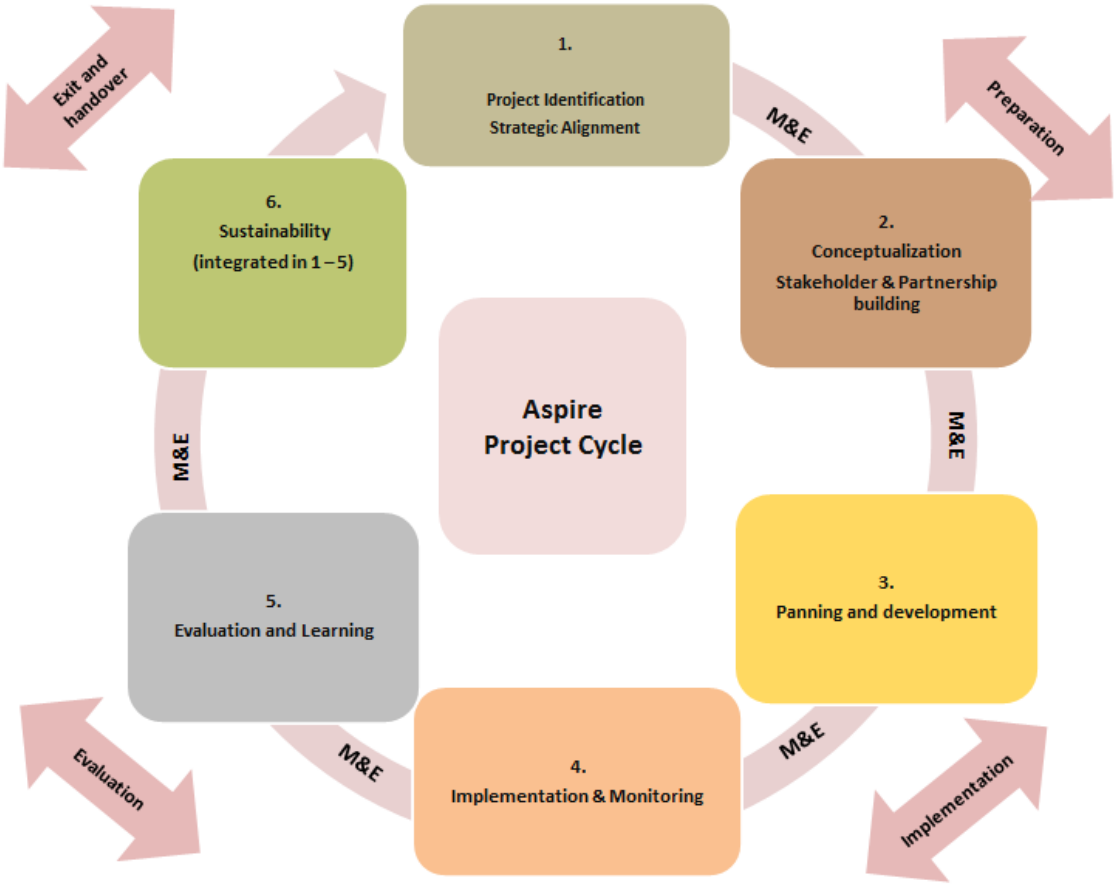
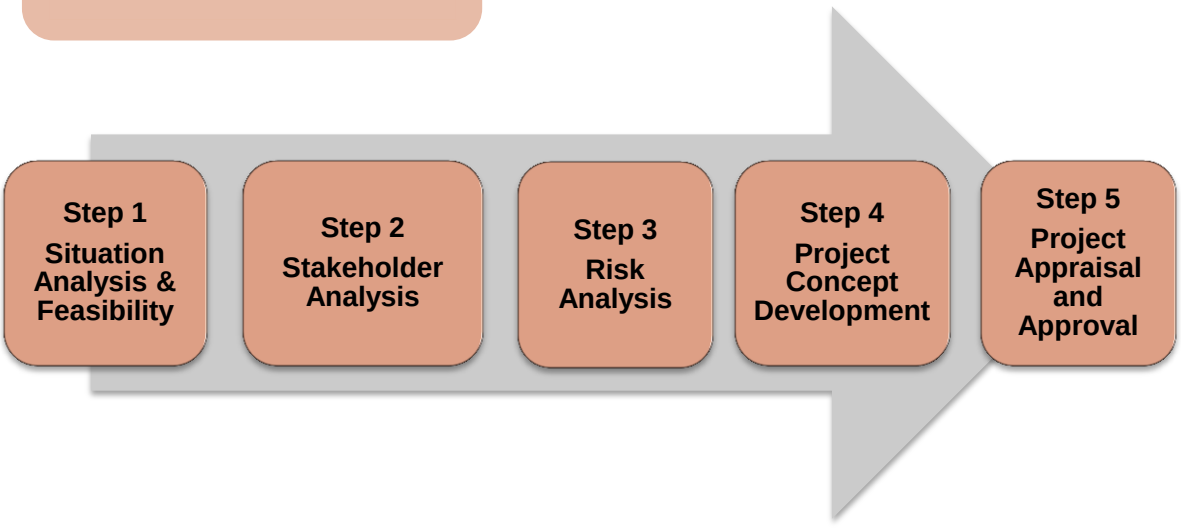



