusing on improving education, health care and overall living standards in Africa. In order to meet the stated goals, the Centre runs several projects of foreign development cooperation and global development education. A unique quality of the Narovinu Centre is that it tries to improve the overall situation in Kenya and does not focus only on one area of problems. For example, the project "Island of Hope" has an extremely wide range - awareness, prevention, health care, sexual education, agriculture, craft cooperatives, sustainable technologies, education with innovative approaches (from kindergarten to high school), gender equality, etc. All projects carried out by the Centre place emphasis on sustainability and self-sufficiency, as well as the active attitude and involvement of local people.

The "Island of Hope" project was established in 2005 and is currently the main project of the Narovinu Centre. Rusinga Island is an island with an area of 40 km<sup>2</sup> on Victoria Lake, located near the mainland, which is geographically located under the Suba district in the Nyanza province of western Kenya. The population, most of which are children under 15 years old, is around 22,000 inhabitants. Since the island is connected with the mainland by an artificial dyke, it is more of a peninsula. This is a very remote and poor area where fishing, small trade and agriculture are the most common source of livelihood. There is a very high incidence of serious health risks in this area, such as malaria, AIDS, typhoid, parasitic diseases, TB and others. Other problems include malnutrition, inadequate health care, and a lack of employment, which is the source of extreme poverty. The community centre built on Rusinga Island by the Narovinu Centre is aimed at improving the overall situation and standard of living of the population in the area. It also acts as an educational centre as well as an example of community co-operation. In the area, it tries to overcome the rooted prejudices and uses sustainable technologies (photovoltaics, wind power, etc.) in the building of the community centre. Since its inception in 2005, the project has already secured the construction of 15 buildings and a farm. The Narovinu Centre, alongside its partners and community centre staff on the island of Rusinga, provides day-to-day operation of an orphanage, a kindergarten, primary and secondary boarding schools, a health clinic and a farm.

To illustrate the size and importance of this project, we will use the figures given in the Narovinu Centre's Annual Report 2017 and then a comparison of aerial images of the area where the community center is being built in 2003 and 2017:

Employees total	46
Children in orphanages	80
Children in the Montessori Nursery	106
Children at elementary school	256
Students in high school	61
Registered patients of the clinic	18 100
Born children	95
Fish ponds (tilapia)	2

Rusinga Island - Island of Hope in 2017 in Numbers (Narovinu Centre Annual Report)



Realized community centre 2003 – 2017 (Narovinu Centre project document)

The Rusinga Island project is a series of smaller subprojects that have been progressively implemented in a certain sequence, which is typical for humanitarian projects. According to the Narovinu Centre's founder, at the beginning of the project they did not assume that this project would take on such a dimension over time and would end with the building of the entire community centre. The whole project is depending more on current needs than on accordance with a pre-defined timetable. In terms of risk management, risks have been viewed only from the point of view of individual subprojects. However, there is no general risk register common to all subprojects.

To identify the risks of the Rusinga Island project, the following methods were used: studying of documentation, interviewing the founder and brainstorming.

We identified these risks:

1. Government subsidy policy - few resources for humanitarian organizations
2. Endemic increase in diseases
3. Competition of large non-profit organizations
4. Corruption and use of financial resources and subsequent mistrust in the non-profit organizations
5. Cultural habits rather to help local people
6. Legislative changes in Kenya
7. Small promotion of organization and project
8. Local beneficiaries do not accept the project as their own
9. Lack of funding
10. Lack of employees
11. Lack of experience with fundraising
12. The reluctance of the local population to change traditional cultural habits

- 13. Inability to secure qualified personnel
- 14. Low interest in developmental issues
- 15. Departure of existing donors
- 16. Political and economic situation and constraints in Kenya
- 17. Potential shortage of stakeholders convinced that the project is meaningful and needs to be implemented
- 18. Natural risks
- 19. Poor quality of the work done
- 20. Sustainability
- 21. Prohibition of the presentation of donors in the media
- 22. Health risks
- 23. Deterioration of the migration crisis and people's attitudes towards development cooperation
- 24. Natural disasters

Another step of risk management was a qualitative analysis. And the output of this phase was a hierarchically classified list of risks according to the potential impact and the probability of occurrence.

