

5. Project Review

5.1 Introduction

In the Project Review:

- the SADC project portfolio is reviewed; and
- criteria are developed for project identification, appraisal and prioritisation

5.2 Overview

The Project Review contains the following Sections:

- Key Findings.
- Recommendations.

5.3 Key Findings

There are 15 key findings for the Project Review, falling under two main headings:

- i) Review of the current SADC Project Portfolio.
- ii) Criteria for project evaluation.

i) Review of the current SADC Project Portfolio

a) General:

- The adoption of a project-based Sector approach within SADC has led to considerable co-operation and interaction across Member States, and has played a major role in eliminating barriers to regional co-operation, in particular in the field of infrastructure.
- It is noted that the Coopers and Lybrand (1992) study of Programme Review and Performance Audit concluded that the successful implementation of the SADC programme of action (SPA) could be enhanced. As confirmed by the present Project Review, selected findings of the Coopers and Lybrand study are still equally valid today.

b) Costs and funding:

- The total cost of the current SADC Programme of Action amounts to about US\$8 500m. The SPA however is very reliant on donor funding, and only a very limited portion of the total cost of the SPA is actually sourced within SADC, namely about 12% to 14% of the total cost of the portfolio. Furthermore, the SPA is presently under-funded, and the funding gap (i.e. unsecured funds) has remained at about 50% of the total cost of the SPA between 1992 and 1996.
- Donor funding secured for the SADC Programme of Action amounts to about 70% of the total funding secured for the current SPA. This heavy reliance on donor funding to drive the SPA undermines SADC's ability to create and implement sustainable SADC projects.

c) Evaluation:

- The review and analysis of all available information of the portfolios of Sectors show that a substantial portion of the about 470 projects proposed for SADC funding have a strong national flavour, and should rather be part of National development programmes in the respective SADC Member States. A trial evaluation of the SADC Portfolio of Projects using the project evaluation method developed as part of this study shows that only about 22% by number and 12% by dollar value of the present portfolio would meet the criteria of being immediately acceptable as SADC projects.

- It is difficult to evaluate the present portfolio of projects properly because of the lack of readily available, complete and up-to-date information on individual projects. The results of the trial evaluation should therefore be treated with caution.

d) **Stakeholders views regarding SPA:**

- There is a strong belief that the private sector is the key to the survival and growth of SADC. It is also felt that the private sector should play a much more pro-active and facilitative role in implementing SADC projects.
- Although some clear preferences exist regarding the nature of projects in which SADC should be involved, there is a growing feeling that SADC should be more involved in the harmonisation of policies and the facilitation of programmes, rather than in projects.
- There is unanimous agreement that the development and sourcing of human resources and competence in the region should be pivotal in SADC projects.
- SADC needs to communicate widely about its Programme of Action and Portfolio of Projects, targeting relevant institutions and stakeholders in the private and public sector in all SADC Member States.

ii) **Criteria for project evaluation**

- An evaluation of current practice within the Sectors shows that all Sectors have at least some mechanism in place which can serve as a basis for the evaluation of projects for selection purposes and/or performance monitoring. However, these are not consistently being applied across all Sectors.
- The project evaluation procedures currently being used within the SADC Sectors contain too little detail of the strategic process of portfolio management. In particular they lack detail on the alignment of projects and project portfolios with the strategic intent of SADC.
- A need therefore exists for an integrative and interactive portfolio-based approach to the establishment of a SADC Programme of Action. This should be driven by the needs of regional (SADC) priorities.
- International best practice on project selection and evaluation identifies two clear and common project selection criteria, which should form the basis of evaluation techniques for SADC. These criteria have been endorsed by stakeholders.

Project selection criteria	which measures:
content	the degree to which the project (or portfolio of projects) matches the stated goals and objectives of the organisation (here SADC);
feasibility	whether the project (or portfolio of projects) is viable and sustainable.

- Because of the extremely wide range in the sizes of the respective portfolios in the different Sectors, any exercise to rationalise the SADC Portfolio of Projects will have to consider effective use of the smaller Sectors.

5.4 Recommendations

The project review leads to recommendations under the following headings:

- i) Rationalisation of the current portfolio of projects.
- ii) Conceptualisation.
- iii) Pre-selection screening.
- iv) Project selection.
- v) Business plans.
- vi) Project evaluation.
- vii) Training.
- viii) Reporting.

i) Rationalisation of the current portfolio of projects

The current SADC Portfolio of Projects should be rationalised using the project selection and evaluation framework presented in this Review (see Volume 2). The objectives would be to:

- develop a Portfolio of Projects that is consistent with the aims and objectives of SADC;
- encourage and draw on private sector participation; and
- reduce the heavy reliance on aid funding.

ii) Conceptualisation

A recommended standard framework and format for the conceptualisation of programmes and projects has been developed. This framework, if adopted, will also serve as a basis for project identification, programme / project selection, programme / project performance evaluation, and will lead to a consistent portfolio and project management approach.

iii) Pre-selection screening

The process of development of a sustainable Programme of Action will benefit at all levels from the use of a matrix that has been developed as part of this study. This matrix characterises **project feasibility** and **project content**. It is not a rigid analytical tool, but a first phase screening tool that should be used as the basis for constructive discussion during the project selection process.

iv) Project selection

The SADC framework for project selection should be based on three issues. Projects should:

- i) contribute to the SADC aims and objectives;
- ii) be genuinely regional in content; and
- iii) be technically and economically sound.

v) Business plans

Business plans should be developed both at programme and at project level, prior to approvals for continuation.

Business plans should include ...	such as ...
Issues relating to content	<ul style="list-style-type: none"> • regional development and economic growth; • promotion of intra-regional trade and investment flows; • intra-regional dependence and regional capacity; • coordination and co-operation in respect of technology; • degree of multiple / mutual benefits.
Issues relating to feasibility	<ul style="list-style-type: none"> • funding sources and streams; • economic desirability; • macro-economic implications; • implementation and participation issues; and • a business plan addressing all these issues;
And the degree to which the project addresses other issues	<ul style="list-style-type: none"> • job creation and productive employment; • human resource development and knowledge transfer; • environmental sustainability of solutions; • deployment, transfer and mastery of appropriate technology; • improved quality of life for the local communities.

vi) Project evaluation

Using the SADC institutional and Sectoral approaches to project evaluation as a departure point and keeping in mind the international experience, the following points are pivotal:

- The driving force for project conceptualisation needs to be the SADC Programme of Action, consisting of a portfolio of strategic priorities together with the aims and objectives of SADC as a backdrop.
- The establishment of **criteria** for project selection and evaluation need to be supported by a coherent
- Project selection and performance evaluation should be supportive of the process of developing a sustainable Programme of Action.
- The development of individual project proposals should therefore be part of an integrated and interactive approach.

vii) Training

In order to implement the proposals presented in this Project Review, it is recommended that training be provided to appropriate technical and managerial staff in:

- project selection and evaluation;
- performance review; and
- project management.

Note: It would be necessary for a customised course to be developed for SADC.

viii) Reporting

Each Sector should present its priorities and aims in a reasonably standard format in its annual report to the Council of Ministers. The report format should be based on elements of the business plan.

5. Project Review

5.1 Background and Introduction

The SADC Programme of Action is implemented through the execution of a select portfolio of projects, grouped by Sector. In the review and rationalisation of SADC Programme of Action it is therefore necessary to first assess to what extent the portfolio of projects reflects the strategic intent of SADC, and secondly to evaluate the degree of success with which each project is being executed, measured against its stated objectives.

With this in mind, the scope was defined for the SADC Project Review as follows:

Brief: Review SADC project portfolio and develop criteria for project identification, appraisal and prioritization.

Tasks:

- i) Collate and review the current SADC Project Portfolio
- ii) Review the current SADC criteria for SADC project acceptance
- iii) Review effectiveness and efficiency of implementation of evaluation approaches.

Output: Propose criteria for project submissions, evaluation and monitoring (e.g. environment, sustainability, capacity building, training clauses).

The structure of this Section is as follows:

- The methodology used for the Project Review is described in Section 5.2.
- A brief overview of the size, scope and content of the current SADC Project Portfolio is given in Section 5.3 to serve as background for the review.
- An overview of approaches currently used within SADC for the selection and review of projects is given in Section 5.4.
- Section 5.5 draws together the elements of international best practice for project selection in other similar environments.
- Section 5.6 summarises the views of stakeholders in SADC on project selection.
- The best practice for project selection and the stakeholder views are used in Section 5.7 to propose an approach for the selection and review of projects in SADC.

- This recommended approach is used to evaluate and review the current SADC Project Portfolio in Section 5.8.
- Sections 5.9 and 5.10 contain respectively the key findings of the project review and the recommendations for the overall study which emanate from the project review.

5.2 Methodology

Against the background of the brief for the Project Review, an approach was followed that led to as wide as possible a gathering of inputs, to ensure a comprehensive representation in the recommendations put forward. The approach used is summarised as follows:

- i) **SADC stakeholder opinions:** Stakeholder opinion was obtained from 150 stakeholders who were interviewed during the country visits, together with 41 returned questionnaires received by 20 January 1997 from additional stakeholders. This represents a very fair and inclusive canvassing of opinion across all SADC countries.
- ii) **Project portfolio management literature:** The project review benefited from the following literature from the following key sources:
 - SADC literature on institutional and sectoral activities.
 - Extracts from the international literature which covered the broad field of project evaluation and project portfolio management.

Through these two sources it was possible to establish current SADC practice and the elements of best practice internationally.

- iii) **SADC project portfolio review:** The main sources of information for the review of the SADC project portfolio were:
 - The 1992 SADC Annual Report.
 - The 1996 SADC Sectoral Reports to the Council of Ministers re the activities of all Sectors.
 - Various Sector-specific documents obtained from the Sector Co-ordinating Units during the country visits.
 - The 1992 Coopers and Lybrand report, which reviewed the Portfolio of Action at that time.

With the above sources of information as inputs, the study approach was as follows:

- The current SADC Project Portfolio (some 470 projects) was collated and reviewed.
- Current SADC criteria for SADC project acceptability were reviewed, including those for all Sectors.
- A comprehensive review was undertaken of international project evaluation practices in a development content (see Volume 3).
- The effectiveness and efficiency of implementation of current SADC project evaluation practices was reviewed.
- A synthesis was made of the extensive comment and feedback on the SADC Project Portfolio received from stakeholders during the country visits, and was extracted from the Questionnaires.
- A synthesis was undertaken of the preceding five elements to serve as a basis to draw conclusions and to recommend actions.