Conceptualisation stages



## 1. Conceptualisation Overview

The Project conceptualisation process will result in the development of a project concept document. This section outlines the processes for Situation Analysis, Stakeholder Analysis and the development of a risk management strategy. Upon completion of the project concept document, the document is appraised and approved. This would lead to approaching funding partners and project planning.

The Financial planning stage starts already during the first stage of project management when the overall annual programme budget is approved. Financial planning is part of the institutional processes and procedures and will not be dealt with here. Guidelines for developing a project budget is both part of the conceptualisation and planning process and will be dealt with at great length in the **Planning Stage**

| Who is involved | What happens | Decisions made |
|---|---|---|
| Key Stakeholders<br>Board of Directors<br>Executive Management,<br>Chief Operations Officer,<br>Programme Managers<br>Project Managers | Prepare situation Analysis<br>Prepare a Stakeholder Analysis<br>Develop a Risk Strategy<br>Develop the Project Concept | ➢ Project Concept document approved |

| Tools and Guidelines | Where to find |
|---|---|
| Preparing a situational analysis ( checklist) | Tool 1.1 – 1.6 |
| High level and detailed feasibility questions | Tool 2 |
| Preparing a stakeholder Analysis | Tool 3 |
| Preparing a risk Analysis | Tool 4 |
| Summary for the Project Concept document | Tool 5 |
| Project Appraisal and approval | Tool 6 |

| Illustrations/case examples | |
|---|---|
| Aspire stakeholder Analysis<br>Risk Strategy | |

| Documents at end of this phase |
|---|
| 1. Risk Strategy<br>2. Project Concept form |
| 3. Project appraisal and approval |
| 4. Risk Strategy |

| Assessments to help ensure relevance and feasibility of a project idea: | |
|---|---|
| 1. Quality assessment criteria | Part 3 of Guideline |

## 2. Sustainability Milestones During This Project Life Cycle Phase



A[1] project is sustainable when the beneficiaries continue to experience benefits beyond the period of project funding. This means that planned benefits should be sustainable beyond the life of the delivery of the project services

| Sustainability principle[2] Institutional Sustainability | Critical Milestone achieved before continuing to the next project phase |
|---|---|
| Key elements of sustainability should be introduced early in the project design phase | |
| Funding needs to be secured for all phases of the project during early planning | |
| Programmes and projects need to fully align with Government priorities and complement the work of District and Local municipalities | |
| Programmes need to include cross cutting themes in all projects e.g. addressing vulnerable groups, capacity building and poverty | |
| Partnerships need to be established from onset | |
| Social, Financial and Environmental sustainability indicators included in programme objectives | |

[1] Spreckley, F., 2006: Local Livelihoods
[2] International Fund for Agricultural Development (IFAD), 2009, Tango International

## 3. Sustainability Quality Standards

### [3]Assessment Criteria

| | A. Relevance[4] | Y/No |
|---|---|---|
| | **Sustainability** | |
| | **The project meets demonstrated and high priority needs** | ✓ |
| **1** | **Consistent and supported of Government policies and priorities (and relevant sector programmes)** | ✓ |
| **2** | **Key stakeholders and beneficiaries are clearly identified, equity and institutional capacity issues analysed and local ownership considered** | ✓ |
| 2.1 | Gender and youth data is provided and equity issues are explicitly addressed with respect to other vulnerable groups such as disabled. | ✓ |
| 2.2 | The past and ongoing stakeholder identification and engagement process is described - who, how, when and different stakeholder interests (expectations and concerns) are analysed | ✓ |
| 2.3 | Existing or potential conflicts between stakeholders have been addressed | ✓ |
| 2.4 | Evidence is provided of local ownership of project ideas such as previous or current commitments of resources to related activities and active local involvement in decision-making | ✓ |
| **3** | **Problems have been appropriately analysed** | ✓ |
| 3.1 | The problems facing the different socio-economic groups ( including gender differences and the needs of disabled people) are appropriately identified and described) | ✓ |
| 3.2 | The set of problems and/opportunities that the project should aim to address are identified | ✓ |

[3] Europe Aid Guidelines 2004 P 35
[4] Guidelines on evaluating the success of project/programmes GIZ 2007

| | | |
|---|---|---|
| **4** | **Lessons learnt from experience and other projects have been assessed and incorporated in strategic planning** | ✓ |
| 4.1 | Reference is made to the lessons learned from other projects/programmes implemented in the sector or in similar environments (from review and evaluation reports) and these lessons are reflected in the proposal | ✓ |
| 4.2 | Implementation options/strategies are appropriately analysed, including the requirements for further planning/design work. | ✓ |

