Project planning

Lecture 1

Project planning

- All countries have national plans to hasten economic growth, and to support a range of economic objectives.
- Some investment plans can consist of a single project, but quite often, they consist of more projects.
- A project is any scheme of investing resources which can be reasonably analysed and evaluated as an independent unit.

Project planning

- Projects are considered and evaluated at three (3) levels
- Individual
- Sectoral
- National
- The world bank and other multinational agencies are also involved in projects
- It is therefore desirable that all projects are evaluated as fast as possible by applying the same principles, otherwise inconsistent decisions can be made.

Project planning

- Projects provides an important means by which investment and other development expenditures foreseen in development plans can be classified and realized
- Sound planning requires the availability of information about existing and potential investments and their likely effect on growth and national objectives.
- Its project analysis that provides this information
- The projects that are selected for implementation then becomes the vehicle for using resources to create new income.

Project planning

- Realistic planning involves knowledge of the amount of money to be spent on development activity each year and the resources required for particular kinds of investments
- The financial and administrative resources available to the government are limited, and this must be allocated to various sectors and many competing demands
- Project analysis is critical in establishing the optimal allocation of resources given the objectives
- Through project analysis, its possible to prioritize activities so that the higher priority projects with greater payoffs both financial and socially are undertaken first, before the lower priority activities and projects are implemented

What is a project?

- Any scheme or part of a scheme for investing resources which can be reasonably analysed and evaluated as an independent unit
- The smallest unit of investment activity to be considered in the phase of a program
- A project comprise capital investment to development facilities so as to provide goods and services
- A project is the whole complex of activities involved in using resources to gain benefits

What is a project?

- A project is an economic activity with defined objectives and having a specific beginning and end
- A project is planned to achieve a specific objective which calls for a specific authority to augment it
- A project is amenable to planning, financing and implementation as a unit where costs and benefits are measurable

What is a project?

- World bank definition:
  - A project is a complex set of activities where resources are used in expectation of returns, and it lends itself to planning, financing and implementation as a unit.
  - A project usually has a specific starting point and a specific ending point, and it is intended to a accomplish specific objectives.
  - A project usually has a well defined sequence of investment and production activities, and a specific group of benefits that can be identified, quantified and valued either socially, or monetarily.
  - Projects also have boundaries which makes them distinguishable from each other.
  - In addition to its time sequence of investments, production and investment projects normally has a specific geographical location with identifiable targets and beneficiaries

National plans

- A plan covers an entire region, e.g a district or entire economy and it is made up of proposed programs and projects to be implemented over a period of time
- A program is open ended in nature and could be on going investment activities which are not time bound.
- They could also be a collection of interrelated projects

Development projects

- These projects are implemented with an aim of developing the economy and the nation
- 3 types of agencies are involved in such development projects
- International organizations implementing multinational projects e.g ILRI
- State government implementing multinational corporations eg. USAID, UKAID, SIDA
- Non governmental organizations implementing grass root corporations

Project cycle

- It has four (4) major phases:
- Project identification
- Feasibility study
- Implementation
- Evaluation

Project identification

- Information on the needed project is greatly influenced by the national development master plan for the developing countries
- Many potential projects which may be effective are normally listed and prioritized in the national plans

Feasibility study

- When it is clear that a project is potentially beneficial, factors critical to implementing the project are looked into. The research should include a cost benefit analysis for implementing the project
- If the estimated cost are greater than benefits, the project is turned down.
- If the budget is insufficient to carry out the project, the project is turned down, and if it is obvious that the appropriate techniques are unavailable, then the project is not viable.
- In this way a potential project is examined from different lines. Only if things turn out to be successful, then the project is appraised and carried out.

Implementation

- Once a project is considered both beneficial and feasible, the project is carried out according to the plan and in cooperation with many different people.

Evaluation

- The conclusion of a project does not mean its end. The project is evaluated from various aspects and this provides suggestions for future projects, and the evaluation also feedback to financial, technical, economic, political and social aspects of the projects