5.3 Overview of the Current SADC Project Portfolio

[Terms of Reference: ii) Critically assess the current SPA and its need for, and relevance to the stated policies, priorities and strategies of each Sector.]

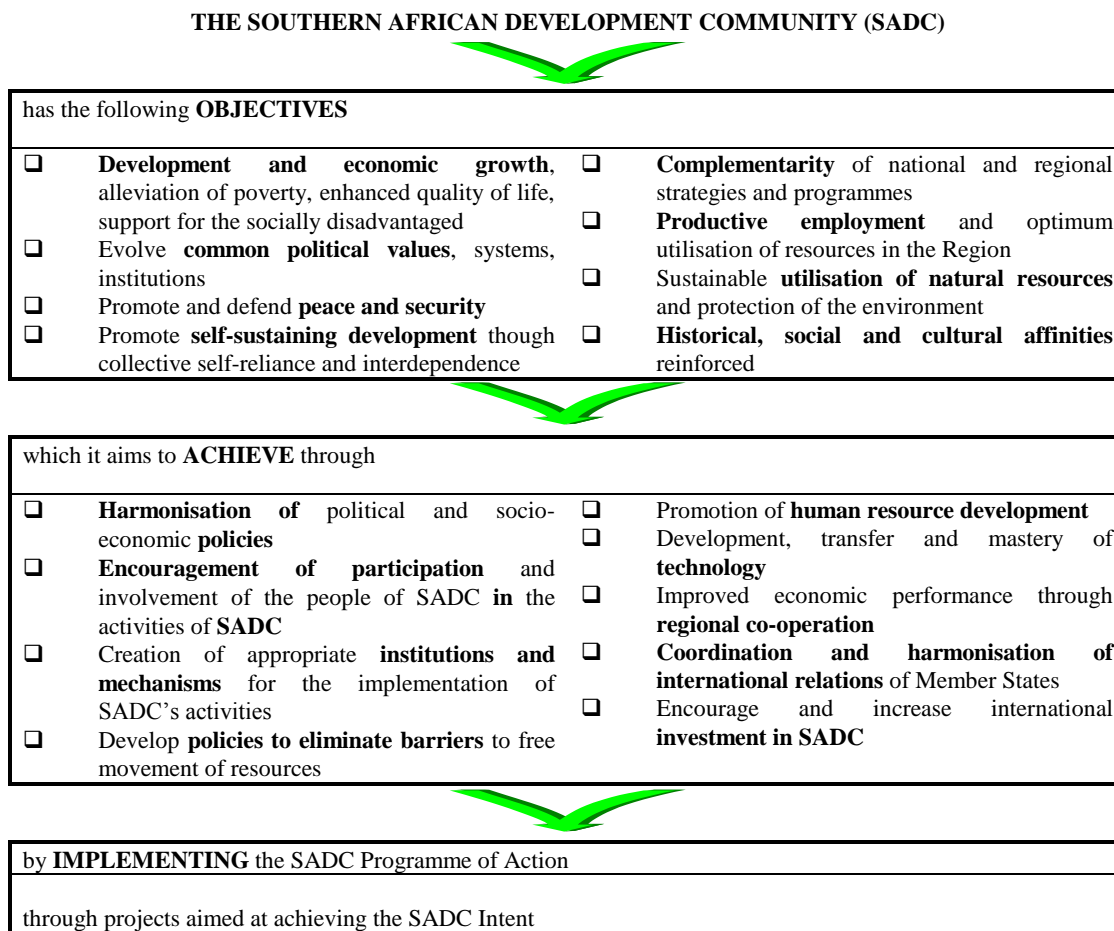
One of the central founding objectives of SADC was to “forge links to create a genuine and equitable regional integration” (SADC, 1992). Its first priority was to co-operate in infrastructural projects, and later the emphasis shifted towards the coordination of sectoral plans and programmes and the promotion of investment and production. This represents a shift in objective towards reduced dependence on outside support which will in time contribute to genuine and equitable integration. Such a functional co-operation, i.e. a discrete project-by-

project or sector approach would help establish a regional identification and would underpin regional co-operation.

By 1992, in the Theme Document “SADCC: Towards Economic Integration”, it was argued that higher-level co-operation between Member States towards the achievement of the objectives of the SADC region would allow the members to focus on national development projects whilst at the same time collectively being able to better cope with changes in the complex regional and international environment. The current SADC portfolio of projects is therefore a mixture of projects initiated with the SADC Treaty as a back-drop, together with projects which spilled over from the SADCC focus on infrastructure projects in the 1980s.

Figure 5.1 contains a summary of the content and intent of the SADC Treaty, which will be used later in this Chapter as one of the inputs to help establish a proposed framework for SADC for the evaluation, selection and monitoring of performance.

Figure 5.1: SADC and its Intent



Over time the SADC Programme of Action (SPA) has indeed evolved as being the portfolio of projects which aimed to implement and achieve the SADC Intent as shown in Figure 5.1. The Portfolio of Projects is an imposing collection of activities, as can be seen from Figure 5.2 (see following page), which summarises some of the figures which are dealt with in more detail later in this chapter. (Full details of the Portfolio of Projects is given in Volume 3 of the report.)

Figure 5.2: SPA estimated costs per Sector

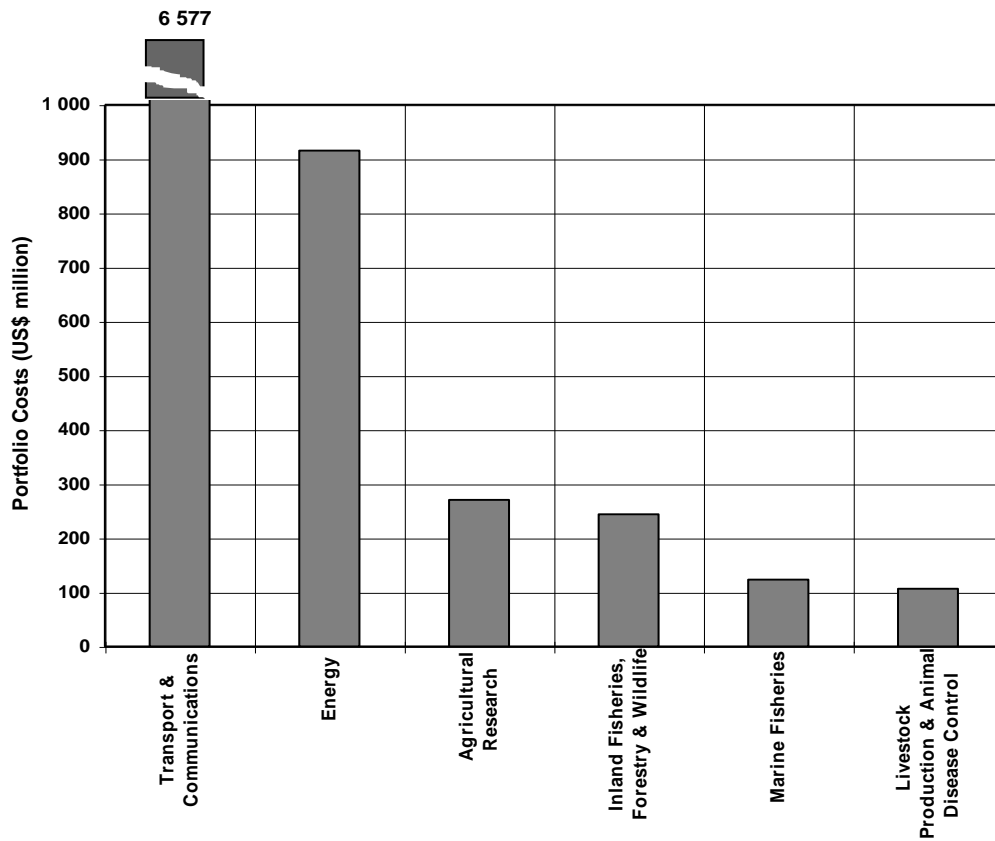
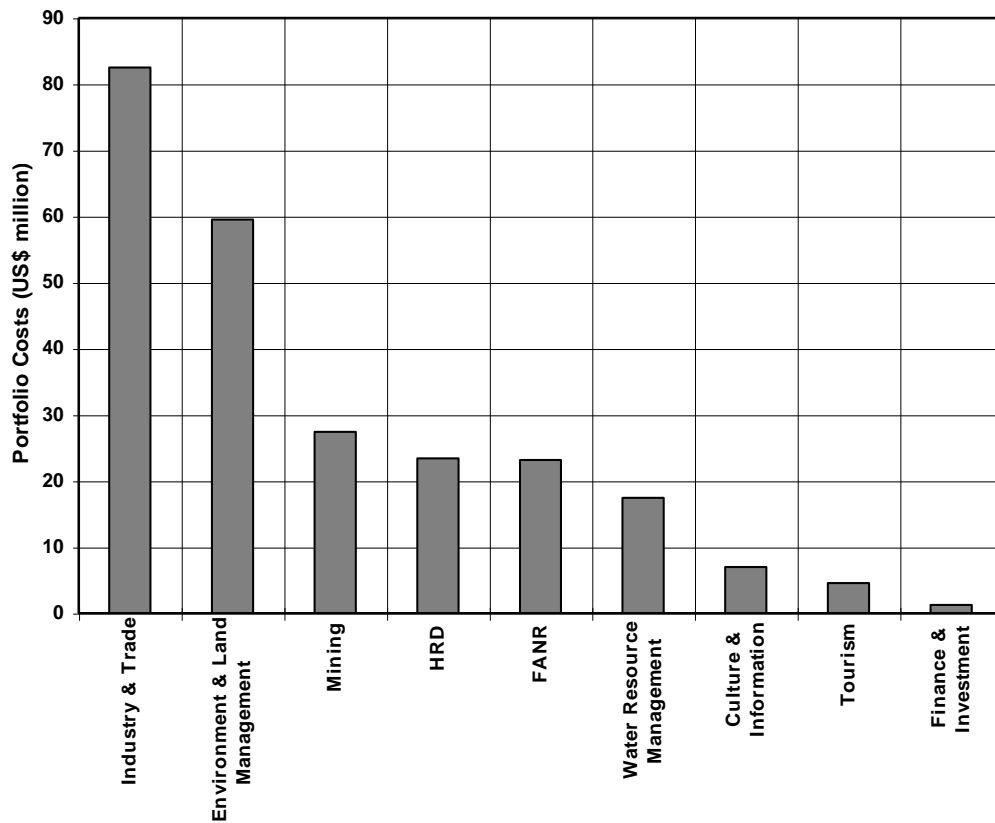


Figure 5.2 (continued): SPA estimated costs per Sector



The summary data in Table 5.1 were calculated from the 1992 SADC Annual Report for the 1992 data and Reports from each Sector to the SADC Council of Ministers in August 1996.