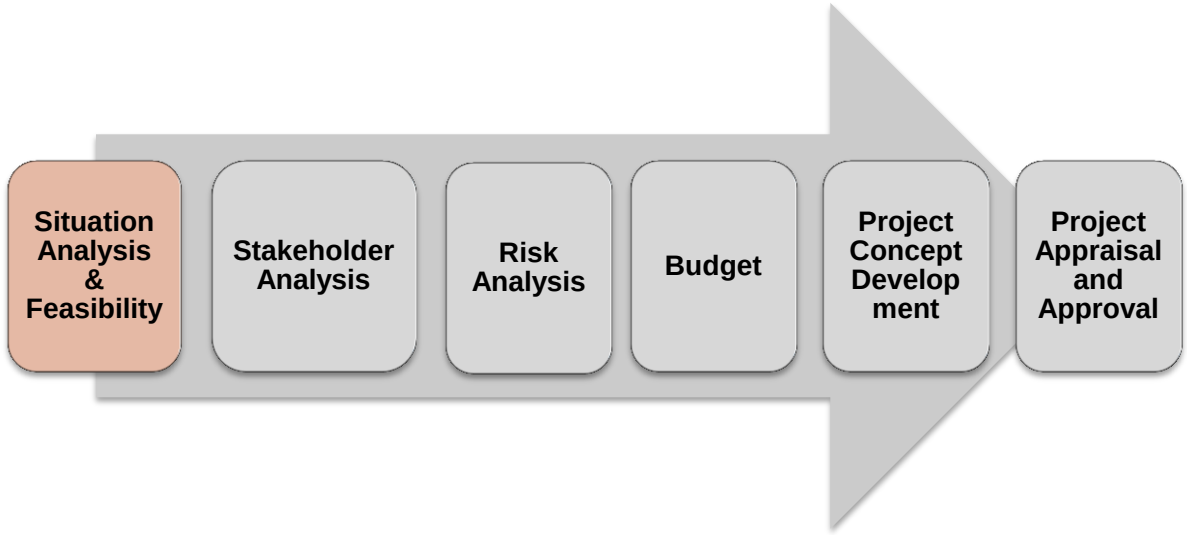
| | | |
|---|---|---|
| | **B. Feasibility -** | |
| | **Sustainability** | |
| | **The project is well designed and is likely to deliver tangible and sustainable benefits to the target groups** | ✓ |
| **5** | **The preliminary objectives are clear and logical, and address clearly identified needs** | ✓ |
| 5.1 | The projects' (preliminary) overall objective is clearly linked to a relevant programme objective ( how the project is likely to contribute to a long term development outcome) | ✓ |
| 5.2 | The project's preliminary purpose clearly specifies a direct benefit(s) that the target group(s) will derive from the implementation for the project, and is consistent with the analysis of problems facing the target group(s) | ✓ |
| 5.3 | The project's preliminary results/outputs describe tangible improvements to services, facilities or knowledge that will directly support achievement of the project's purpose | ✓ |
| **6** | **The preliminary resource and cost implications are clear, and a preliminary economic and financial analysis has been carried out.** | ✓ |
| 6.1 | The (preliminary assessment of ) resources required to implement the project are clearly described | ✓ |
| 6.2 | Project investment and operating costs are described and analysed, including the financial contributions of different stakeholders | ✓ |
| 6.3 | Recurrent cost implications are estimated, and an assessment made of the local capability to meet these costs at the end of the project investment phase | ✓ |
| 6.4 | Where appropriate, initial estimates of the likely financial and economic viability of the project are provided, and requirements for further economic and financial analysis of the project's costs and benefits is specified | ✓ |
| **7** | **Coordination, management and financing arrangements are clear and support institutional strengthening and local ownership** | ✓ |

| | | |
|---|---|---|
| 7.1 | Anticipated project management responsibilities are briefly defined and promote local ownership and capacity building | ✓ |
| 7.2 | Work coordination between stakeholders described and is practical | ✓ |
| 7.3 | Project steering committee role and composition to give overall direction to the project described | ✓ |
| 7.4 | Accounting and financial information- and reporting system described | ✓ |
| **8** | **The M& E system - not relevant for Conceptualisation stage** | ✓ |
| **9** | **Assumptions/Risks are identified** | ✓ |
| 9.1 | Assumptions in the (draft) log frame Matrix highlight key factors outside the direct control of project managers which have the potential to impact negatively on the project (risks) | ✓ |
| 9.2 | The importance of different risks is assessed, including the degree of negative impact they may have on achieving objectives | ✓ |
| **11** | **The project is (likely to be) environmentally, technical and socially acceptable and sustainable** | ✓ |
| 11.1 | An appropriate level of environmental impact analysis has been carried out, and the scope of further studies determined | ✓ |
| 11.2 | The project is (likely to be ) technically feasible, meets relevant industry standards and uses/introduces technology that is appropriate to the needs for target groups | ✓ |
| 11.3 | Gender analysis has been carried out, and the project has a clear (preliminary) strategy to ensure benefits are appropriately shared by women and men | ✓ |
| 11.4 | The project has a clear strategy to ensure benefits are appropriately targeted at identified vulnerable groups (youth, poor, women, disabled people) | ✓ |

