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**SITUATION ANALYSES FOR THE DESIGN OF
INTEGRATED PROGRAMMES OR OF LARGE COMPLEX PROJECTS***

Prepared by
the UNIDO Secretariat

* This document has not been edited.

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The quality of integrated programmes or large complex projects (e.g. over \$ 700,000) of technical cooperation must be ensured in terms of their relevance, feasibility, cost-effectiveness and sustainability.

The following is being added by the Project Appraisal Section to the existing UNIDO guidelines on project design insofar as such programmes/projects are concerned.

Before attempting to design a programme (or large projects), a situation analysis will be carried out, preferably through preparatory assistance which will include, inter alia, a workshop in the recipient country. The workshop will focus first on the analysis of key aspects of an existing complex situation and then on the design of the major programme or project elements. Its success will depend on (i) the amount of information available; (ii) the complexity of the problems to be addressed; (iii) the number and capability of the participants representing all parties^{1/} concerned with the problems addressed.

In preparation for the workshop, information from the recipient country and that available at UNIDO is required on the sectors or fields selected for the development of the programme or project. It should include (i) a description of the country's development (long-term) objective for each field; (ii) a description of the current problems (their causes and effects) faced; (iii) information on relevant interest groups and their specific needs, and on the institutions concerned by the problems (their motives and interests).

Workshop programme

i) Situation analysis (adapted from NORAD: LFA: Handbook for Objectives-oriented Project Planning)

- Participation analysis
- Problem analysis
- Objectives analysis
- Alternatives analysis.

ii) Programme/project design

- Main programme and/or projects elements (following the UNIDO Project Design Reference File, Volumes I, II and III)

An appraisal officer from UNIDO will act as a "facilitator" during the workshop to support recipient country participants and UNIDO backstopping and Area officers.

1. Participation Analysis

Lack of knowledge both on UNIDO and recipient side about the people affected by development projects has proved to be a common cause of poor project performance as evidenced in numerous evaluation reports. It should be recognized that organizations, authorities at different levels and interest

^{1/} Government agencies, institutions (development corporations, training, financial, women, environment, etc.), enterprises (or their associations), as appropriate.

groups have different motives and interests and that objectives should reflect the needs of the society and the interest groups, rather than merely the internal needs of institutions.

Purpose: To obtain a comprehensive picture of the interest groups, the individuals and institutions involved.

All parties whose views it is necessary to investigate in order to understand the problem should be listed, as well as all groups which are likely to be affected by a possible development project in the area.

The workshop will identify all parties involved and participants will be asked to:

- a) Identify all persons, groups and institutions affected by the problem environment.
- b) Categorize them, e.g., interest groups, individuals, organizations, authorities, etc.
- c) Discuss whose interests and views are to be given priority when analyzing the problems.

The workshop will then take a closer look at some of the groups and select the most important ones; and make a more detailed analysis of these groups, e.g., in terms of (i) the main problems affecting or facing the group; (ii) their main needs and interests; (iii) their strengths and weaknesses; and (iv) the main conflicts of interests, patterns of cooperation or dependency among the groups.

On this basis, the workshop will agree on a set of priorities, i.e., decide whose interests and views are to be given priority when the analysis of problems is carried out.

2. Problem Analysis

Purpose: On the basis of available information, the existing situation is analyzed, i.e., the major problems are identified and the main causal relationships between these are visualized in a problem tree.

At this stage, the workshop will:

- a) Identify existing problems - not possible, imagined or future ones.
- b) Select a starting point and develop the problem tree:
 - Identify major existing problems, based upon available information;
 - Define one focal problem for the analysis, i.e., the central point of the overall problem and identify substantial and direct causes and effects of the central problem;
 - Construct a problem tree showing the cause and effect relationships between the problems;
 - Review the problem tree, verify its validity and completeness, and make necessary adjustments.

3. Objectives Analysis

Purpose: To transform the problem tree into an objectives tree (future solutions of the problems at programme and/or project levels). For this purpose, the workshop will:

- a) Reformulate all elements in the problem tree in terms of solution, that is to say desirable conditions at the programme and/or project levels.
- b) Review the resulting means-ends relationships to assure validity and completeness of the objective tree.
- c) If necessary: revise statements; delete objectives which appear unrealistic or unnecessary, make those already pursued by other projects; add further objectives where necessary to ensure a comprehensive approach.

4. Alternatives Analysis

Purpose: To identify possible alternative options. The workshop may either: (i) only generate alternatives; the subsequent analytical phase (including where relevant/justified MEPs) should assist in optimum scenario selection. The final selection may have to be made later during the preparatory assistance project; or (ii) agree on one of the alternatives as the programme or project strategy by making an assessment of the feasibility of the different alternatives.

Note: The alternative options should be considered in relation to the following criteria: total cost; benefits to priority groups; probability of achieving objectives; social risks, as well as criteria of a technical, financial, economic, institutional, social/distributional, environmental nature. It is difficult to make a decision on the above given the lack of methodologies to quantify each option. One methodology used at UNIDO for integrated sectoral programmes is MEPs which is a systems approach to determine the most advantageous strategy to achieve the programme objectives. Other methodologies may also be used and yet others may have to be developed.

5. Programme/project design

Once the programme or project strategy has been chosen, the main programme or project elements are derived from the objectives tree on the basis of the UNDP/UNIDO guidelines on project design as contained in the UNIDO Project Design Reference File:

Volume I: Basic guidelines and appraisal checklists

Volume II: Guidelines for environmental appraisal

Volume III: Consideration of women in project design, management and evaluation