Table 5.1: SPA funding details

Year	Number of Projects	Estimated Costs	Locally Sourced Funding	Confirmed Donor Funding	Funding Gap
1992	857	US\$ 8 530m	US\$ 1 030m	US\$ 3 210m	US\$ 4 290m
1996 ¹	472	≈ US\$ 8 500m	≈ US\$ 1 200m	≈ US\$ 2 700m	≈ US\$ 4 600m
Note (1): Figures for 1996 are approximate due to extrapolation to include all projects in each sectoral portfolio					

From Table 5.1 it can be seen that only a very limited portion of the total cost of the SPA is actually sourced within SADC. Expressed as a percentage of the total funding sourced to date (donor plus local), the local funding amounts to about 25 to 30%. However, the local funding sourced is only about 12 to 14% of the total cost for the portfolio, including that portion which is presently still termed a “funding gap”. The funding gap has remained at about 50% between 1992 and 1996. It should be pointed out that the figures could be misleading since it is believed that a large proportion of the projects listed in the “Number of Projects” column are in fact dormant. This surmise is partially substantiated by the large number of projects in the 1996 SPA which were also part of the 1992 SPA.

(Note that it is not possible to derive the affordability of SADC Member States from the data in Table 5.1. However, one can deduce that at present the Member States are collectively *committing* about US \$ 1bn to SADC.)

5.4 Current SADC Practices for Project Evaluation

A brief overview of current practices regarding project selection and evaluation in SADC at the Secretariat level and in the respective Sectors is presented here. The findings of this review are however influenced by the availability (or non-availability) of documentation from the different Sectors about their current practices, strategies and priorities, status of project review, etc.. This review is based on documentation obtained from the SADC Secretariat and from the following Sector Co-ordinating Units:

- Energy
- Agricultural Research
- Livestock Production & Animal Disease Control
- Water
- Environment and Land Management
- Inland Fisheries, Forestry & Wildlife
- Tourism
- Transport and Communications
- Human Resources Development
- Industry and Trade
- Mining
- Labour and Employment
- Food, Agriculture and Natural Resources
- Food security.

In some cases the available information on the above is also very old (pre-1990) and it could not be ascertained whether newer descriptions are available. Nevertheless, the following key conclusions can be drawn from a review of available practices:

- i) Although it was not possible to access the relevant information in case of all Sectors, it is evident from the rigour of presentation, formatting etc. that all Sectors have at least some mechanism in place which can serve as a basis for the evaluation of projects for *selection purposes* and/or *performance monitoring*.
- ii) In the case of most of the Sectors, the *annual report* presented to the SADC Council of Ministers contains neither details of the evaluation and selection process, nor an overview of the portfolio of projects.
- iii) The *project evaluation* procedures contain too little detail of the strategic process of portfolio management.

- iv) The criteria for *project evaluation* and selection show a good degree of commonality between Sectors. When synthesized the common factors originating basically from the SADC Sectoral and Corporate documents on project selection, the following factors are found:
- Regional development and economic growth;
 - Promotion of intra-regional trade and investment flows;
 - Degree of interdependence promoted;
 - Coordination and co-operation in respect of technology; and
 - Degree of multiple/mutual benefits; and
 - Economic feasibility of project.
- v) The quality of the *project review* varies significantly from Sector to Sector. For some Sectors only one or two lines per project is all that is available - which do not even convey the sense of the project. Other Sectors, such as Transport and Communications, and Finance and Investment, use a standardised approach which gives a good overview of each project.

Note that reference to Figure 5.1 shows a good correspondence between the factors listed under Item (iv) above for project selection and the SADC intent. This provides an encouraging basis on which to build further.

Finally it should be noted that the Coopers and Lybrand (1992) study on Programme Review and Performance Audit, which was based on the 1990 SADC Portfolio of Projects, concluded that the successful implementation of the SADC Programme of Action (SPA) could be enhanced, firstly, by reformulating the SADC objectives of the time, secondly by re-organising sectoral responsibilities, and thirdly by continuous monitoring of performance on projects. These three findings of the Coopers and Lybrand study are still equally valid today and the present study builds on the groundwork done by the Coopers and Lybrand study.

5.5 *Best Practice Project Evaluation Methods*

The international literature literally contains hundreds of detail and review articles which cover the field of project selection and the management of portfolios of development projects. Over 200 such articles were reviewed and the findings of the 30 odd articles most pertinent to the SADC Programme of Action are given below. (For further details see Volume 3 of the report.)

- i) **Systematic framework:** It is generally accepted in the literature that it is beneficial to develop a systematic framework for the evaluation and selection of development projects. Typical benefits are that the proposer then knows what is to be supplied and in what format, it eases the process of evaluation and interaction and as such the time between project conception and approval is reduced. In other words, it improves the quality and consistency of the selection process. Finally, the documentation of the submission plus evaluation and eventual approval or rejection, with reasons, is a useful reference for the future, and lends credibility to the process.
- ii) **Learn from past lessons:** Quite apart from what the literature indicates, the stakeholders within an organisation (like SADC) are best aware of those things which have worked (or not worked) in the past, i.e. key success or failure factors. It is important that these lessons are taken heed of when deciding on future approaches.
- iii) **Categories of selection criteria:** Although different authors use different terminology (frequently related to their field of application), clear and common factors of selection criteria can be identified in the literature. These selection criteria can be grouped under two headings, namely:
- Content** which measures the degree to which the project (or portfolio of projects) matches the stated goals and objectives of the organisation (here of SADC - refer to Figure 5.1 for the SADC Intent).
 - Feasibility** which measures whether the project (or portfolio of projects) is viable and sustainable, and can have internal (to the project) and external (to the project) dimensions. Typically the feasibility subset measures the:

- *Economic desirability* of the project, for which evaluation methods are well-established and the results are quantifiable.
- *Social and cultural impacts and benefits*; Typically these are less tangible, from a measurement point of view, and includes issues such as gender, benefits to the poor, focus on disadvantaged communities, etc.
- *Environmental impacts and benefits*; which amongst others includes environmental impact assessments through participatory processes and measures environmental sustainability.
- *Technological issues*; e.g. R&D costs, technological risk, techno-economic considerations etc.

Frequent reference is also made in the literature to the benefits of developing a *benchmark* for each criterion. Such a benchmark would define acceptable and non-acceptable performance in terms of every criterion.

- iv) **Project evaluation results:** The literature contains numerous useful methods for the presentation of project evaluation results as an aid to project evaluation. An example of such a graphical method of presentation is given in Figure 5.3, which can be applied to a whole portfolio of projects. Alternatively, the project evaluation can be presented as a series of numbers, which translate to acceptability or not of individual projects.

However, whichever of the two approaches is followed (i.e. numbers or graphical) the literature is unanimous in recommending that the evaluation method must not be used in a *go/no go* mechanical means to evaluate projects. Rather, the evaluation method should be used to create an environment in which *constructive discussion* takes place around the evaluation of the project.

Figure 5.3: Graphic representation of project evaluation results

Content	Additional requirements needed to improve feasibility	<div style="border: 1px solid black; width: 50px; height: 50px; margin: 0 auto; background-color: #cccccc; display: flex; align-items: center; justify-content: center;"> “Stars” </div> <p style="text-align: center;">Satisfactory</p>
	Unsuitable	Additional requirements needed to improve content
	Feasibility	

- v) **Continuous improvement of proposals:** The literature also notes that it is necessary to introduce a process of progressive improvement of proposals to eventually arrive at a portfolio of projects which optimally address the organisational goals and objectives. In this manner, management and implementing agencies will build a shared vision of what is to be achieved and how to achieve it. The concept of scheduling projects in line with priority as per the evaluation and within the constraints of available funding is a useful addition to the above mentioned selection process.
- vi) **Evaluation for good selection practices:** As the time delay between the decision to implement a project and when it becomes apparent how successful the project has been at achieving the organisational goals and objectives is mostly measured in years, it is therefore necessary to carefully consider what criteria will be used to measure good selection practices. *Under no circumstances should the number of accepted proposals become a yardstick of success.*

- vii) **Width of application:** The literature has shown that inter- or multi-sectoral projects lead to considerable benefits, such as economies of scale, more coherent addressing of organisational objectives and a larger consensus of opinion and shared vision amongst Sectors.
- viii) **Information systems:** Any project selection process is only as good as the information on which it is built. There is therefore frequent reference in the literature to the benefits of easy access to all relevant data and information.
- ix) **Continuous, holistic process for portfolio management:** The literature reviewed strongly supports an approach whereby the whole project portfolio, which is developed in response to organisational goals and objectives, is managed continuously and cohesively in an holistic manner. This would *inter alia* involve:
 - idea generation;
 - initial screening;
 - proposal formulation;
 - evaluation and review; which leads to
 - selection of projects for portfolio; and
 - development and implementation, during which period regular review of performance against stated interim targets is performed.

The respective roles and responsibilities for the various steps in the above process may differ from organisation to organisation but must be clearly articulated beforehand, such that final accountability lines can be established for each element in the process and the overall process itself.

5.6 SADC Stakeholder Views

The information gathered during the country visits and the returns to the questionnaires were used to establish the views of SADC stakeholders regarding the role of projects in the SADC Programme of Action and related issues. These stakeholder views are discussed below.

- i) **Criteria to measure SADC projects:** The point was made by stakeholders that whatever methodology is employed, it should be easy to use. It was further noted that while various types of criteria can or should be used, these cannot always all be used for all projects. For example, culture projects should not be evaluated on the expected financial return on investment.