| | | |
|---|---|---|
| | **C. Effective & Efficient** | |
| | **Sustainability** | |
| | **The preparation of the project is being well managed** | ✓ |
| **16** | **Good practice principles of project cycle management are applied** | ✓ |
| 16.1 | The project is assessed through the project management cycle, using agreed relevant quality assessment processes and criteria | ✓ |
| 16.2 | The quality of key project documents meets established quality standards | ✓ |

| | | |
|---|---|---|
| 16.3 | Analysis and decision making is thorough ( Log frame tools are recommended) | ✓ |
| 16.4 | Contracts are being effectively managed, including the production of high quality contract documents, briefing of contractors, review of reports and timely payment of certified invoices | ✓ |
| | | ✓ |

## 4. Conceptualisation Steps and Activities




## Step 1 : Situation analysis and Feasibility

### Situation Analysis

**Situational analysis and environmental scans**

A situational analysis in which key stakeholders are invited to participate in a focus group discussion to reveal existing perceptions on the extent that the environment enables good business will form a baseline for further measurement.

**A situation analysis** is a scoping and analysis of the broad context or external environment in which the project will operate. The choice of where to develop a project is normally chosen during programme development or another prioritization process.

Once the landscape or site is identified, the situation analysis is completed to fill in the details, which will allow the project to be conceptualized.

A situation analysis can be completed through research (field or desk) or through participatory methods. It collects information and analyzes the following:

- The project's proposed geographic area (size, main features);
- The ecological features of the geographic area
  The overall status of human wellbeing in the geographic area (population, economy, education, culture, governance and policy, equity, etc.);

For desk and field research, some of the sources of data available to undertake the Situation
Analysis includes **maps and locally available data** which may include government records and archives, household surveys and local studies. Depending on the size of the landscape in question, national or regional data sets may also be included.

A situation analysis can also be prepared using **participatory techniques**, drawing on the knowledge of local stakeholders and communities through a facilitated process. Using participatory techniques can be especially useful in understanding the dynamic between local populations and their environment, particularly around questions of natural resource use
Participatory techniques do take time and resources and are often used in the initial stages of project implementation once a project has been approved. At this stage, issues, opportunities and problems will start to be identified for further analysis.

**A pre-intervention situationa**l analysis and **environmental scan** must be carried out in each project locality. Existing reports to be checked for data availability, gap analysis to be undertaken and measures put in place to collect outstanding information.
The scope of the situation analysis and environmental scans will vary depending on the nature of the planned intervention. The situational analysis should provide the baseline data for identified indicators, particularly in relation to the evaluation of impact.

The following basic questions could form the basis of an initial situational analysis Checklist

**Tool 1**

Data Collection methods at the onset of projects/interventions are:

### 1. Review of economic datasets Tool 1.2

A desk top research of any records and analyses of available datasets has to be undertaken. Most economic data required should focus on the value of the contribution the various sectors have made to the total Gross Geographic Product (GGP) of the Amathole region.

The GGP provides a measure of the total and sectoral economic activity happening on an annual basis within the local municipalities of South Africa. It reflects the market value in Rands of all final goods and services produced and sold within a local municipality. It is used to reflect the ability of areas to create their own economy activity that is needed to sustain the livelihoods of people living in that area.

GGP is calculated by combining:

- Private consumption (i.e. purchase of goods and services),
- Gross investment (i.e. purchase of financial and insurance products, property, commodity, stock, bond, financial derivatives (e.g. Futures or options), or foreign currency,
- Government spending (i.e. acquisition of goods and services, infrastructure investment, research spending, transfers of money, such as social security payments),
- Exported goods or services provided to foreign consumers, and
- Subtracting all imported goods and services

(Base line data is available by sector and needs only to be sourced from the existing datasets of the Amathole District Department of Economic Development, ECSECC, Stats South Africa and other organisations)

Some data to be captured will be linked directly to the organisation's annual performance plan. Details on each of the priority interventions may need to be captured and progress towards the achievement of these targets monitored. Key monitoring data of each priority intervention will include information on partnerships, funding agreements and financial records on planned spending. The business plans of specific interventions will constitute the baseline against which progress can be measured. A detailed checklist is in Tool 1.1 – asking basic questions for an initial situational analysis.