Low risks	Prohibition of the presentation of donors in the media
Low to medium risks	Natural risks Health risks

	<p>Small promotion of organization and project</p> <p>Lack of experience with fundraising</p> <p>Competition of large non-profit organizations</p>
Medium risks	<p>Natural disasters</p> <p>Political and economic situation and constraints in Kenya</p> <p>The reluctance of the local population to change traditional cultural habits</p> <p>Lack of employees</p> <p>Cultural habits rather to help local people</p> <p>Low interest in developmental issues</p> <p>Endemic increase in diseases</p>
Medium to high risks	<p>Deterioration of the migration crisis and people's attitudes towards development cooperation</p> <p>Legislative changes in Kenya</p> <p>Corruption and use of financial resources and subsequent mistrust in the non-profit organizations</p> <p>Departure of existing donors</p> <p>Poor quality of the work done</p> <p>Potential shortage of stakeholders convinced that the project is meaningful and needs to be implemented</p>
High risks	<p>Government subsidy policy - few resources for humanitarian organizations</p> <p>Inability to secure qualified personnel</p> <p>Local beneficiaries do not accept the project as their own</p> <p>Lack of funding</p> <p>Sustainability</p>

Hierarchically classified list of risks of the Rusinga Island project according to the potential impact and the probability of occurrence



In the next phase of the risk management, we focused on the high risks of the project that we analysed in the previous step. The focus on high risk is chosen because they are such risks that may have the greatest potential impact on project implementation, so emphasis should be placed on their prevention. The following risks were analysed as high risks for the Rusinga Island project: government subsidy policy - few resources for humanitarian organizations, inability to secure qualified personnel, local beneficiaries do not accept the project as their own, lack of funding and sustainability of the project. The risks of government subsidy policy - few resources for humanitarian organizations and lack of funding were merged into one section because they are close to each other.

### Lack of funding

The funding for the implementation of the Rusinga Island project are very limited. Lack of funding is a critical risk for the Rusinga Island project. If the Centre fails to get enough funding, it will have devastating effects on the project. For example, if the Centre is not able to pay wages to teachers in a Kenyan school, they will leave the school and the school will be closed. Since it is a project in a foreign destination which is not a priority for the Czech Republic, official development cooperation and assistance from the Czech Republic is currently not considered. Most of the Narovinu Centre's financial resources (around 80% each year) are generated from individual donors, either individuals or legal entities. My recommendation to the Narovinu Centre in this regard is a long-term monitoring of calls for grants and subsidies from the European Union (possibly from the Czech Development Agency). The fact that the Ministry of Foreign Affairs does not currently include Kenya in the list of priority countries of foreign development cooperation does not mean that it will not happen in the future. The Centre needs to follow the listed calls and respond at the right time.

In my opinion, the Narovinu Centre should primarily focus on the care of its voluntary donors, without which it could not carry out any of its activities. The Centre organizes regular meetings of volunteers and sends bulletins every month to the community with up-to-date information. The most important aspect of the relationship between the Centre and the volunteer donors is building a sense of belonging. Volunteer donors must feel comfortable in the Narovinu Centre, feel they are in a community where all members share the same values and attitudes to the development issue in Kenya. Volunteers should be convinced that they are participating in a meaningful project in which their participation is very important.

The Narovinu Centre has profit from its own activities. That is, from the sale of coffee, tea and products from Kenya and also from its own beneficial events. The Narovinu Centre has already established an e-shop, where it is possible to purchase these products made directly by residents in Kenya. In my opinion, emphasis should be placed on expanding the sales network of these products. I appreciate the gift package concept offered by the Centre (coffee, tea, soapstone product), but I think it has a bigger sales potential than the current one. I would focus on promoting the package to employers who not only give good coffee and tea to employees, but they also support a good thing. Several channels can be used to promote - TV spots, banners on the Internet, cooperation with famous personalities, personal meetings, etc.

Another thing I would suggest to the Narovinu Centre is to establish an African-style café. I realize that the input costs would be considerable, but I believe that in the long run, the Centre would make a profit from this investment. Moreover, it would be a place where employees of the Narovinu Centre could hold their events, exhibitions, discussions, a place where they could meet volunteer donors, and so on. My next recommendation on this point is the enlargement of imported crops. I would focus, in addition to coffee and tea, on dried fruits and nuts (e.g. pine nuts).

Because the Narovinu Centre imports handmade jewelry from natural materials from Rusinga Island, I would recommend the Narovinu Centre try to start a cooperation with Czech designers with the idea of an original beneficial collection in an African style. Once the collection is prepared, they could organize a fashion show, which would also increase awareness of the project and the Narovinu Centre in general and potentially gain new voluntary donors.