The project selection criteria most favoured by stakeholders were:

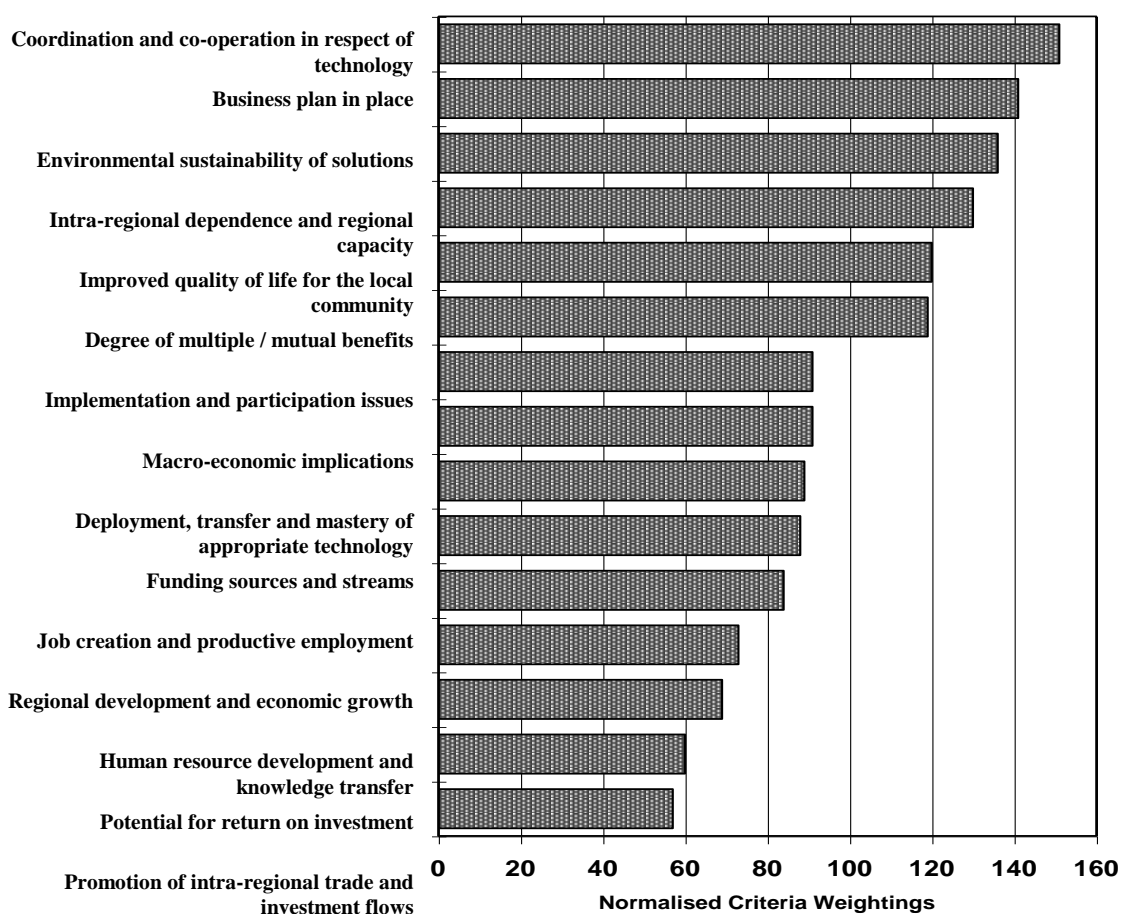
- Economic / financial criteria:** These should *inter alia* include:
 - ➔ Economic feasibility to be demonstrated.
 - ➔ Does the plan satisfy international banking standards and criteria.
- Social criteria:** These should *inter alia* include:
 - ➔ Use of resources and skills from the region.
 - ➔ Gender and culture issues.
 - ➔ Training and capacity building.
 - ➔ Local participation.
- Project content:** This should include the sustainability of the project.
- Project impact criteria:** These should *inter alia* include:
 - ➔ The availability of raw materials.
 - ➔ Sustainability of the solutions
- Regional criteria:** These should *inter alia* include:
 - ➔ Focus on problems common to the region.
 - ➔ Focus on projects making region more attractive for foreign investors.
 - ➔ Size of impact on the regional economy.
 - ➔ Boosting of exports within the region.

The following additional comments were also made which can be construed as being relevant to the criteria:

- The degree to which the project leads to intra-SADC comparative advantages needs to be measured.
- Projects which lead to regional integration (as opposed to development) should get preference, whereas development projects should be nationally funded.
- Special consideration should be given to projects which benefit disadvantaged areas (i.e. a project impact or social criterion).

Over and above asking the generic question as to which criteria should be used, a set of 15 criteria were presented to all those interviewed, and they were asked to rank them. The results of this evaluation are given in Figure 5.4 (see following page). Although there are some clear preferences, it is remarkable to what extent all 15 criteria received support from the respondents.

Figure 5.4: Ranking of project selection criteria



ii) **Potential private sector involvement:** The following key messages were received:

- The private sector is the engine of growth for the region and should be an equal partner in the business of SADC.
- Respective roles and responsibilities should be clearly defined in a partnership between the private and public sectors in SADC for the benefit of SADC.
- As an interested stakeholder the private sector could play an important role in the identification from their perspective of relevant projects, and should then provide material financial and human resource support for their successful implementation.
- Direct investment by and active participation of the private sector will stimulate the economic integration process in SADC and will lead to more employment creation.

- It is essential that the various private sector associations and players plus their focus areas and strengths are listed in a data bank to allow their potential contributions to SADC to be accessible all stakeholders in the region.
- The emphasis for SADC should be to facilitate the private sector and any SADC projects should reflect this.
- Governments in the region need to set an enabling environment for business to be able to flourish - it may be necessary to discontinue some projects in favour of those in line with institutional changes of the day which will support this objective.
- Any projects that remain part of the SADC Programme of Action should **not** be those that can be better done by the private sector.

A matter not referred to by any of the respondents but which must be taken as a virtual given is that the private sector will only be willing to get involved in projects which are economically viable and financially sustainable in the long run. This in itself could provide an effective screening criterion for projects with private sector involvement.

iii) **Nature of projects:** The respondents indicated the following preferences for the nature of projects, not in any order of priority:

- a) Infrastructure projects.
- b) Agricultural projects.
- c) Industry-related projects.
- d) Projects aimed at:
 - ➔ economic co-operation;
 - ➔ financial integration; and
 - ➔ forging of trading links.
- e) Projects focused on:
 - ➔ training;
 - ➔ skills enhancement; and
 - ➔ capacity buildings.
- f) Project with emphasis on:
 - ➔ research; and
 - ➔ transfer of technology.
- g) Projects which encourage participation by more than one member state.
- h) Projects focused on harmonisation of policies.

It is clear that this list is a mixture of three types of issues, namely:

- the role of SADC, e.g. (d), (e), (f) and (h);
- areas in SADC in need of investment, e.g. (a), (b) and (c); and
- criteria for the evaluation of SADC projects, e.g. (g).

Additional comments made, which should be seen in the context of the above, were:

- SADC should not be in projects, but in the facilitation of programmes.
- The need exists to rationalise existing projects, leading to an integrated SADC programme of projects.
- Preference should be given to the development of a cross-sector approach to projects.

iv) **Emphasis on human resource development:** Most of those interviewed responded positively to the inclusion of a directive on human resource development as an integral component of projects, and the following specific points were made:

- Due to the heterogeneous nature of SADC the development of sustainable human competence is of great importance.
- The inclusion of regional staff in projects should be a *go / no go* criterion.
- The role of overseas consultants should be curtailed as far as is feasibly possible, and where it cannot be done locals should be identified to work with the foreign experts on the project to ensure skills transfer and capacity building.

- Local competence development should also include the development of specialised skills in niche areas as relevant.
 - Project selection should include a penalty clause for poor attention to human resource development issues.
 - Capacity should be built at the national level in member states. Individual member states should network with one another and thus pool regional knowledge. The private sector should be encouraged to help support such initiatives.
- v) **Balance between national and regional objectives:** Most respondents felt that it is imperative that a “good balance” is strived for between national and regional objectives. The following points were made in support:
- An audit should be performed to examine the existing SADC portfolio of projects and to ensure that these exhibit a proper balance between national and regional focus.
 - Because project selection is agreed by consensus, Member States should perceive that their own countries can benefit and SADC activities should only be supported if Member States can also support them nationally.
 - At the national level Member States should reflect on regional policies, strategies and objectives and consider how their countries can become involved in regional project implementation.
 - All SADC projects should have a regional perspective by harmonising project objectives with regional endeavours.
 - There should be a continuous involvement of Member States in policy formulation to create and maintain the balance between national and regional objectives. It may involve harmonising policies between Member States in order to achieve this balance.
 - More or wider consultation is required both inside Member States and in the region before project acceptance to ensure the appropriate national / regional balance.
 - Core / staple activities and / or exports of individual Member States should not face major competition from fellow SADC states. This implies that a project should not be initiated at the expense of a similar project elsewhere in SADC.
 - When formulating projects, preference should be given to proposals generated by at least two Member States.
- vi) **Other project-related issues:** Other issues which relate to the previous five sub-sections but do not fit clearly into any one of them, but which were raised in the stakeholders interviews and responses to questionnaires, are:
- A fast response rate to the submission of project proposals is required to shorten the time from project inception to project completion.
 - SADC needs to communicate widely about its Programme of Action and Portfolio of Projects, targeting all relevant institutions and stakeholders in both the private and public sector in all SADC Member States.
 - SADC should ensure that all Member States are adequately represented in terms of personnel working in Sectoral Units.
 - It is important for SADC to create a regional data base and information network with the SADC Secretariat as co-ordinator.
 - Aid funding is only a bridge and the region should start looking towards its own resources for the funding of projects. As long as SADC projects are seen as a way of getting donor support for national projects there will be no progress with changing SADC’s emphasis. Having said that, SADC should take due cognizance of the modus operandi of donor agencies in cases where donor funding is still sought.
 - An emerging view is that SADC should focus more on policy than on projects *per se*.
 - SADC’s involvement with projects should extend from formulation, to selection, implementation and monitoring of performance.
- vii) **Synthesis of stakeholders views:** The following is a synthesis of the key views of stakeholders interviewed and the responses received to the questionnaire, as far as it pertains to the Project Review:
- The methodology for project selection should:
 - ➔ be easy to use

- include criteria which measure economic desirability, social and other impacts, project content and the regional dimension
- be uniformly applied across all SADC institutions.

No clear preference exists to weight certain criteria more than others.

