

RISK MANAGEMENT

REPORT ASSIGNMENT

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Risks in World Cup 2010 Project

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1 Abstract

One of the definitions of risk management in projects, like it written in (Martin L., John R., Charlie R., Dave H., 2006), is about “proactive working with project stockholders to minimise the risks and maximise the opportunities associated with project decisions”. By this definition and by making more informed decisions to achieve the project objectives and to improve which level it will be reached.

To find out all risks from this tournament and what is the procedures taken by government and social organization to success this unique event in this area of the world. Starting with introducing information about South Africa and how this country wins hosting this tournament from other African countries. The core introduced by dividing risks (as a threats), to main subjects such as; financial, policies, internal security and health and disease, some of these threats ending with opportunities. Finally by analyse all facts delivered in this report there is conclusion and recommendations are proposed aimed to avoid risks or to find solutions for it.

2 Introduction

World Cup tournament is the most important event started at 1909, this tournament is happening every four years in different country, and this is the first time to be hosted by African country in South Africa and it will be 19th FIFA World Cup.

One of the policies of FIFA World Cup (The biggest sporting event in the World) is to rotate the event between football confederations (which was later abandoned in October 2007), the FIFA choose Africa as the host for the 2010 World Cup, five African nations placed bids to host the event; Egypt, Libya, Morocco, South Africa and Tunisia (as a co-host with Libya). South Africa was defeating Morocco and Egypt (after withdrawn for Tunisia and Excluded Libya). At 15 May 2004 in Zürich, FIFA president awarded South Africa the rights to host the tournament that made South Africa to provide 17 guarantees to FIFA to ensure a successful tournament, with a large range of projects, from infrastructure, communications to improving health services, social development, arts and culture (Wikipedia, 2010).

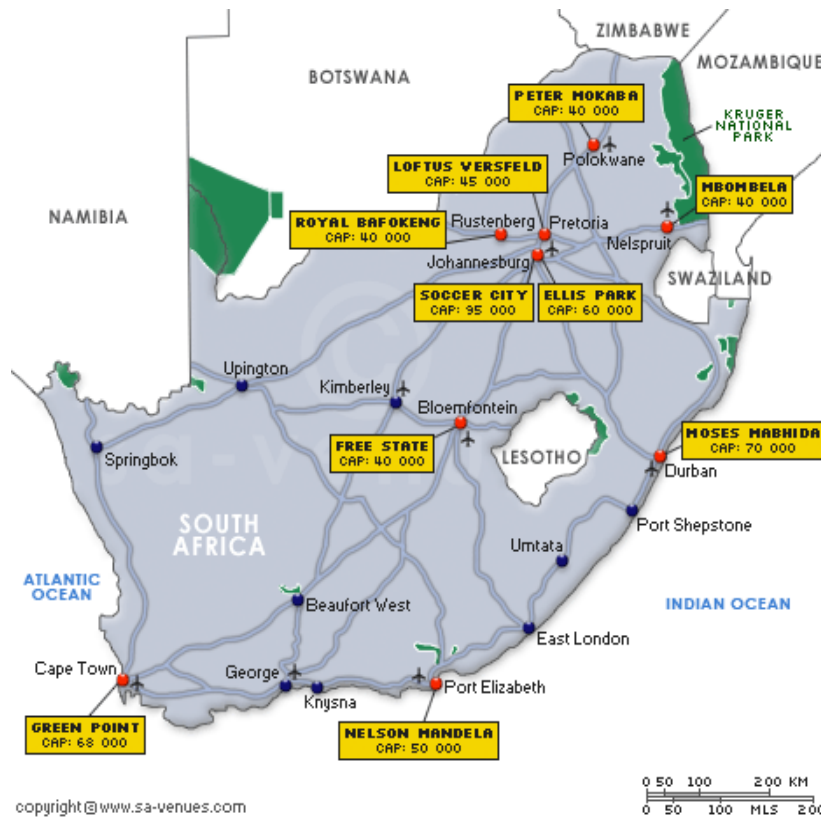


Figure 1: Map of South Africa with main places for World Cup 2010

3 Risks for World Cup 2010 Project

3.1 Financial problems

UN classification put South Africa in a middle-income country with rank among 25th in the world in terms of GDP as of 2008, for that, the World Bank has selected South Africa as one of 15 countries worldwide for the use of a country's own environmental and social safeguard systems in implementing Bank-supported projects (The World Bank, December 2009).