The Centre may also consider donations through DMS, crowdfunding portals, or collections.

In conclusion, it is important to mention, that the Narovinu Centre is making great efforts to get as much money as possible and ensure the smooth running of the project. Due to the size of the Centre's implementation team, I was very surprised at how many activities the Narovinu Centre was involved in. I have proposed some solutions to help the Centre generate more funding to implement its activities.

## Inability to secure qualified personnel

For the Rusinga Island project, the provision of skilled personnel is a key task that determines whether the implementation will be successful or not. Since it is a project that involves implementation teams in the Czech Republic and Kenya, it is necessary to provide qualified staff in both of these states. The Czech part of the implementation team is mainly responsible for conceptual management and project planning. It supervises compliance with the project schedule, financial framework and controls compliance with all administrative requirements. The partner organization in Kenya, which is part of the implementation team, supervises the implementation of individual project activities directly on Rusinga Island and sends the necessary materials and documentation to the Czech Republic.

Providing qualified staff for the Narovinu Centre in the Czech Republic is not easy given the current situation in the labor market where the number of vacancies is higher than the number of job seekers. However, there are fields of study in the Czech Republic that focus on humanitarian work and generate dozens of potential staff members for the Narovinu Centre each year. Another way that the Narovinu Centre can use to hire a new employee is to offer employment to its solid base of volunteers and volunteer donors who are interested in the topic.

Personally, I see the greatest challenge in securing the professional staff in Kenya. It is necessary to secure co-workers who are able to overcome deeply rooted stereotypes and prejudices, these include, for example, attitudes towards child upbringing. In Kenya, physical punishments in schools have been common for several generations. There is a belief that it is the only way for teachers to get respect from the pupils. Another example may be respect of women's rights or an attitude toward reproductive behavior or disease prevention. In short, the stereotypes and prejudices that are pitfalls for the realization of the Rusinga Island project are many in Kenya. The Narovinu Centre adheres to the ethical rules in the implementation of the project, which is also required by its Kenyan counterparty. Therefore, it is extremely difficult to find collaborators in Kenya who will be convinced that the basic aspects of everyday life need to be changed. Their inner conviction is essential, because one of their basic tasks is to spread awareness in their community. Because the Narovinu Centre operates as the only school without physical punishment, it becomes a thorn in the eyes of all local pedagogical authorities and people in the community in general. Therefore, emphasis should be placed on the right choice of Kenyan partners who would be able to adopt these ethical approaches for their own purposes and to convincingly communicate these topics within the educational seminars.

In my opinion, at the very beginning of the project, it is the best method of ensuring appropriate Kenyan partners travel to a destination and get to know the community as much as possible and then select potential co-workers. Further, I would recommend they get acquainted with the project intent, with applied principles, and in the case of mutual interest to send them on a business trip to the Czech Republic where they could see in practice how a non-violent form of teaching can work. However, as the Czech Narovinu Centre's implementation team has already found suitable collaborators on the Kenyan side, such collaborators who disseminate community awareness, I suggest that the selection of new team members in Kenya falls only within the competencies of members of the Kenyan Implementation Team. Of course, provided that these new members of the team meet the ethical criteria set by the Czech party.

The risk of securing qualified personnel is critical for the Rusinga Island project. It is very important to provide staff on both the Czech and Kenyan sides. It is necessary to group such co-workers, who are convinced of the necessity of implementing the project and at the same time have sufficient competencies.

Local beneficiaries do not accept the project as their own

The risk that the local beneficiaries in Kenya will not accept the project as their own is one of the most critical risks. If it is fulfilled, all the funding and assistance provided by the Czech party will end unsuccessfully, as the local authorities will not continue building and maintaining the community centre after the end of the project. In my opinion, the essential aspect to prevent this risk is that the Kenyan population participate in all the activities within the project. It means, on the construction of all buildings and equipment, their maintenance and so on. I think that if local people are actively involved in these activities, they are likely to consider the project their own, and after that they will take care of the entire community centre after the end of the project. In this aspect, this risk intersects with the following risk, the question of the sustainability of the project. I also suggest that local people have the opportunity to decide what exactly, and how, to implement the community centre. The construction of the community centre on the island of Rusinga should be done in accordance with local needs. For example, they should decide they want to grow, what animals to breed etc. If there is a situation where the locals become convinced that the Czech side of the project is only forcing unjustified changes to everyday life, the realization of the construction of a community centre on the island

of Rusinga Island can not be successful. Therefore, it is necessary to consult the local community on each step, to use their excellent knowledge of the area and to integrate all the knowledge gained into the project strategy. The beneficiary of the project is the community in Kenya, so it is necessary to implement it and to build a community centre that will match its needs as much as possible.