## 2. Report compilation and analysis of Agency interventions Checklist Tool 1.3

Some data to be captured will be linked directly to the organisation's annual performance plan. Details on each of the priority interventions may need to be captured and progress towards the achievement of these targets monitored. Key monitoring data of each priority intervention will include information on partnerships, funding agreements and financial records on planned spending. The business plans of specific interventions

will constitute the baseline against which progress can be measured. The checklist is contained in Tool 1.3.

### 3. Financial Records and Business plans of established business entities Tool 1.4

The checklist focuses on those entities that have been directly support by Aspire. Financial records and business plans of interventions and enterprises will provide both baseline information and data on how business has progressed according to the plans. These plans and records will also provide information on partnerships, funding agreements and planned spending. The checklist is contained in Tool 1.4

### 4. Tracking system Analysis Tool 1.5 – 1.6

Three initial sets of tracking systems required have been identified. These tacking systems are needed to monitor the changes which have occurred with specific reference what value has been added to the local economy during implementation of Aspire interventions. **Tool 1** contains checklists for these tracking systems.

An **enterprise tracking** system will be a database providing details on each enterprise that participated in an Aspire funded and implemented intervention and will include ownership details, type of business, support provided and contact details. It must also include information on turnover and financial reports. The data could be captured in a simple excel sheet and on the MIS system. When analysing the data the questions that could be used as the basis for analysis include:

A **skills development** tracking system should be a database that captures information on all individuals who benefitted from formal training programmes as part of an Aspire managed intervention. The training could have also been obtained on the job, but the requirement is that a certificate stating the kind of formal / informal / on the job-training received is available and handed out to the participants. The database then captures biographical information, contact details, the kind of and duration of training, status of the training.

A **job tracking system** should be a database that captures all relevant information on individuals who benefitted from temporary / seasonal and or permanent employment as part of an Aspire managed intervention. The database should contain biographic information and contact details, start and ending date of employment, type of employment and salary amounts. Supporting documentation such as signed contracts and ID copies of employees / workers need to be submitted as supporting information to verify details provided in the database.

**Output:**

- The Situational Analysis should outline key findings, issues, analysis of findings, conclusions and identification of possible interventions and should lead to a high level feasibility.

**Next step:**

High level and detailed feasibility analysis

## High level Feasibility Analysis Tool 2 Questions

**Tool 2**

Interventions can come from a number of different directions. For example the construction of a bridge linking the town and its township would be an infrastructure intervention; the need for a community hall is a social intervention; and the development of a manufacturing business an economic venture. Each type of intervention will necessitate its own feasibility, but a number of criteria are suggested. The emphasis on criteria may differ for interventions but all are required to be addressed. A detailed amount of data should be gathered to make an informed decision about the feasibility of the intervention.

**Output:**

- A list of prioritised interventions
- High level overview as to why the intervention is needed,
- Who the key role players would be, what needs to happen,
- An approximate cost to lead into the detailed feasibility phase and
- A list of possible constraints and corrective actions (if required).
- Provide a conclusion on going forward with the intervention or not?

## [5]Develop Detailed Feasibility

The feasibility phase requires detailed investigation where the estimates of the high view feasibility will be "tightened up". All elements, including constraints, should be included in the costing.

- The feasibility of each prioritised intervention focuses on the criteria used during the high view feasibility plus the stipulated additional requirements below to come to an informed decision about whether the intervention is feasible.

- This will be done in greater detail than in the high feasibility phase of phase 1.