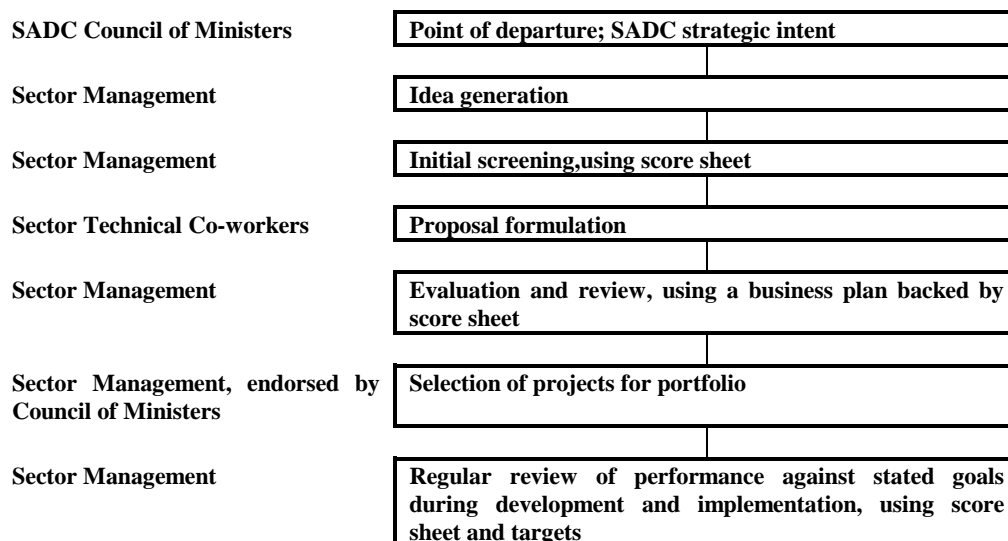
- ❑ Regarding screening criteria, preference is given to an approach which allows projects to score low on certain criteria and still be accepted, provided that good motivation can be given, rather than exclusion on single low ratings.
- ❑ There is a strong belief that the private sector is the key to the survival and growth of SADC, and it is felt that the private sector should play a much more pro-active and facilitative role in implementing SADC projects.
- ❑ Although some clear preferences exist regarding the nature of projects in which SADC should be involved, there is a growing feeling that SADC should be more involved in the harmonisation of policies and the facilitation of programmes, rather than in projects *per se*.
- ❑ There is unanimous agreement that the development and sourcing of human resources and competence in the region should be pivotal in SADC projects.
- ❑ The need exists to rationalise existing projects, leading to an integrated SADC programme of projects.
- ❑ Preference in project selection should be given to the development of a multi-disciplinary approach to projects.
- ❑ National priorities must be incorporated in projects aimed at achieving regional objectives.
- ❑ Emphasis must be on streamlined practices to shorten the time between project conceptualisation and project completion.
- ❑ SADC needs to communicate widely about its Programme of Action and Portfolio of Projects, targeting relevant institutions and stakeholders in the private and public sector in all SADC Member States.
- ❑ SADC needs to create a regional data base and information network, to facilitate coordination and enable the participation of institutions in the region.
- ❑ SADC must reduce its dependence on foreign aid funding as a pivotal step towards changing SADC's emphasis.

5.7 Proposed Approach for Project Selection and Review

On the basis of the discussions in this chapter, the approach as proposed here is recommended for project selection and project performance evaluation in SADC. A key element of the proposed approach for project selection and review is the linking of projects to the SADC strategic intent.

The overall proposed process for the management of project selection and performance evaluation for a portfolio of projects is illustrated in Figure 5.4.

Figure 5.4: Proposed process for the management of project selection and performance evaluation for a portfolio of projects



The main elements of this process project selection and performance evaluation are:

- an *initial screening* of projects after idea generation using a simple *score sheet*; followed by
- a more *comprehensive screening, or evaluation*, after formulation of the project, which should be backed by a *business plan*; and
- regular review* during the lifetime of the project.

Table 5.2 (see following page) contains the proposed *score sheet*, which was designed on the basis of international best practice (Section 5.5) and SADC stakeholder views (Section 5.6). The score sheet contains an easy to calculate totals field for both *content* and *feasibility*, where:

- feasibility* measures whether the project (or portfolio of projects) is viable and sustainable, and can have internal (to the project) and external (to the project) dimensions; and
- content* measures the degree to which the project (or portfolio of projects) matches the stated goals and objectives of SADC.

Table 5.2: Proposed score sheet for project selection and performance evaluation

Project Number and Name: _____ **Date:** _____

SCORE	0	1	2	3	4	5	
FEASIBILITY							
Funding Sources and Streams	█	█	□	□	█	█	
Economic desirability of Project	█	█	□	□	█	█	
Macro-economic implications	█	█	□	□	█	█	
Business plan in place	█	█	□	□	█	█	
Implementation and Participation Issues	█	█	□	□	█	█	
Job Creation and productive employment	█	█	□	□	█	█	
Human resource development and knowledge transfer	█	█	□	□	█	█	
Environmental Sustainability of solutions	█	█	□	□	█	█	
Deployment, transfer and mastery of appropriate technology	█	█	□	□	█	█	
Improved quality of life for the local communities	█	█	□	□	█	█	
Sub-total FEASIBILITY	0x	+1x	+2x	+3x	+4x	+5x	= <input type="text"/> x2= <input type="text"/>
CONTENT							
Regional development and economic growth	█	█	□	□	█	█	
Promotion of Intra-regional trade and investment flows	█	█	□	□	█	█	
Intra-regional dependence and Regional Capacity	█	█	□	□	█	█	
Coordination and co-operation in respect of solutions	█	█	□	□	█	█	
Degree of multiple/mutual benefits	█	█	□	□	█	█	
Sub-total CONTENT	0x	+1x	+2x	+3x	+4x	+5x	= <input type="text"/> x4= <input type="text"/>

Definitions of the proposed criteria use in the score sheet are given in Table 5.3 below.

Table 5.3: Definitions of proposed selection criteria used in score sheet

<p>Criteria for measuring feasibility:</p> <ul style="list-style-type: none"><input type="checkbox"/> Funding sources and streams: Measures the degree to which funding has been secured for the project and the reliance on foreign aid<input type="checkbox"/> Economic desirability of project: Can be measured by any of Net Present Value, Rate of Return, Ratio methods, Payback methods, or Accounting methods, as relevant.<input type="checkbox"/> Macro-economic implications: Measures the multiplier effect, promotion of collective economic self-reliance, impacts of value-addition on the regional economy, etc.<input type="checkbox"/> Implementation and participation issues: Measures the degree to which provisions have been made in the project business plan for operating the venture once the original project has been completed.<input type="checkbox"/> Business plan in place: Measures the degree to which the project thinking has been done and recorded in a manner acceptable to the Sector management and eventual financiers.<input type="checkbox"/> Job creation and productive employment: Measures the degree to which the project will lead to the creation of sustainable, i.e. longer-term employment.<input type="checkbox"/> Human resource development and knowledge transfer: Measures to what extent the project plan caters for the development of local skills and the transfer of knowledge from foreign skills to locals.<input type="checkbox"/> Environmental sustainability of solutions: Measures the potential impacts of the project on the environment and the degree to which provision is made in the proposal to reduce and manage impacts.<input type="checkbox"/> Deployment, transfer and mastery of appropriate technology: Measures the degree to which project employs the best available practice, provides for local staff to become familiar with its application.<input type="checkbox"/> Improved quality of life for the local communities: Measures the degree to which the project creates directly or indirectly a better living environment for communities, and includes matters such as alleviation of poverty, gender issues, etc. <p>Criteria for measuring content:</p> <ul style="list-style-type: none"><input type="checkbox"/> Regional development and economic growth: Measures the degree to which the project directly or indirectly facilitates regional economic growth.<input type="checkbox"/> Promotion of Intra-regional trade and investment flows: Measures the degree to which the project facilitates trade and investment flows between countries in the region.<input type="checkbox"/> Intra-regional dependence and regional capacity: Measures the degree to which the project leads to a reduction in dependence on foreign expertise and the extent of regional capacity development.<input type="checkbox"/> Coordination and co-operation in respect of solutions: Measures the extent to which the countries in the region collaborate towards the implementation of the project.<input type="checkbox"/> Degree of multiple / mutual benefits: Measures the number of SADC countries that stand to benefit directly or indirectly from the project.

Projects (or portfolio of projects) are to be scored on the score sheet on a scale of 0 to 5, where a score of 0 or 1 represents low compliance with the criteria, and a score of 4 or 5 represents high compliance with the criteria.

The use of these criteria, and scoring of the criteria on a scale of 0 to 5, is made particularly easy to apply consistently by using the benchmark given in Volume 3 of the report. The use of a benchmark allows a degree of conformity between the reviews of different reviewers, and it is recommended that each Sector customise this benchmark for their particular Sector.

Table 5.4 (see over) contains an example of a filled-in score sheet for a fictitious project. For the example project used, the project is a feasible project but the content needs to be improved to meet regional (SADC) criteria.

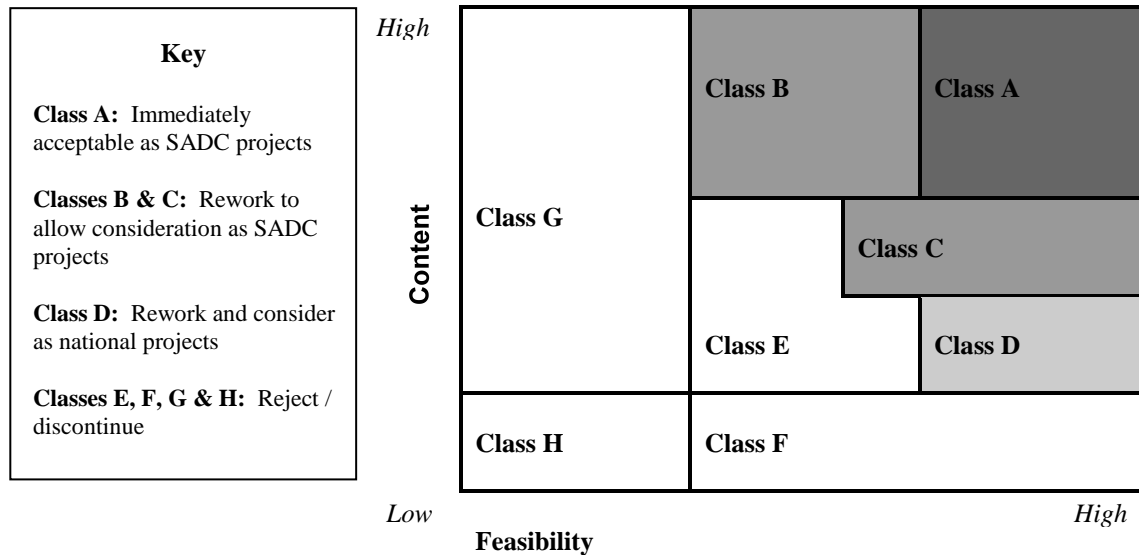
Table 5.4: Example of proposed score sheet for project selection and performance evaluation

Project Number and Name: Industry and Trade Project XZY _____ **Date:** October 1995 _____

SCORE	0	1	2	3	4	5				
FEASIBILITY										
Funding Sources and Streams	█	√			█	█				
Economic desirability of Project	█	█	√		█	█				
Macro-economic implications	█	█		√	█	█				
Business plan in place	█	█		√	█	█				
Implementation and Participation Issues	█	█		√	█	█				
Job Creation and productive employment	█	█			√	█				
Human resource development and knowledge transfer	█	█			█	√				
Environmental Sustainability of solutions	█	█			█	√				
Deployment, transfer and mastery of appropriate technology	█	█		√	█	█				
Improved quality of life for the local communities	█	█	√		█	█				
Sub-total FEASIBILITY	0x	+1x	+2x	+3x	+4x	+5x	=	31	x2=	64
CONTENT										
Regional development and economic growth	√	█			█	█				
Promotion of Intra-regional trade and investment flows	█	√			█	█				
Intra-regional dependence and Regional Capacity	█	█		√	█	█				
Coordination and co-operation in respect of solutions	█	█		√	█	█				
Degree of multiple/mutual benefits	█	█			√	█				
Sub-total CONTENT	0x	+1x	+2x	+3x	+4x	+5x	=	11	x4=	44

Once a portfolio of projects has been evaluated, it is useful to present the results graphically in the framework as is shown in Figure 5.5 for inclusion in the business plan. Note however that neither the evaluation, using the score sheet, nor the matrix should be used in a mechanical manner. Rather, this is a first phase screening tool that should be used as the basis for constructive discussion and to inform the project selection process.