## Sustainability

The last identified high risk of the Rusinga Island project is the sustainability of the project. It is necessary to ensure that the operation of the community centre continues even after the finalization phase of the project. The need is to ensure the feasibility and fluidity of the implementation phase of the project. This issue can be viewed from several angles of view. From a financial point of view, it is suitable for humanitarian projects to sufficiently diversify their funding. When one or more sources of funding fall out, the implementation phase of the project will not be endangered. In contrast to a large number of non-profit organizations, the Narovinu Centre is not largely dependent on state funding. Most of its revenues are generated from individual and corporate donors, as well as revenue from its own activities. Suggestions on how to ensure sufficient funding for the project have already been suggested in the previous paragraphs.

Furthermore, the sustainability of the Rusinga Island project can also be seen from the point of view of transferring the project-related message to other generations of local people. These include, for example, a non-violent approach to child upbringing, disease prevention, the transfer of know-how to effectively grow crops, fish, etc. In this case, in my opinion, only a systematic training campaign will help, just as with some of the previous risks.

The Narovinu Centre has already set the sustainability of the established community centre as one of its main goals even before the start of the preparatory phase of the project. The idea is that the local people will help to build the new community centre on Rusinga Island. Coordinators of the project will teach local people how to manage the community centre, and consequently it will lead to the self-sufficiency and financial independence of the community centre. In the context of the implementation, I appreciate their progress in achieving this goal, as they are very active and organize a lot of activities for the purpose of education. Maybe I

would just recommend putting more emphasis on the community centre's profitability to reduce the financial dependence on external resources as quickly as possible.

After identifying the risks and their subsequent qualitative analysis, we focused on the most critical risks for which measures to their prevention were proposed. The following table summarizes these measures:

Risk	Proposed measures to prevention
Lack of funding	<ul style="list-style-type: none"> <li>• Long-term monitoring of calls for grants and subsidies from the European Union (possibly from the Czech Development Agency)</li> <li>• Taking care of voluntary donors</li> <li>• Emphasis on promoting the products offered</li> <li>• Establishing an African-style café</li> <li>• Enlargement of imported crops</li> <li>• Cooperation with Czech designers (African-style beneficial collection)</li> <li>• DMS, crowdfunding portals, or collections</li> </ul>
Inability to secure qualified personnel	<ul style="list-style-type: none"> <li>• On the Czech side               <ul style="list-style-type: none"> <li>○ Addressing students in the humanitarian fields</li> <li>○ Addressing volunteers or voluntary donors</li> </ul> </li> <li>• On the Kenyan side               <ul style="list-style-type: none"> <li>○ Assign competencies to choose new team members to the members of the Kenyan Implementation Team (provided that these new team members meet the ethical criteria set by the Czech party)</li> <li>○ Continuous educational campaign</li> </ul> </li> </ul>
Local beneficiaries do not accept the project as their own	<ul style="list-style-type: none"> <li>• The participation of local residents in Kenya in all project activities</li> <li>• A systematic educational campaign</li> <li>• Consultation on project implementation with the local community, co-decision law</li> </ul>

Sustainability	<ul style="list-style-type: none"> <li>• Sufficient diversification of project funding sources</li> <li>• A systematic educational campaign</li> <li>• Emphasis on community centre's profitable activity</li> </ul>
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Proposed measures of prevention of the most critical risks of the Rusinga Island project

The aim of this master's thesis, which focuses on project risk management, was to identify the risks of the community centre construction project on Rusinga Island, analyze them and propose specific measures for their reduction or complete elimination.

The Rusinga Island project is one of the humanitarian projects that has very ambitious goals. As an added value to the project, I see the effort to ensure the self-sufficiency and sustainability of the community centre. This is not a one-time financial assistance but rather an effort to improve the living standards of community members and to teach the local population how to maintain that standard of living in the long term. Knowing the area of risk management can greatly facilitate this project because the construction of the entire community centre in Kenya carries a wide range of risks. I believe that the recommendations of this thesis in the field of project risk prevention proposals will be helpful to the Narovinu Centre in the implementation of the Rusinga Island project.