

# project planning and management series

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## ACKNOWLEDGEMENT

The Project Planning and Management Series consists of a set of manuals and associated modules presenting practical approaches, tools and techniques for project planning and management. (See list on back cover). A product of the Government of Jamaica/USAID National Planning Project (1976-1980), the series was developed by the Project Development Resource Team (PDRT) of PAMCO for use in "action-training" workshops and reflects extensive experience in training and project development. All present PDRT members are contributing authors and have worked together in writing, revising and publishing the series. Special credits are due to Dr. Merlyn Kettering for design and development of the series; Dr. Bruce Brooks for writing final versions of many modules; Mrs. Marjorie Humphreys for assuming primary editing and production responsibility and for organizing draft papers into more useful materials; Mr. Lascelles Dixon, head of PDRT since 1979, for designing the cover and improving many of the illustrations; and Mrs. Christine Hinds and Miss Linette Johnson for typing the drafts and final manuscripts. Any comments on the series and its usefulness are welcome.

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MODULE 31<sup>1</sup>PLANNING AND DECISION-MAKING SYSTEM FOR PROJECTS  
*Merlyn Kettering*

## A. INTRODUCTION:

The following is a summary of the PROJECT PLANNING SYSTEM proposed for government projects requiring external project loan financing.

The system is based on:

- (1) The identification and classification of the main tasks involved in project planning.
- (2) Identification of the main agents.
- (3) Assignment of responsibility for the performance of specific tasks to individual agents.
- (4) Design of a system of documentation and decision-making which would facilitate the expeditious fulfillment of assigned responsibilities.

1. This module is an edited version of the following documents:

- (1.a) "Summary: Decision-making System for Projects",  
Projects Division, Ministry of Finance & Planning,  
May 1977. File No. 46/054<sup>II</sup>;

With revisions synthesized from

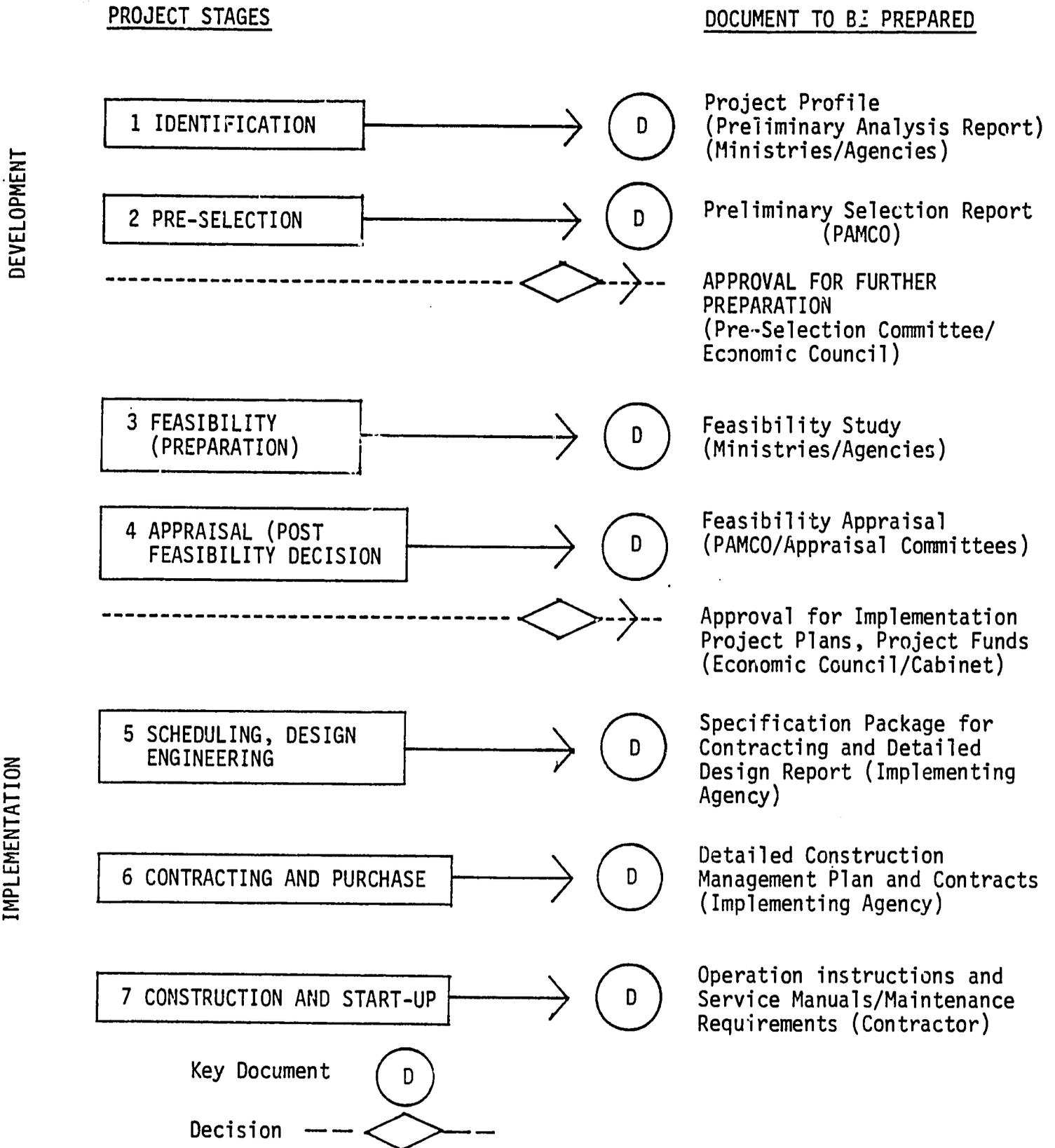
- (1.b) "Problems in Implementing Externally Financed Projects",  
Ministry Paper No. 27, Government of Jamaica, 1979.