Figure 5.5: Proposed matrix for graphical presentation of project results



5.8 Review of the Current SADC Project Portfolio

[Terms of Reference: vi) Examine areas of complementarity and duplication, and identify projects and activities which are out of line with the current policies and programmes of SADC.]

In order to undertake an in-depth review of the current SADC project portfolio, the outline presented in Section 5.7 calls for a cohesive set of information about the Sector, its portfolio of projects and about individual projects. For most Sectors however, only parts of this cohesive package is available and it is not possible or meaningful to perform a detailed evaluation of the current SADC project portfolio without the full set of information.

Nevertheless, in order to get a feel for the type of outcome that would be achieved a decision was made to include a trial review of all projects as part of the Project Review. In order to be able to do this all available information on every project in every SADC Sector was gathered, collated and all projects were entered into a data base. The score sheet as depicted in Table 5.2 was captured electronically and all projects for which information could be obtained were evaluated accordingly.

Reference is again made to the fact that for some projects only very scant information was available. It should be very clear that in a number of instances the rating of the project is only indicative of the lack of available information. Because of the unreliable nature of some of the input data, the reliability of any conclusions drawn from this trial analysis is also low. For this reason only a cursory discussion of the results of the trial analysis is given here, as an example of the potential worth of the methodology. Having said that, it is also true to say that even with little available information it was frequently possible to obtain a very good evaluation of the content of the project, using the score sheet approach.

- i) **Data Coverage:** In summary, the spread of projects over the Sectors is given in Table 5.5 (see following page). Project descriptions are available for all of these 472 projects, although the quality of detail varies dramatically from Sector to Sector. Partial or complete financial data was for example only available for 371 of the 472 projects. No data whatsoever was available for the Employment and Labour Sector.

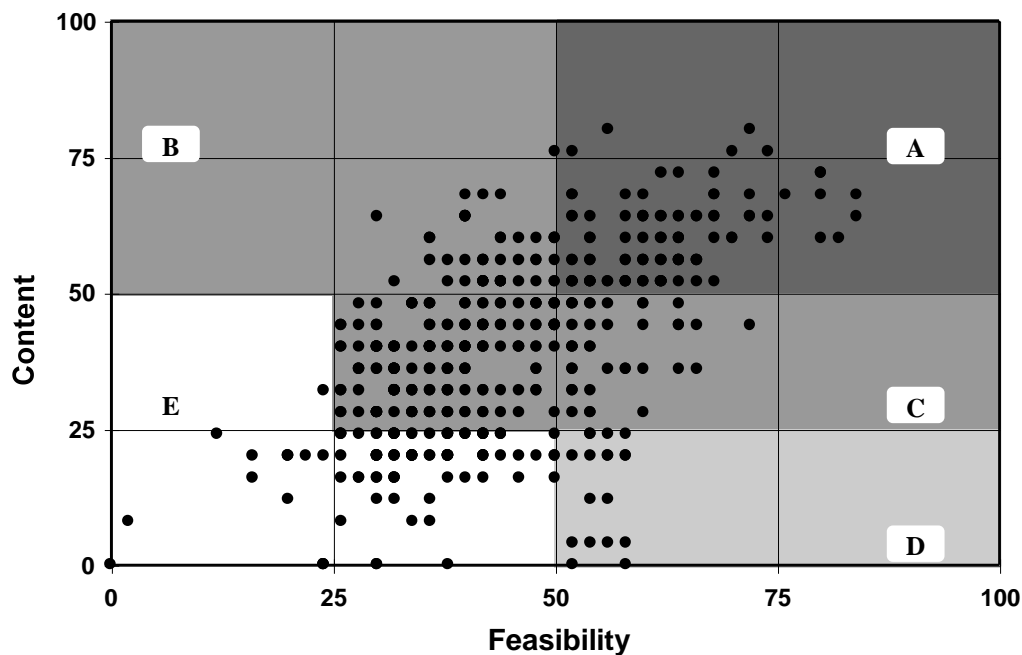
Table 5.5: Financial demand of SADC Project Portfolio: Sectoral split 1996

Sector	Total Number of Projects	Portfolio Cost (US\$ m)	
		Lower Estimate	Upper Estimate
Agricultural Research	15	270.4	270.4
Culture and Information	7	6.3	7.6
Environment and Land Management	8	58.3	60.7
Energy	67	851.9	978.5
Finance and Investment	10	1.2	1.3
Food, Agriculture and Natural Resources	20	18.1	28.2
Human Resources Development	16	23.4	26.5
Industry and Trade	14	82.5	82.5
Inland Fisheries, Forestry & Wildlife	37	236.4	251.7
Labour and Employment	Not available		
Livestock Production & Animal Disease Control	12	99.4	113.3
Marine Fisheries and Resources	6	123.1	123.1
Mining	35	27.4	56.7
Transport and Communications	205	6 557.2	6557.2
Tourism	15	4.2	4.9
Water Resource Management	5	17.4	17.4
Total:	472	8 377.2	8 580.0

ii) **Results of the Trial Review:** The results of the project by project evaluation undertaken of the 472 projects reflected in Table 5.5 have been sorted into one of the following four categories in Figure 5.6:

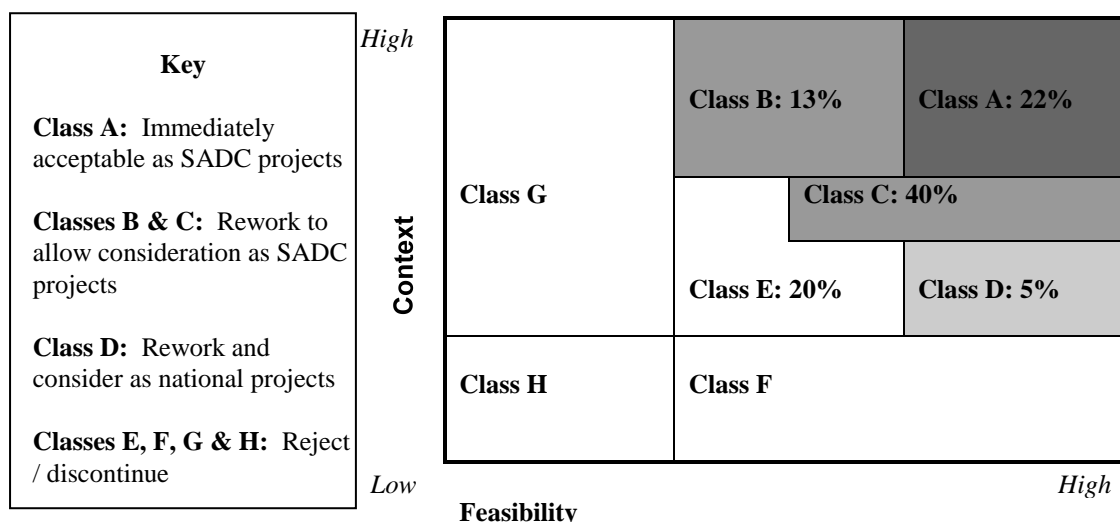
- Class A:** Immediately acceptable as a SADC project, (obviously provided that sufficient funds are available).
- Class B:** Rework feasibility issues to assess whether project could possibly become a Class A project.
- Class C:** Rework content issues to assess whether project could possibly become a Class A project, and if not, reclassify as a National Project.
- Class D:** Reclassify as a National Project.
- Classes E, F, G & H:** Reject / Discontinue.

Figure 5.6: Evaluation of SADC project portfolio



The scatter on the matrix clearly indicates that the portfolio consists of projects of varying apparent potential impact and quality. This is illustrated further in Figure 5.7, in which the percentage of projects is given for each Class on the matrix.

Figure 5.7: SADC project portfolio; percentage of projects per Class



Referring to Figure 5.7, of the 472 projects only 103 plot in Class A, which represents 22% in number of the whole portfolio. Expressed in dollar terms, only about US\$970m to US\$1 370m of the total portfolio of about US\$8 500m are estimated to be projects which are immediately acceptable as SADC projects. In dollar terms therefore, only about 12% of the value of the present portfolio, or only about US\$1bn, would be required to fund such projects. However, in evaluating these findings one has to keep the following in mind that:

- the available information on some projects was rather scant, which could influence the Class into which the projects are sorted; and
- the evaluation was performed against the backdrop of the present SADC strategic intent, and one would have to re-assess this should the Review and Rationalisation study point to any modifications in the strategic intent.

Nevertheless, the exercise has proved fruitful because it demonstrated the robustness of the score sheet approach. The approach is simple to use, and one can use judgement to arrive at evaluations for the various criteria which either could or need not be supported by quantitative evaluations. This qualitative assessment would be strongly dictated by the nature of the project. In this respect, the availability of the benchmarks as given in Volume 3 of the report proved extremely helpful. In addition, the trial evaluation allows one to obtain a feel for the overall SADC portfolio of projects as, for example, presented in Figure 5.6.

In conclusion, it is therefore clear that in the event that a systematic review is performed along the lines as suggested herein, one would be able to put together a much more realistic, affordable and workable SADC project portfolio.