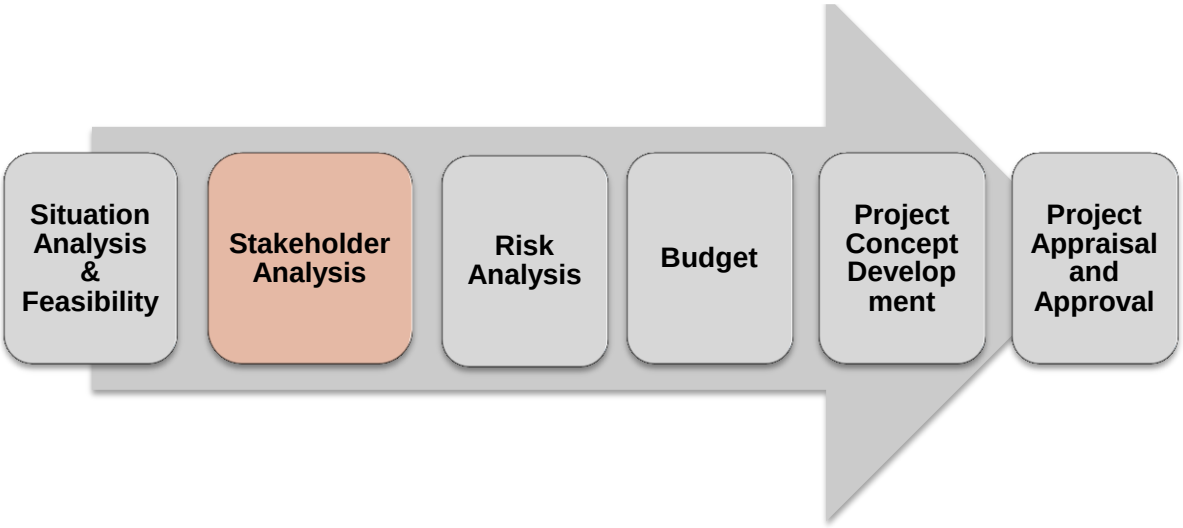
1. Identify and propose the ideal location of the intervention, the anticipated size (environmental and town planning issues to be considered, e.g. rezoning and subdivision of the identified land)
2. Conceptual layout drawings – for infrastructure projects (e.g. site development plan)
3. Determine what type and volume/size of infrastructure, technology, machinery and human resources are required by the intervention
4. Make recommendations on an operational model for the intervention that is ideal for the proposed location
5. Identify probable private sector partners for the investment
6. Estimate capital and operational costs, break even analysis and required throughput volumes
7. Identify project risks and provide mitigation measures
8. Identify other issues that might have an impact on the project and make project recommendations
9. Determine financial costs of the intervention and propose a funding model for a minimum of 2 years subsequent to the break-even point
10. Determine socio-economic costs and benefits and economic impact of the intervention to the local municipality, developer, local businesses, community and town economy

[5] Aspire Small Town Regeneration model, page 9

**Output:**

- Detailed feasibility report on each prioritised intervention, including a conclusion that provides sufficient information to make a decision either to stop or to proceed with the intervention(s)
- Supporting documentation needs to be included such as calculations & investigations –
- Socio-economic return on investment

**Next step: Stakeholder Analysis**




## Step 2 Conduct a Stakeholder Analysis

**Tool 3**

A stakeholder is an actor who has a clear role or vested interest in how the project is managed. Stakeholders play a range of roles in a project area.
All stakeholders related to the project's objectives should be identified and categorized in a hierarchy of primary, secondary and tertiary. By categorizing stakeholders in this way, it becomes easy to see who they are, how they should be involved and when.

| | |
|---|---|
| Primary Stakeholders | Primary stakeholders Include those whose interests lie at the heart of the project, the "beneficiaries"; They experience the problem that the project is aiming to solve and are usually users of services.<br>Primary stakeholders will also be those who cause a problem, in which case they must be part of the solution.<br>Sometimes primary stakeholders include "hard to reach" individuals and groups and mapping will ensure that reaching them is part of the project. |
| Secondary Stakeholders | Include those who need to be involved if the project is to achieve its objectives, or who have a direct interest in the project. This group would include statutory agencies (such as Local Authority), voluntary groups, private sector organisations and potential co-funding partners. These stakeholders are where the primary support will come from and usually where project partners can be identified. |
| Tertiary stakeholders | Tertiary Stakeholders are those who may not be too involved at the beginning but may be important in the long term. These may include suppliers, customers, contractors, financial institutions, legislative and policy making bodies, external consultants and trading partners. The last category may not apply to some projects, but for on-going initiatives this can be an important category, they will support the long-term sustainability of a project benefit. |

## Stakeholder Analysis

Once stakeholders have been identified and categorized, an analysis of how they might behave and be involved should be undertaken. Below is a list of analytical questions which can help the team consider how and when to involve particular stakeholders and which stakeholders have the most to contribute and benefit from their involvement in the potential project.

- What are the stakeholders' expectations of the project?
- What benefits is the stakeholder likely to receive?
- What resources will the stakeholder commit or not commit to the project?
- What interests does the stakeholder have which may conflict with the project?
- How does a stakeholder regard other categories of stakeholders?
- What other things do stakeholders think the project should or should not do?

