

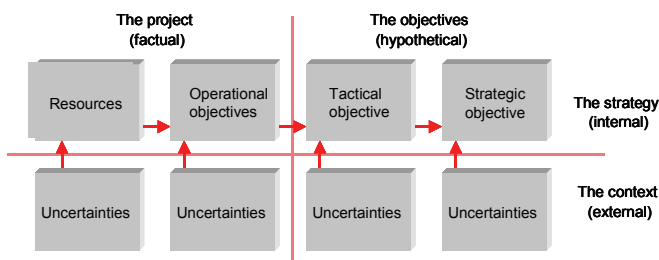
DESIGN OF HIGH-UNCERTAINTY PROJECTS

Abstract

International development projects are frequently considered to be ambitious both in terms of their formal objectives, and because they are exposed to uncertainties and risks that may be higher and more difficult to master than in similar projects in industrial countries. Several donor agencies have introduced objective-oriented planning tools with two specific aims: to reduce ambitions and to identify uncertainties and risks. This study looks at a sample of projects from one such organisation. The study seems to confirm that the organisation to some extent has succeeded in reducing ambitions, but that the quality of design is nothing less than appalling and much is left to be done in making consistent and verifiable project strategies and identifying uncertainties - and their associated opportunities and risks.

The study

This study explores the quality of design in international development projects. The basis is appropriation documents from 30 projects financed by the Norwegian aid agency, drawn at random from about 100 projects. These were all relatively large, and therefore required formal approval by the agency's board of directors. They were therefore not representative of all projects funded by the agency, but expected to have a relatively high quality. The sample covered as much as eight different sectors in Africa, Asia and Latin America.



The Logical Framework applied when projects under study were designed. The project strategy is laid out with three distinct ambition levels with associated key uncertainties attached to each level in a cause-effect sequence

Quality requirements

The quality requirements applied in this study are those specified under what is termed the log-frame method, which is applied by development agencies world-wide, and include the following:

1. All *operational objectives* should be factual (outputs that the project should be able to produce with a high probability)
2. Resources should be sufficient to produce the outputs specified by the operational objectives.
3. There should only be one *tactical objective* and the anticipated probability of realisation should be relatively high.
4. The *strategic objective* should be selected so that it is realistically achievable within a wider time horizon.
5. All *essential* uncertainty factors should be included, i.e. the uncertainty factors with a low probability of occurrence and/or with low expected impact need not be included.
6. High-probability and high-impact negative uncertainty (fatal risk) factors are considered unacceptable.

Findings

As much as four out of five projects had realistic *operational objectives*. However, a large share also had objective that were either too restricted (merely an expression of activities) or too ambitious (hypothetical). Also, one third of the projects had operational objectives expressed in non-verifiable terms. In conclusion, considering the above, only three projects (10 per cent) were found to be well designed at the operational level.

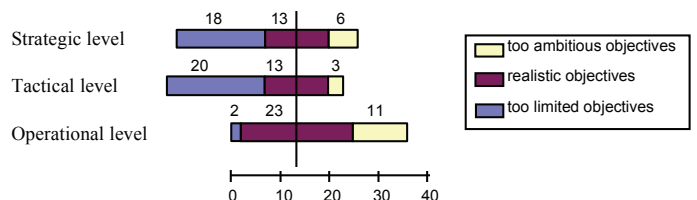
	Strategic level		Tactical level		Operational level		Total	
	No.	%	No.	%	No.	%	No.	%
Too ambitious objectives	12	24	3	5	26	25	41	19
Realistic objectives	15	31	18	29	75	72	108	50
Too limited objectives	23	47	42	67	3	3	68	31
Total number of objectives	49	100	63	100	104	100	216	100

Realism of objectives at three ambition levels, and the number of objectives that were defined in verifiable terms

Only five projects had a *tactical objective* at a realistic ambition level. The remaining projects, had either no tactical objective, several confounding objectives, or too restricted/too ambitious objectives. In half of the cases objectives were not expressed in verifiable terms. The conclusion is that only two projects (7 per cent) were designed appropriately at the tactical level.

All projects but one had specified *strategic objectives*. However, two third were either too restricted or unrealistic, and in only one third of the cases the strategic objectives were expressed in verifiable terms. In total therefore, only two projects (7 per cent) were designed according to the described requirements at the strategic level.

In as many as half of the projects no risk factors were registered at all, in the other half there were on average four risk factors. However, only 60 per cent of these were relevant in the sense that they were contextual risks related to the project in question. In none of these projects the risk factors were expressed in verifiable terms.



Asymmetry of objectives at three ambition levels (n=30). Unexpectedly, tactical and strategic objectives in the sample projects tend to be less ambitious than required, while many operational objectives go beyond realistically expected outputs.

Conclusions

Contrary to what we expected, most projects were found to be not more ambitious than reasonable. One tentative explanation could be that the introduction of objective-oriented planning of projects has been successful in reducing ambition levels in project design. However, the quality of design leaves much to be desired in terms of defining clear, consistent and verifiable strategies in development projects. All considered, it appear that the weakest part of the design is the identification of contextual uncertainties that might affect the implementation of projects. This is a major challenge for both donor and recipient organisations in their attempts to find workable means to promote development.

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