B. PHASES, STAGES AND OBJECTIVES OF PROJECTS

PHASE	STAGE	OBJECTIVES
Development	1. Identification of project idea (preliminary analysis)	Project(s) and programme goals identified and analyzed project objectives and preliminary global schedule and cost estimate determined
	2. Preliminary selection	Ideas for possible solutions developed into alternative concepts; desirable technical solutions identified and classified
	3. Feasibility preparation	Feasibility of the envisaged concepts or solutions and relevant alternatives assessed, evaluated and classified
	4. Appraisal (post feasibility evaluation and decision-to-invest)	Decision on adoption of the most promising alternative solution; funding provided
Implementation	5. Initial project implementation, scheduling and detailed project design and engineering	All detailed drawings, specifications, bills of materials, schedules, plans, cost estimates and other relevant documentation checked and approved
	6. Contracting and Purchase	Appropriate manpower and machinery, manufacturing and construction facilities, utilities, materials, documentation and all other relevant infrastructure components mobilized and available
	7. Facility construction	Completed, tested, "debugged" and accepted product, facility or system
	8. Operations (not a project phase but listed for interface purposes and programme continuity)	Product, facility or system operational at all times and optimum cost

DO NOT DUPLICATE WITHOUT PERMISSION

C. DOCUMENT TO BE READY AT EACH PROJECT STAGE



D. DECISION MAKING BODIES INVOLVED IN PROJECT DEVELOPMENT

DECISION MAKING BODIES

Stages	PAMCO and/or M.O.F.	Sponsoring Ministries/Boards	Implementation Ministries/Agencies	Pre-Selection Committee	Economic Council	Cabinet	Contractor/Supplier
1. Identification	b	a	-	-	-	-	-
2. Preliminary Selection	b	b	-	a	a	-	-
3. Feasibility (preparation)	b	a	-	c	-	-	-
4. Appraisal (Post-feasibility Appraisal and Decision)	a/b	b	-	b	a	-	-
5. Approval and Authorization	a/b	-	-	-	a	a	-
6. Project, Design and Engineering	d	b/c	a	-	-	-	-
7. Financing	a/b	b	c	-	c	-	b
8. Contracting and Purchase	d	b	a	-	b	-	c
9. Construction	d	-	a/b	-	-	-	a
10. Commissioning	d	b	b	-	-	-	b

Note: Involvement: a = Ultimate Responsibility; b = Secondary Responsibilities; c = Support Activities; d = Monitoring Activities

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E. OPERATION OF THE PROJECT PLANNING SYSTEM:

The following is an account of the flow or progress of a project through the system which has been designed to assist entities in fulfilling expeditiously assigned responsibilities.

1. Ministries/Agencies would receive project ideas from various sources. Ministries/Agencies with the National Planning Agency may co-ordinate the initial conceptualization of sector projects. Some ideas may be spontaneously given; others may arise from sector analyses of the economy conducted by the Ministries/Agencies, often with assistance from lending agencies.
2. Ministries/Agencies would screen the project ideas and select some for more specific identification.
3. The sponsoring Ministry/Agency would be responsible for the project identification usually on a prescribed format. Project Identification will culminate in a PROJECT PROFILE.
4. If external loan financing is required, the Project Profile is submitted by the sponsoring Ministry/Agency to PAMCO where it undergoes further examination under the Identification Stage of the Project Cycle.
5. PAMCO collaborates with the sponsoring Ministry/Agency to ensure a complete Project Profile. On the basis of the Project Profile, PAMCO prepares a Preliminary Analysis.
6. PAMCO consults with the:
  - (a) National Planning Agency (NPA);
  - (b) the Scientific Research Council (SRC);
  - (c) the Town and Country Planning Department (TCPD);
  - (d) Ministry of Finance & Planning;
  - (e) Jamaica Development Bank (JDB);
  - (f) any other Ministry/Agency, in order to assess project compatibility with the overall planning framework.
7. These append comments and/or analysis and return Preliminary Analysis with comments to PAMCO.