## Stakeholder Assessment Matrix See Case Example - Aspire

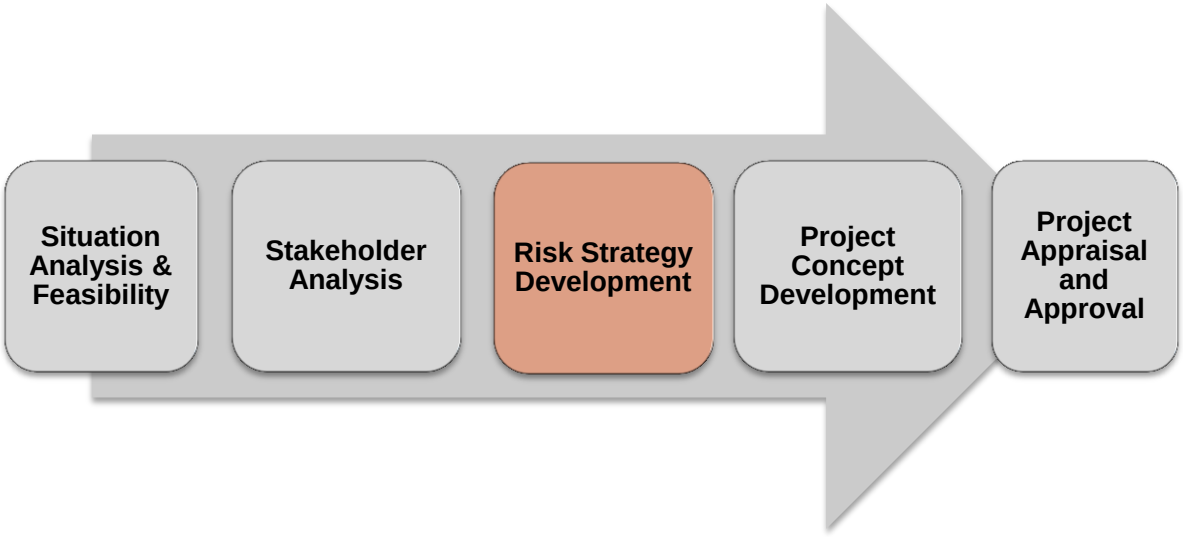
Building upon the stakeholder mapping undertaken, a more detailed assessment of listed stakeholders could be done. This assessment could be done by the project manager, as part of the town regeneration project steering committee meeting or as part of a situational assessment undertaken of an area and / or intervention. It could also be executed and facilitated by a team of professional service providers as part of a broader situational assessment of the area commissioned by the Development Agency. In a stakeholder assessment matrix**,** a list of stakeholders is generated through a brain storming process and then assessed according to various criteria in facilitated process. Criteria used will vary depending on the issue but may include the following:

- Is this a primary or secondary stakeholder (i.e. will they be directly affected by the proposed intervention?)
- Will they have a positive or negative impact on the interventions?
- What benefits may accrue to the stakeholder through his/her participation / non participation?
- What risks may be encountered if the person/group does or does not participate?

**Output:**

- Detailed Stakeholder map with the different (potential) roles analysed
- Positive stakeholder relations through transparent communication

**Next step:** Developing a risk management strategy




## Step 3 Develop a Risk Management strategy

### [6]What it is: A Risk Management Strategy?

**Description**

**Tool 4**

A risk management strategy defines a high-level plan for how project risks will be managed during the course of the project. Risks are possible events that may cause deviations from the planned outcomes of a project. Deviations can be positive (opportunities) or negative. Risk management is an iterative process that begins immediately and continues throughout the life of a project.

A general risk management strategy is all that is needed in the Initiate Stage. The more detailed risk management plan is completed in the Plan Stage and includes the details of how to manage risk.

A good risk management strategy addresses the following:

- Risk management objectives
- A preliminary, high-level assessment of the general areas of risk associated with the project
- Risk areas with low tolerances or thresholds
- A high-level process to manage risk
- Risk management decision makers

**Rationale/Purpose**

Risk management starts early in a project. Developing your risk management strategy ensures risk is managed efficiently and effectively throughout the project.

Sound risk management aligns a project's responses to realized risks with the organization's goals and so increases the likelihood that, in the face of deviation, the project will nevertheless produce satisfactory results from the organization's point of view. The project's risk management strategy sets the project on a course for managing risk throughout the life of the project.

**Who is involved?**

Project & Programme Manager
Project Steering Committee
Project Stakeholders

**Result**

The results of developing a risk management strategy are included in a separate section in the project concept and are often referred to as:

- Risk Management Strategy

**How to:** Develop a Risk Management Strategy

**Recommended actions and strategies**

| | What to do | How to do it |
|---|---|---|
| 1 | Determine general areas of risk for the project | Assess, list and describe at a high level the most significant areas of risk that could contribute to deviations from planned outcomes for the project. For example:<br>• **Project resources** – availability of staff with relevant experience<br>• **Technology** – robustness and maturity<br>• **Visibility of project** – i.e., importance to the organization<br>• **Project requirements** – thoroughness of understanding and definition |

- **Project complexity** –project size, interrelationship to existing systems
- **Stakeholder commitment** – degree of collaboration expected

| | | |
|---|---|---|
| 2 | Assess stakeholder tolerance for accepting each area of risk identified for the project | **Risk tolerance** is a qualitative expression of the degree of aversion to a project risk; **risk threshold** is its quantitative expression. (For example, a stakeholder may have a very low tolerance for risk to his or her reputation. A stakeholder may specify a two-week threshold for the risk of late delivery.)<br><br>Survey stakeholders to identify those areas of risk for which there is a particularly low tolerance or threshold for risk. Note them in the risk management strategy and in the change management strategy statement of project constraints. |
| 3 | Determine risk management objectives | Based on findings in the preceding steps, identify the overall objectives to be attained with regard to risk management. Answer the following questions, for example:<br><br>• Are any of the known areas of risk significant to the success of this project?<br>• Are any risks unacceptable?<br>• How aggressively will risk be managed for this project?<br>• Might any realized risks result in project cancellation? |

## What is scope Creep?

**Scope creep**[7] refers to uncontrolled changes or continuous growth in a project's scope. This can occur when the scope of a project is not properly defined, documented, or controlled.