- iii) **Sector overview:** An overview of the local and donor funding secured, together with the funding gap of the SADC portfolio of projects per Sector is given in Table 5.6 (see following page), in terms of the \$ amount and the percentage of the total portfolio cost - *for those projects for which financial information was available regarding the funds secured.*

Table 5.6: Funding details of SADC Project Portfolio; Sectoral split 1996

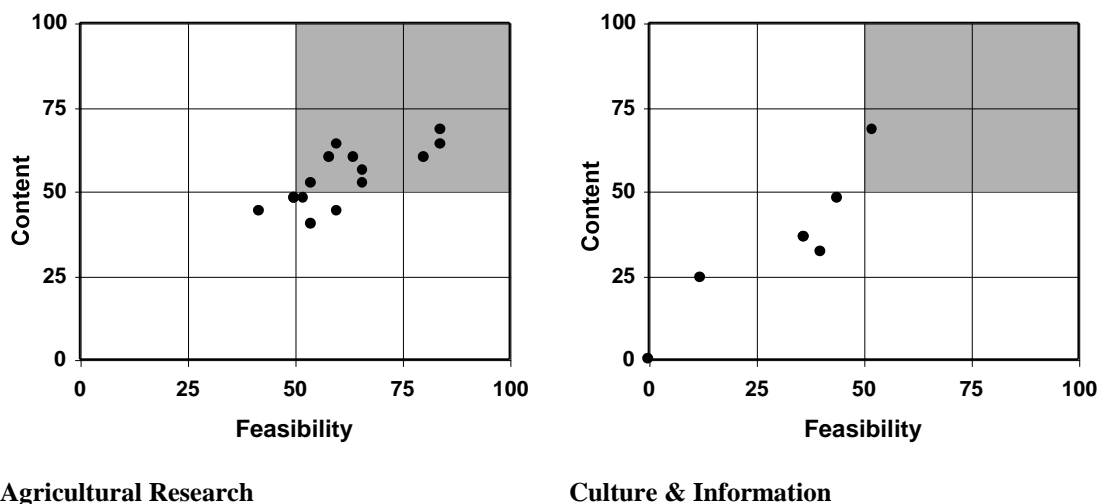
Sector	Total	Local Funding		Donor Funding		Funding Gap	
	US\$ m	US\$ m	%	US\$ m	%	US\$ m	%
Agricultural Research	120.4	25.8	21	51.3	43	43.3	36
Culture & Information	3.3	0.1	3	2.5	77	0.1	21
Energy	201.0	7.9	4	114.2	57	78.8	39
Finance & Investment	0.7	0.4	56	0.3	44	0.0	0
Mining	17.8	3.6	20	5.8	32	8.4	47
Transport & Communications	6557.2	934.3	14	2051.2	31	3571.6	54
Total:	6900.4	972.1	14	2225.3	32	3702.2	54

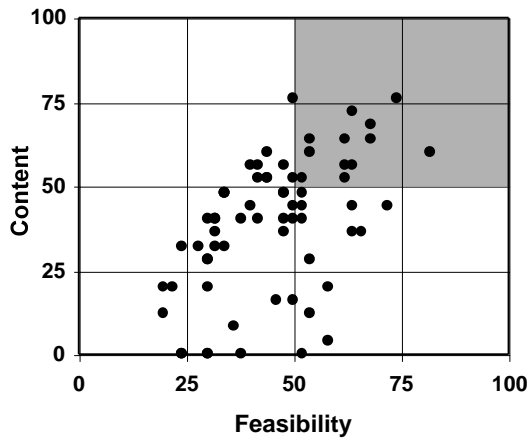
From Table 5.6 it can be seen that donor funding amounts to about 32% of the total cost of the SADC portfolio of projects - although some Sectors are almost totally dependent on donor funding. More significantly, however, is that the total donor funding amounts to about 70% of the total funds secured to date for the SADC portfolio of projects. Significant funding gaps exist in the Mining and the Transport and Communications Sectors in particular.

The results of a trial review of the content and feasibility on the portfolio of projects per Sector is given in Figure 5.8 - although it must again be noted that the evaluation is based on limited information. This trial review must therefore be interpreted only as a starting point for discussion.

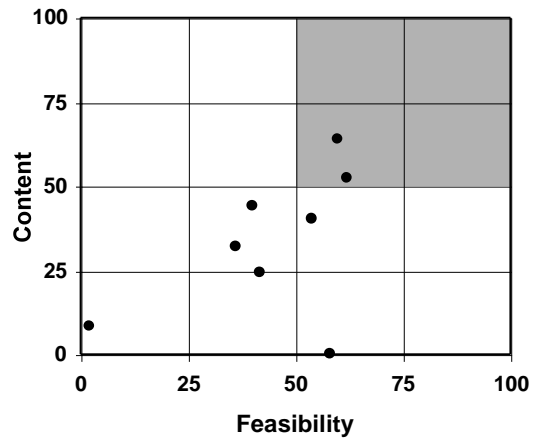
Notwithstanding the limitations in the information, Figure 5.8 suggests that the Energy, the Inland Fisheries, Forestry and Wildlife, the Mining, and the Transport and Communication Sectors contain a substantial amount of projects with a strong national focus and not a regional or integrative focus. On the other hand, the Agricultural Research, Finance and Investment, the Food, Agricultural and Natural Resources, Industry and Trade, and the Tourism Sectors suggest a more regional / integrative focused portfolio of projects.

Figure 5.8: Evaluation of SADC project portfolio per Sector

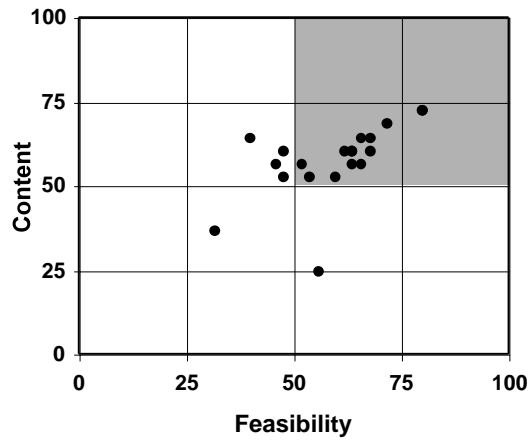




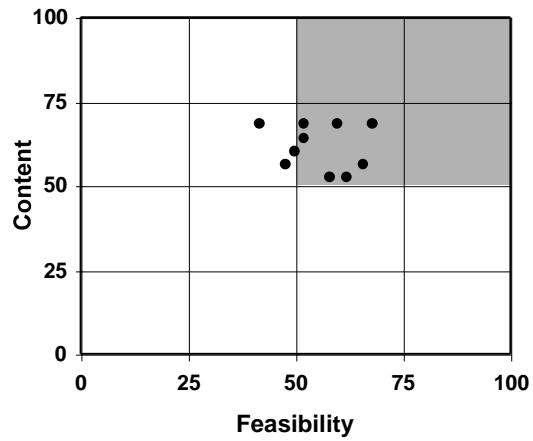
Energy



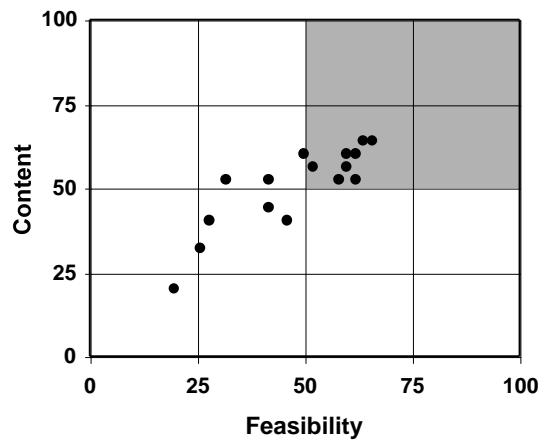
Environment & Land Management



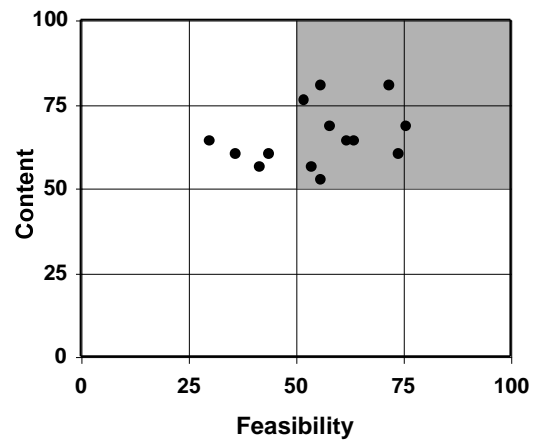
Food, Agriculture & Natural Resources



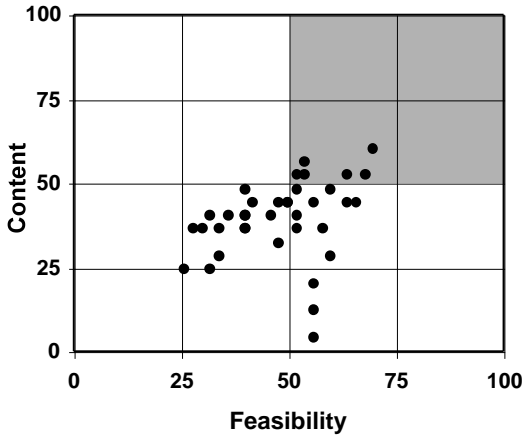
Finance & Investment



Human Resources Development



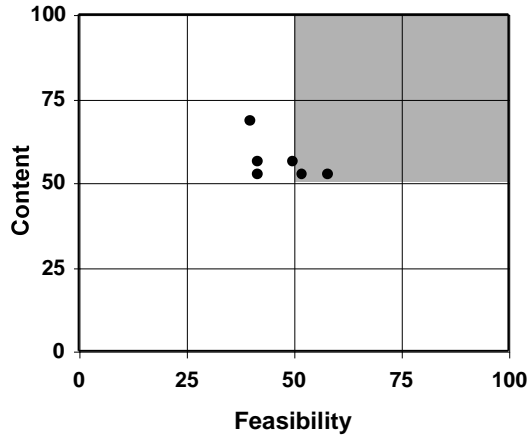
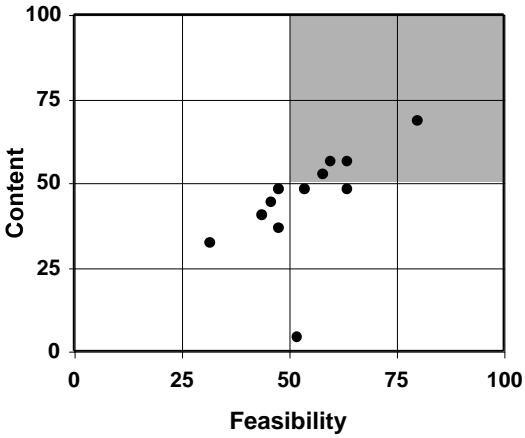
Industry and Trade