3.1.1 Financial Cost for World Cup 2010

The government spent about R30bn to host the 2010 World Cup soccer tournament, the first estimation at 2006's was R14.9bn. which means that in the past three years costs have doubled, all units of the World Cup project are increased in different percentages, as an example, the cost of stadiums construction has increased 37% since 2006, but we can consider that various projects were brought forward the future (James-Brent S., Jul, 2009).



Figure 2: Cape Town Stadium- one of stadium prepared for the World Cup 2010

3.1.2 Tickets not soled

Before 100 days before the starting of the tournament FIFA said that; 2,2 of the 2,9-million tickets have already been sold, even though fewer foreign fans are expected to attend. South Africa is banking on 450 000 foreign visitors, though the actual number could be lower, with many fans overseas still recovering from the shock of the global recession. (Marine V., Mar 2010)

3.1.3 Tournament Schedule

The situation now for this tournament shown that; heavy construction already finished at all the stadiums. Soccer City, the 95 000-seat venue for the opening and final matches should be handed over within a month. Major upgrades to airports in Johannesburg, Cape Town and Bloemfontein are complete, while Durban's new airport is set to open on May 1(Marine V., Mar 2010). These facts seem to be there are delays appear in the schedule which effecting on accepted benefits from this project for economic development of South Africa and FIFA also.

3.1.4 Rocketing Prices before World Cup

A major concern among World Cup organisers by rocketing prices who fear profiteering could deter more soccer fans and the prices are causing real anger. The government had no control over other operators, who saw the event as an once-in-a-lifetime opportunity to make a fortune. FIFA expects to make a marginal loss on the 2010 World Cup. Unofficial World Cup ticket brokers, approved agents, black market operators and national associations are all struggling to sell nearly one million unwanted seats for first round matches. Even African fans are refusing to buy. Many

problems such as price cost, lack of flights even internal flights, accommodation prices and negative reporting about security were having an impact (Andrew J., Jan. 2010).

3.1.5 Public-Workers Strikes

At Jul. 09 hundreds of thousands of workers started their strike which sparked by the government's firm resolve to implement unilaterally its final offer of a 6.3% wage increase, following the collapse of negotiations with the unions, which demanded an above-inflation increase of 7.3%. Also it involves issues of principle having to do with the wage gaps that could meet the rising costs of basic necessities and services like water and electricity. Economists believe that violent demonstration over poor public services and higher wages could damage Africa's biggest economy as it is suffering from its first recession since 1992 (Press-TV, 29 Jul 2009).



Figure 3: Workers Strikes at Aug. 2008

3.1.6 Financial for Construction Sector

Despite concerns about delays in construction works for World Cup and infrastructure projects, all of the venues are now almost complete. Analysts have said 2010 will be one of the toughest years for South African construction industry, they are facing margin compression and their order books won't be as great as they were two years ago, because lags economic growth by anything from 12 to 24 months due to lengthy planning cycles. This means the sector is only expected to show real improvement by late 2011, or possibly even 2012(Fin24, Jan 20 2010).