If budget, resources, and schedule are increased along with the scope, the change is usually considered an acceptable addition to the project, and the term "scope creep" is not used.

Scope creep can be a result of:

- poor change control
- lack of proper initial identification of what is required to bring about the project objectives
- weak project manager
- poor communication between parties

Scope creep is a risk in most projects. Most megaprojects fall victim to scope creep Scope creep often results in cost overrun. A value for free strategy is difficult to counteract and remains a difficult challenge for even the most experienced project managers.

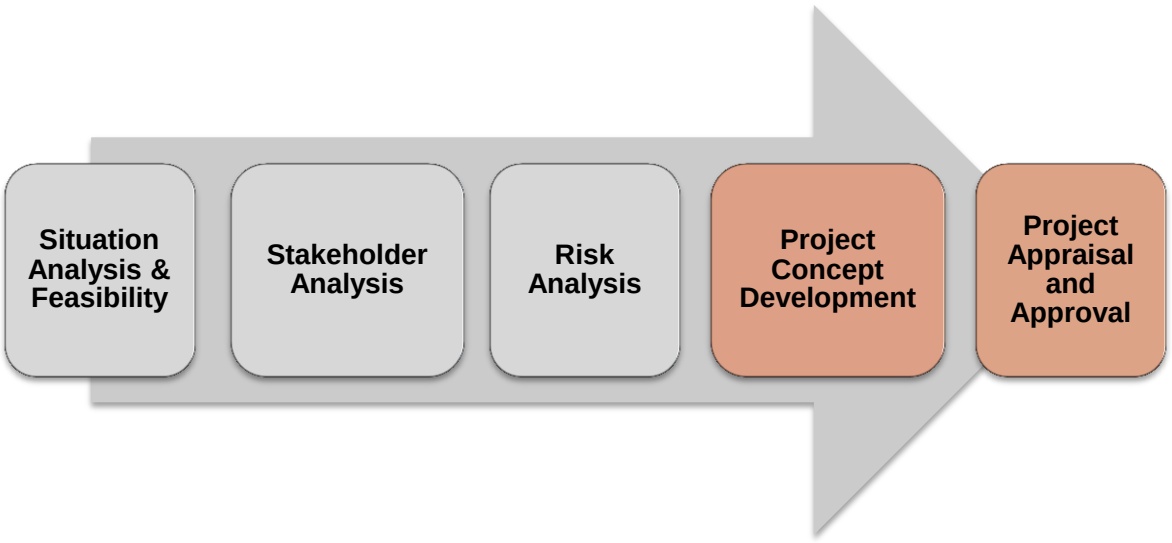
**Output:**

- Risk Management strategy and awareness & mitigation defined to counter-act risks

**Next step**

Develop next step in project Concept document (for further development during planning phase)

[7] http://en.wikipedia.org/wiki/Scope_creep




## Step 4 & 5 Project Concept Development, Appraisal and Approval

### Finalising the Project Concept Document for Appraisal

- It is important to distinguish between the design of a project and the writing of the Project proposal; they are very different processes.

- The Logical Framework is used to design the project - only when the design is complete and agreed should the proposal be written.

- Sufficient time and resources should be allocated to the design stage in order to enable the project to fit with the unique social, cultural and physical environment of the beneficiaries.

- It is important to recognize that although the problem and the solution may be common, the internal relationships, values, history and how stakeholders respond to the initiative will be unique.

When completed the Logical Framework is used as the basis for:

- Writing the project proposal; preparing a terms of reference for job descriptions and commissioning work

- Monitoring planned and actual; for making changes to the project design during implementation

- The evaluation of the project.

**Tools 5-7**

The first draft Project Concept document can now be completed

- Appraisals refer to a procedure of peer review of proposals to improve the concept before submitting it for approval
- Approvals is the procedure whereby the concept/proposal is formally approved by the approving authority, depending on the internal arrangements of the Development Agency/organization
- The monitoring, design and budget parts in the project proposal document will be addressed during the next stages before final approval

**Output:**

- Project Concept approved (draft project proposal)
- Peer review team has given input
- Project proposal ready for the monitoring input required during the next phase.

**Next phase:**

**Project Planning**