8. PAMCO then prepares a Preliminary Selection Report for submission to the Pre-Selection Committee. The Pre-Selection Committee will comprise Minister of State for Finance and Planning, (MSFP), chairman, NPA, TCPD, SRC, Jamaica National Investment Company Limited (JNIC), JDB, Ministry of Finance, PAMCO.
9. The Pre-Selection Committee decides upon consideration of the Preliminary Selection Report whether the project should be:
  - (a) accepted for preparation (Feasibility Study);
  - (b) return for better identification;
  - (c) deferred for a specific period of time;
  - (d) rejected.
10. Recommendations of the Pre-Selection Committee are transmitted to the Economic Council through the Minister of State for Planning and Projects.
11. Decisions of the Economic Council are transmitted to the Ministries/Agencies through PAMCO will set out in detail the appropriate instructions and the requirements of "deferred" or "returned" projects. As appropriate, PAMCO will work closely with Ministries/Agencies to accomplish the desired effect. No further action should be necessary on rejected projects.
12. For pre-selected projects, the Ministries/Agencies in collaboration with PAMCO where necessary (e.g., if pre-investment financing is required) complete preparation of the Feasibility Study as well as a Preliminary analysis of the Feasibility Study. The task can also be performed by consultants under procedures developed by the Government for use of consultants.
13. PAMCO in collaboration with the Ministry of Finance and the sponsoring Ministries/Agencies initiates procedures for the:
  - (a) allocation of financial resources for project preparation; and
  - (b) commit, in principle, resources to implement the project provided it passes the final appraisal stage.

14. The Ministries/Agencies sends the Feasibility Report and Preliminary Appraisal to PAMCO where the documents will be examined for completeness and a decision taken whether to:
  - (a) accept study for full appraisal;
  - (b) return for further preparation;
  - (c) accept for implementation at this stage (in circumstances where further study is not warranted).

An indication of specific deficiencies should accompany "returned" Feasibility Reports. Projects for implementation should have attached instructions on sources of funds, expenditure authorization, implementation date and agency.

15. Where the project is accepted for full appraisal, PAMCO with added technical assistance, will form an Appraisal Committee which prepares a Project Appraisal Report for submission to Economic Council.
16. If the Feasibility Study and Appraisal Report are approved by the Economic Council, a Cabinet Submission is prepared.
17. Cabinet reviews the Project Appraisal Report and other relevant documents and decides whether to:
  - (a) accept project for implementation;
  - (b) reject project;
  - (c) request further studies;
  - (d) defer project.

The decision would be conveyed to the Development Division of the Ministry of Finance and to PAMCO.

18. Rejected projects are withdrawn from the pipeline. Postponed or deferred projects would have follow-up action by PAMCO until a final decision is reached.
19. PAMCO transmits through relevant channels to the implementation agency the accepted project. This agency is responsible for initiating implementation schedules and procedures with respect to contracting, designing and construction.