3.2 Policies (Internal and External)

3.2.1 Housing Policies

- A. Hundreds of thousands of people in Cape Town where do not have proper homes and have little prospect of getting them, about 51% of applicants lived in shacks, 31% in backyards and 12% shared homes with other people. (Aziz H., Mar. 2007).
- B. The United Nations Millennium Development Goals mentioned that; “the slums and shacks which are on the route from the airport to the city need to be destroyed, it looks bad, dirty, dangerous, unhealthy places and nobody should be made to live in them.” Many argue about governments headlong determination to build as many new houses as possible and to destroy as many shacks as they can has a range of negative consequences (Adrian H., February 2008).
- C. To enable construction work to continue around the next entrance to Umlazi's King Zwelithini Stadium, authorities demolished homes early and that made many families are sued the city for more than half a million rand for demolishing their homes (Erin C.-Smith, Sep. , 2009).



Figure 4: Homeless and Shacks community in South Africa

3.2.2 Refugees Threats

The economic crises in many countries and it forced many people to run away from their country towards Neighbours like South Africa, in addition of that, there are many Somalis refugees

landing in South Africa cause lot of angry about the rising number of foreigners that are made them unemployed and poverty-affected people struggling for basic needs every day.



Figure 5: Refugees Camp in east of Johannesburg, South Africa.

A report written by (Lee G., 2008); “The wave of violence against foreigners which began at may 2008 in Johannesburg, and has been concentrated in the city's poorest areas, mobs have looted refugees homes and shops overnight.”

The problem is if the situation still as same for the majority of local people without any solutions, it must be putting in considered that the violence during the tournament will be happen very strongly.



Figure 6: Violent in Johannesburg during May 20, 2008

3.3 Security and Crime

One of the highest crime rates in the world, about 50 murders each day. All crime like corruption of civil servants, theft at work, theft of personal and house-hold items, breaking into homes, business etc, all of them should be condemned and eradicated (Peter B., March, 2008).

To ensure that South Africa has an ability to organise this tournament, it has spent more than R2,4-billion on security, recruiting 41 000 additional police officers and buying hi-tech equipment for the competition (Peter B., March, 2008).



Figure 7: A South African police officer dealing with foreign refugees

3.3.1 Threat of terror attacks

The country's top policeman said "nothing informs us that we would be a terrorism risk but in the same vein it would be foolish to say we can't look at that, that we can't work hard so it doesn't happen", to reduce the threat of terror attacks during the World Cup, South Africa is cooperating with international agencies like Interpol and the FBI, (Stabroek S., February, 2010).

3.3.2 Sexual Violence

Violence against women, including sexual violence, is very widespread in South Africa, sex workers and illegal brothels will be present at the tournament by many local and foreign women, any tournaments like World Cup are fertile grounds for perpetrators of sexual violence lack of protection will mean going to go back to their homes and countries with scars. The World Cup is going to make many women vulnerable to sexual violence including rape.

Before the tournament starts, South Africa must move fast to respond to the needs of women by;

- It is need to take before, during and after the World Cup Addressing; the lack of awareness regarding the appropriate action survivors of sexual violence.
- Ensuring access to health and other supportive services as well as widen access to justice for violated women by South African Sexual Offenses Act (Arthur O., Feb, 2010).

3.4 Health and Disease sin South Africa

Aids and other poverty-related diseases like tuberculosis and cholera are placing a tremendous strain on South Africa's health care system and public health sector, which make it difficult for most people to pay for health services (Big Media Publishers, Mar 09).

3.4.1 HIV and AIDS

Facts written by Human Sciences Research Council said “South Africa has the world's largest HIV-positive population, at 5.5 million. 33% of women carrying HIV with aged between 20 and 34 and it will be continued to be the worst affected. It is believed that in 2008, over 250,000 South Africans died of AIDS and the next 10 years, about 6 million South Africans expected to die because of AIDS. There are 1.4 million AIDS orphans in South Africa. HIV in South Africa is transmitted predominantly heterosexually between couples, with mother-to-child transmission being the other main infection route”.

Efforts to tackle HIV are now at least facilitated by continued pressure from activists and civil society to raising awareness of HIV and AIDS and to make government will accept the efforts of science with HIV.(AVERTing Dec. 2009).