Not Available

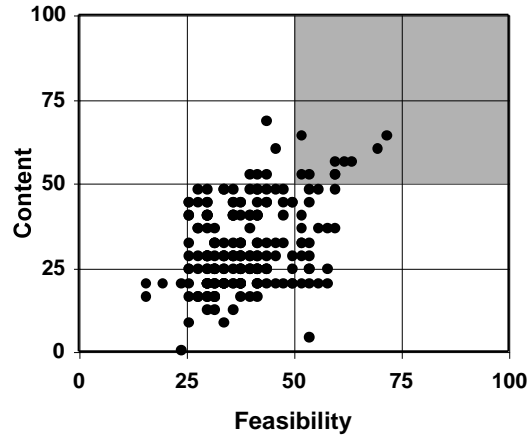
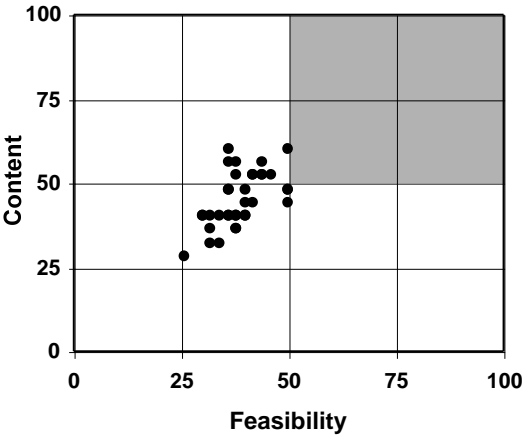
Inland Fisheries, Forestry & Wildlife

Labour and Employment



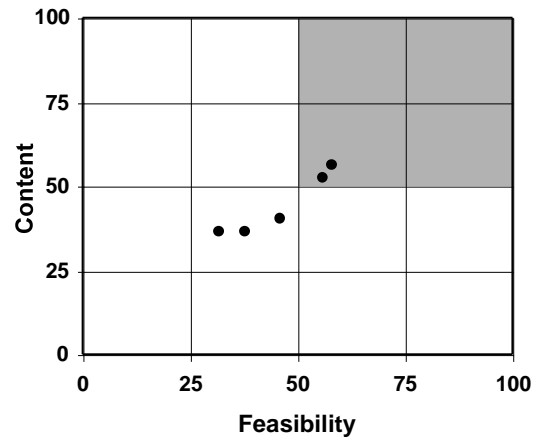
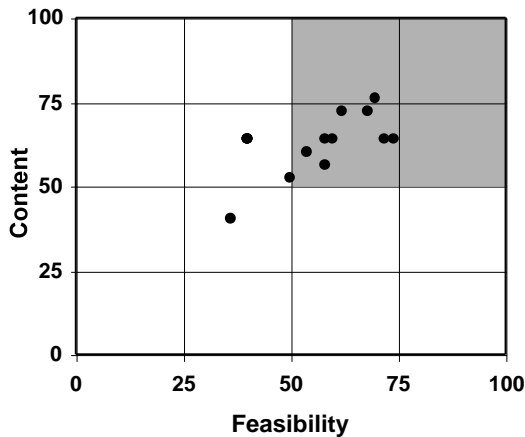
Livestock Production & Animal Disease Control

Marine Fisheries and Resources



Mining

Transport and Communications



Tourism

Water Resource Management

iv) **Summary of Conclusions:** A summary of the conclusions obtained from the results of the trial evaluation of 472 projects in the SADC portfolio of projects is given below:

- a) The evaluation approach using the score sheet as given in Table 5.2 is robust and allows an easy evaluation of a wide variety of projects.
- b) The trial evaluation presented here should be treated with caution since:
 - the available information is scant for some projects;
 - the evaluation was based on the present strategic intent of SADC, which may change;
 - project and Sector staff were not all fully involved in the evaluation.
- c) Nevertheless, the trial evaluation shows that only about 22% by number and 12% by dollar value of the present portfolio would meet the criteria of immediately acceptable as SADC projects (i.e. Class A on the evaluation matrix).
- d) A systematic review of the SADC portfolio of projects, performed on a Sector by Sector basis with the aid of the relevant project and Sector staff would allow the rationalisation of the project portfolio to much greater affordability levels.

5.9 Key Findings

The key findings of the Project Review as described in this Chapter are:

i) Review of the current SADC Project Portfolio

- a) The project process has led to considerable co-operation and interaction across Member States, and has played a major role in eliminating barriers to regional co-operation, in particular in the field of infrastructure.
- b) The total cost of the SPA currently amounts to about US\$8 500m. The SPA however is very reliant on donor funding, and only a very limited portion of the total cost of the SPA is actually sourced within SADC, namely about 12% to 14% of the total cost of the portfolio. Furthermore, the SPA is presently under-funded, and the funding gap (i.e. unsecured funds) has remained at about 50% of the total cost of the SPA between 1992 and 1996.
- c) The heavy reliance on aid funding to drive the SADC Programme of Action undermines SADC’s ability to create and implement sustainable SADC projects.

- d) The review and analysis of all available information of the portfolios of Sectoral Programmes of Action show that a substantial portion of the about 470 projects proposed for SADC funding have a strong national flavour, and should rather be part of National development programmes in the respective SADC Member States. A trial evaluation of the SADC Portfolio of Projects using the project evaluation method developed as part of this study shows that only about 22% by number and 12% by dollar value of the present portfolio would meet the criteria of being immediately acceptable as SADC projects.
- e) Key findings from stakeholder's views are:
- There is a strong belief that the private sector is the key to the survival and growth of SADC, and it is felt that the private sector should play a much more pro-active and facilitative role in implementing SADC projects.
 - Although some clear preferences exist regarding the nature of projects in which SADC should be involved, there is a growing feeling that SADC should be more involved in the harmonisation of policies and the facilitation of programmes, rather than in projects per se.
 - There is unanimous agreement that the development and sourcing of human resources and competence in the region should be pivotal in SADC projects.
 - SADC needs to communicate widely about its Programme of Action and Portfolio of Projects, targeting relevant institutions and stakeholders in the private and public sector in all SADC Member States.
- f) The Coopers and Lybrand (1992) study of Programme Review and Performance Audit concluded that the successful implementation of the SADC programme of action (SPA) could be enhanced. Selected findings of the Coopers and Lybrand study are still equally valid today.

ii) Criteria for project evaluation methods

- a) All Sectors have at least some mechanism in place which can serve as a basis for the evaluation of projects for selection purposes and/or performance monitoring. However, these are not consistently being applied across all Sectors.
- b) The project evaluation procedures currently being used within the SADC Sectors contain too little detail of the strategic process of portfolio management, and in particular the alignment of projects, and project portfolios, with the strategic intent of SADC.
- c) A need therefore exists for an integrative and interactive portfolio-based approach to the establishment of a SADC Programme of Action, which should be driven by needs of regional (SADC) priorities.
- d) International best practice on project selection and evaluation identifies clear and common project selection criteria that can be grouped as follows:
- content*, which measures the degree to which the project (or portfolio of projects) matches the stated goals and objectives of the organisation (here SADC); and
 - feasibility*, which measures whether the project (or portfolio of projects) is viable and sustainable.

The above criteria should form the basis of evaluation techniques for SADC.

- e) Because of the extremely wide range in the sizes of the respective portfolios in the different Sectors, any exercise to rationalise the SADC Portfolio of Projects will have to consider effective utilisation of the smaller Sectors.

5.10 Recommendations

The project review leads to the recommendations given here.

i) Project selection and review:

- a) The SADC framework for project selection should be based on the following three issues:
- projects should contribute to the SADC aims and objectives;

- ❑ projects should be genuinely regional in content; and
 - ❑ projects should be technically and economically sound.
- b) Using the SADC institutional and Sectoral approaches to project evaluation as a departure point and keeping in mind the international experience in this regard, the following points are pivotal:
- ❑ The driving force for project conceptualisation needs to be the SADC Programme of Action, consisting of a portfolio of strategic priorities together with the aims and objectives of SADC as a backdrop.
 - ❑ The establishment of **criteria** for project selection and evaluation need to be supported by a coherent **process** which establishes a standard methodology for the development of portfolios of projects.
 - ❑ Project selection and performance evaluation approaches should be supportive of the process to develop a sustainable Programme of Action.
 - ❑ The development of individual project proposals should therefore be part of an integrated and interactive approach.
 - ❑ Business plans should be developed both at programme and at project level, prior to approvals for continuation, which include the following:

Issues of **feasibility** inter alia covering:

 - funding sources and streams;
 - economic desirability;
 - macro-economic implications;
 - implementation and participation issues; and
 - a business plan addressing all these issues;

and the degree to which the project addresses:

 - job creation and productive employment;
 - human resource development and knowledge transfer;
 - environmental sustainability of solutions;
 - deployment, transfer and mastery of appropriate technology; and
 - improved quality of life for the local communities.

Issues relating to **content**, inter alia covering:

 - regional development and economic growth;
 - promotion of intra-regional trade and investment flows;
 - intra-regional dependence and regional capacity;
 - coordination and co-operation in respect of technology; and
 - degree of multiple/mutual benefits.
- c) Project evaluation for selection purposes and performance review should be based on the elements of the business plan. It is proposed that both the process of the development business plan and of performance evaluation will be facilitated by a benchmark, a first version of which was developed in consultation with SADC stakeholders as part of this study (see Volume 3), and which allows participants in the process to easily get agreement on what constitutes good and / or poor performance.
- d) The process of development of a sustainable Programme of Action will at all levels benefit from the use of a matrix that has been developed as part of this study, and which characterises **project feasibility** and the **project content**. This is not a rigid analytical tool, but a first phase screening tool that should be used as the basis for constructive discussion and to inform the project selection process.
- e) A recommended standard framework and format for the conceptualisation of programmes and projects has been developed. This framework, if adopted, will also serve as a basis for project identification, programme / project selection, programme / project performance evaluation, and will lead to a consistent portfolio and project management approach.
- f) In order to implement the proposals presented in this Chapter, it is recommended that training be provided to appropriate technical and managerial staff in project selection and evaluation, performance

review, and project management. (It would be necessary for such a customised course to be developed for SADC.)

- g) It is further recommended that each Sector should present its priorities and aims in a reasonably standard format annually in its report to the Council of Ministers, based on elements of the business plan.
- ii) **Rationalisation of the current SADC Portfolio of Projects:** It is recommended that the current SADC Portfolio of Projects be rationalised using the project selection and evaluation framework presented here in. The objective would be to reduce the heavy reliance on aid funding, encourage and draw on private sector participation, and develop a Portfolio of Projects that is consistent with the aims and objectives of SADC.