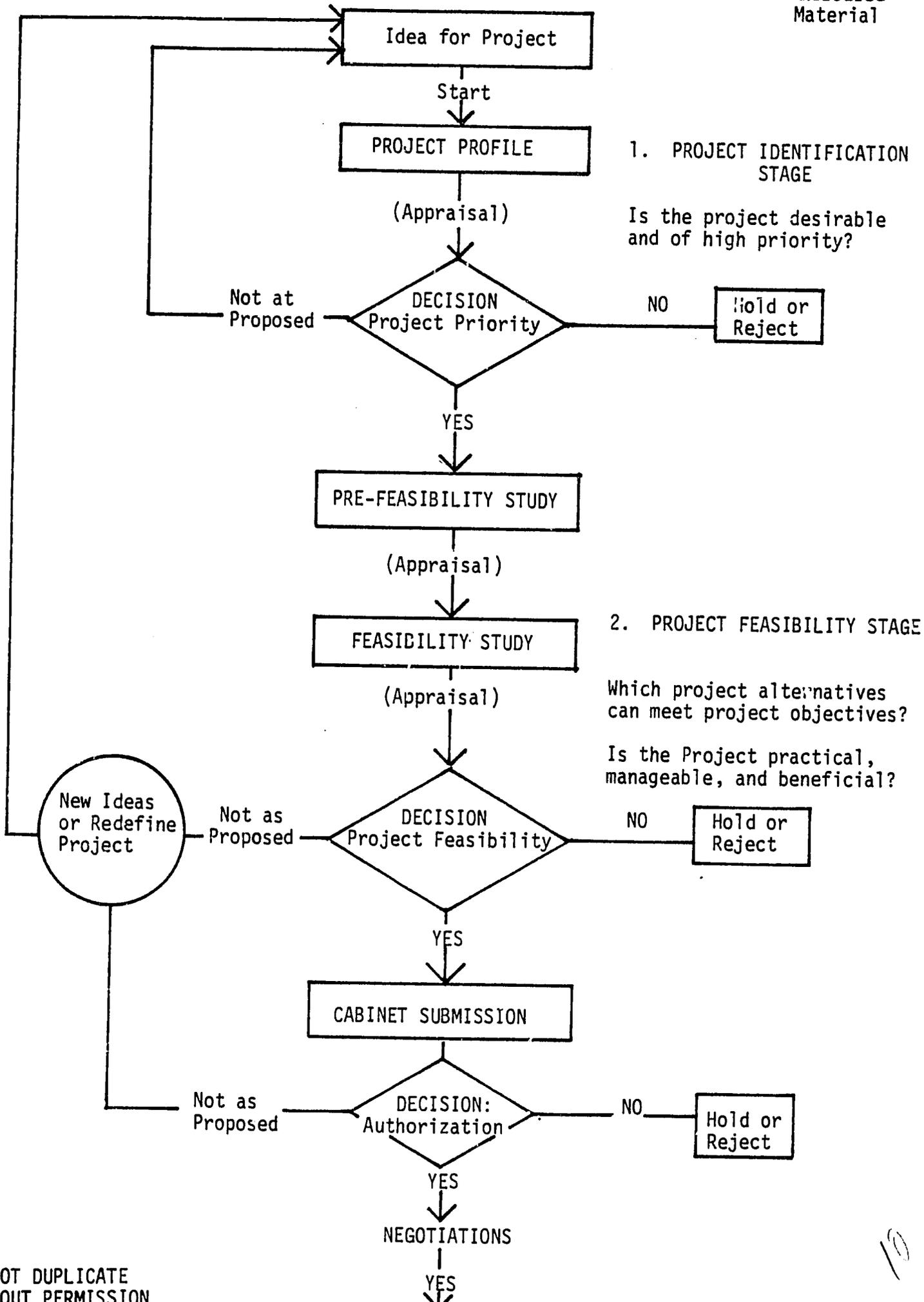
20. PAMCO in collaboration with the Development, Economic and Budget Division, Ministry of Finance and Planning, conclude financing arrangements and include project in INVESTMENT PROGRAMME.

*Earlier PDRT working papers relevant to this topic include "Project Planning Manual: PDRT 01" M. Kettering, B. Charles, A. Hyde and J. Kristiansen, 1976.*

F. An Overview of the Project Planning System.

31.9

PAMCO, PDRT,  
Resource  
Material



Project Planning and Management Series.

MANUAL - I Planning for Project Implementation  
MANUAL - P Project Planning  
MANUAL - M Project Management  
MANUAL - PF Pioneer Farm Implementation Planning

MODULES

1. Defining Project Objectives (Objective Trees)
2. The Logical Framework
3. Work Breakdown Structure
4. Activity Description Sheets
5. Project Organization
6. Linear Responsibility Charts
7. Project Scheduling - Bar Charts
8. Bar Charting for Project Control/Scheduling
9. Project Scheduling - Network Analysis
10. Milestones Description Charts
11. Resource Planning & Budgeting
12. The Role of PAMCO
13. Project Technology Analysis
14. Demand Analysis
15. Market Strategy Analysis
16. Project Area Analysis
17. Project Costs & Benefits
18. Project Profile
19. Financial Analysis
20. Cash Flow Analysis
21. Discounting
22. Net Present Worth Analysis
23. Cost-Benefit Analysis
24. Benefit-Cost Ratio Analysis
25. Internal Rate of Return
26. Social Analysis of a Project
27. Economic Analysis of Projects (including Border Pricing)
28. Financial Statements & Ratios
29. Project Selection & Ratios Analysis
30. Brainstorming
31. Decision-making System for Projects
32. Project Institutional Environmental Analysis
33. Ecological Analysis for Projects
34. Introduction to Contracts, Jamaican Contract Documents & Tendering Procedures
35. Selection & Use of Consultants
36. Project Documents for Planning & Implementation
37. Report Writing for Projects
38. Project Files
39. Formats for Pre-Feasibility & Feasibility Studies
40. Motivation of Employees and Personnel Evaluation
41. Design of a Project Management Control System
42. Evaluating & Forecasting Project Progress & Performance
43. Project Termination
44. Introduction to Lending Agencies
45. Organizing and Conducting Conference Meetings
46. Withdrawal of and Accounting for Loan Funds in the Financing of Projects