3.4.2 Malaria

Malaria is effecting toughly in summer, it means that as a tourist; the opportunity of getting malaria in South Africa depends on the amount of malaria in the population, kind of protection, timing and the recent rainfall. It was found that, Malaria risk is highest on our borders with Mozambique

Government put in there consideration that; effecting with Malaria could be reduced by informing people about the disease. It will still be a number of years before an effective vaccine is developed (Katie R., 2009).

3.4.3 Tuberculosis (TB)

A report from (USAID, 2009) mentioned that “South Africa ranked fifth on the list of 22 high-burden tuberculosis (TB) countries in the world. An estimated 31 percent of all TB-HIV cases in Africa are in South Africa”. To ensure success in addressing this epidemic, government through:

- Activation by adopted DOTS (the internationally recommended strategy for TB control) in 1996 and all districts have implemented the core DOTS components, with more coverage varies widely within and among districts.
- Working hardly in every direction with an unprecedented supporting of overall TB control (treatment, diagnosis, and patients) (USAID, 2009).

4 Conclusion

South Africa must put in its consideration that the success of this will face great challenges to make sure that this tournament will reach all the targets that all planers, decision makers and social members have the ambitious to be, such as;

- To succeed a single and strange idea which is; one of the African country can be able to manage a huge event like World Cup.
- Gaining more respect and admitting with success for South Africa from other nations all over the world.
- Future economic profits after the success of this tournament, and how much the benefits will effect on economic development to South Africa.
- Future great reputation for South Africa in management and organisation in several sector like; tourism, industry (especial in construction), security, health and others, and it will change bad images especially in health and security.
- Development of new infrastructure projects in whole South Africa lead to inter future with lot of confidence, and more ability to progress.

5 Recommendation

As opportunities for each consideration of risks for this project such as:

5.1 Financial:

- By (CBA) cost- benefit analysis or other analysing systems, it is recommend to check out all benefits will cover the true costs spending from the start of being South Africa was considered as the host of this event.
- Find out ways to market all remaining tickets especially to African countries.
- Dealing with private sector especially tourism and transportation sectors to reduce profits as a vision future benefits.
- Negotiating with social candidates and organizations to find out ways and means to reduce taxes and price increasing, on the other hand, avoiding strikes before, and during the tournament.

5.2 Policies:

- Activate all housing policies especially in poverty communities, many countries made a great ideas for poverty houses with local materials covered with beautiful shape with participate of all members of these communities.
- Street children have rights on the whole society, some nation treat them positively as one of man-power to their countries, if they gave them rights in good life, shelters, education and foods.
- Refugees are homeless, weak and very poor people in all around the world, so, every member in any society must treat them with dignity and more humanity.

5.3 Security and crime:

- To reduce crime in any society, you have to roll with justice, fair and equality to all member of this society with no mercy for criminals, no matter who he or she is, but with little consideration with the situation for poor, ignorant persons.

- More coordination with neighbour countries, intelligence organizations and internal securities in everywhere, to fight terrorist and terrorisms.
- Fighting both; all bad religious ideas and profit trade about sex and sexual reap, with strong and tough regulations, to protect society from this threats.
- Open new places to treat reaped women and give them Psychotherapy before it will be impossible, and give them practically secure feeling.

5.4 Health and disease:

- More educating people (about threats of diseases and available treatments) in everywhere even for local or visitors especially fans who will come to increase the tourist income in South Africa.
- Making treatments very cheap and in-hand in everywhere from airports, hotels, markets youth communities, streets and medical centres.
- Cooperating with scientific search centres, global organisations, universities and education centres in all over the world to find out how to fight these diseases (HIV and AIDS, Malaria and TB).
- Increasing medicine Potential and putting planes for crisis and ambitious train planning to whole the community and how to deal with.

Wards Account: 2570 wards

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