

MANUAL FOR PLANNING OF COOPERATIVE PROJECTS

1 THE SWEDISH COOPERATIVE CENTRE

2 INTRODUCTION TO THE PLANNING METHODOLOGY

3 PREPARING AND CONCLUDING THE PROJECT PLANING WORK

4 PROJECT IDENTIFICATION

5 PROJECT PREPARATION

6 APPENDICES

7

8

9

0

1

2



PLANNING OF COOPERATIVE PROJECTS
Table of Contents
1987-11-24

MANUAL FOR PLANNING OF COOPERATIVE PROJECTS

1. THE SWEDISH CO-OPERATIVE CENTRE - Goals, Policies and activities
2. INTRODUCTION TO THE PLANNING METHODOLOGY
 - 2.1. Key Features of the Project Planning Process
 - 2.2. Characteristics of Cooperative Projects
 - 2.3. Contents and Use of the Guidelines
3. PREPARATIONS FOR THE PLANNING WORK
 - 3.1. Introduction
 - 3.2. Drafting of Project Outline and Terms of reference
 - 3.3. Establishing the Planning Team
 - 3.4. Finalizing the Terms of Reference
 - 3.5. Preparing the Work Plan
 - 3.6. The In-country Assignment Phase
 - 3.7. The Winding-up Meeting
 - 3.8. Back-to-Office Activities
4. PROJECT IDENTIFICATION
 - 4.1. Review of Sector, Commodities and Services, Activities
 - 4.1.1. Introduction
 - 4.1.2. Review of the Cooperative Sector
 - 4.1.3. Review of Commodities and Services
 - 4.1.4. Identification of Possible Courses of Action
 - 4.2. Review of the Main Project Agents
 - 4.2.1. Introduction
 - 4.2.2. Broad Description of Beneficiaries and Concerned Organizations
 - 4.2.3. Detailed Study of the Main Agents
 - 4.2.4. Identification of Possible Courses of Action
 - 4.3. Forecasts of Future Developments
 - 4.3.1. Demographic Change
 - 4.3.2. Market Projections
 - 4.3.3. Technology Developments
 - 4.3.4. Infrastructural Developments
 - 4.3.5. Institutional Changes
 - 4.3.6. Summary of the Without-Project Situation
 - 4.4. The Definition of the Project
 - 4.4.1. The Key Project Variables
 - 4.4.2. Selection Among Different Project Options



PLANNING OF COOPERATIVE PROJECTS
Table of Contents
1987-11-24

- 4.5. The Project Identification Report
- 5. PROJECT PREPARATION
- 5.1. Detailed Design of the Project
- 5.2. The Project Preparation Report (Project Document)
- 5.2.1 Part I: Project Description
- 5.2.2 Part II: Plan of Operation

- 6. APPENDICES
- 6.1 Appendix - Definition of Planning Terms
- 6.2 Appendix - Checklist for Preparing Terms of Reference
- 6.3 Appendix - Example on Plan of Operations
- 6.3.1 Implementation targets
- 6.3.2 Details of project activities
- 6.3.3 Phasing of Activities
- 6.3.4 Staff Requirements
- 6.3.5 Financing Arrangements
- 6.3.5.1 Annual Requirements of Funds
- 6.3.5.2 Financing plan
- 6.3.5.3 Financial Planning and Management, SIDA Financed
 Components
- 6.3.6 Annual Planning, Monitoring and Project Reviews
- 6.3.7 Evaluation of Project Impact
- 6.3.8 Terms of Reference for Commodity Logistic Consultant
- 6.3.9 Job Description for Project Officer
- 6.3.10 Terms of Reference for Baseline Survey

- 6.4 Appendix - Suggestions on Data Collection



PLANNING OF COOPERATIVE PROJECTS
Goals, Policies and
Activities
1987-11-24

1

Page 1

OBJECTIVES & GUIDELINES
FOR
THE SCC'S DEVELOPMENT ASSISTANCE

November 1986



1. INTRODUCTION

The following is a statement of the principles which guide the development assistance work of the SCC, made through a definition of the concepts "aim and objectives" and a description of the target groups which are the focus of the SCC:s activities. The aim, the activity objectives and the target groups form the base of the assistance programmes. Certain guidelines for selection of recipient organisations and concentration of the assistance are stated, as well as a description of the main forms of it. Directions for preparations and implementation of assistance programmes are given in separate documents.

The principles were adopted by the Board of the SCC on 13 november 1986.

2. AIM AND OBJECTIVES

The overall purpose of the development assistance work of the SCC is indicated by the main aim as stated below. This aim is derived from the co-operative principles, it also demonstrates the type of development which the member organisations of the SCC wish to support. The main aim of the SCC is:

To contribute towards positive changes of the living conditions of the poorer sectors of the people in developing countries, by supporting the activities of cooperative organisations which work for economic and social development and independence, while emphasizing popular participation and control and adhering to the principles of democracy.

From this is seen that the SCC believes that people and their development constitute the basis for progress in developing countries, and that the contribution of the SCC towards this process is to help in the development of cooperative organisations. The SCC further believes that cooperative activities make an important contribution towards the development of democracy in developing countries. The main aim of the SCC is linked to the



declared aims of Sweden's official development assistance programme. ¹⁾)

Activity objectives

The activity of the SCC activities are derived from the main aim, and are means of attaining the aim. Together with a description of the relevant target group, the objectives make it possible to judge whether any proposed or ongoing project is in accordance with the main aim.

The activity objectives of the SCC are, in collaboration with the counterparts in developing countries, to:

- a) promote the creation and efficient management of cooperatives and farmers' organisations amongst people within the SCC's target groups. Particular attention must be paid to cooperatives which through their activities contribute to increased food production and/or improved food distribution.
- b) promote the creation and efficient management of national cooperative organisations, the purpose of which shall be to support local cooperatives.
- c) promote regional cooperation between national cooperative organisations through the International cooperative Alliance (ICA) and other international organisations with similar aims.
- d) promote the creation of self-help organisations and associations, which although they are not formally or conventionally cooperatives, are close to the cooperative ethos, and have expressed as their aim to develop into

¹⁾ The aims of Sweden's official development assistance programme, as laid down by parliament, are in brief:

- a) the growth of resources
- b) economic and social equality
- c) economic and political independence
- d) the development of a democratic society.



pre-cooperatives, formal cooperatives or farmers' unions.

- e) promote the practice that aid to cooperatives and to farmers' organisations should generally to a greater extent be more directed towards women. Specially women's projects shall only be initiated when called for by circumstances.
- f) promote cooperation between cooperatives in developing and industrialised countries in order to increase bilateral trade and movement-to-movement assistance.
- g) promote education and training for cooperative development with particular reference to the members.

The SCC shall also work to increase knowledge in Sweden about cooperatives in developing countries, and to promote increased aid from other organisations to cooperative development.

3. TARGET GROUPS

The SCC targets its work at two major groups:

- (a) Members 1) and potential members in conventional registered cooperative societies, which
 - display a certain level of independence in relation to national and local authorities or to political organisations and other pressure groups
 - apply the principle of open and voluntary membership
 - are democratically controlled
 - are considered to have the proper financial prerequisites to work, to survive and eventually to develop

This category of target groups includes organisations which have been given special responsibilities to safeguard their members' interests in society, e g farmers unions.

- (b) Members and potential members of



independently formed self-help groups which have the prerequisites and expressed intentions of developing into cooperative societies

pre-cooperatives

Development assistance shall primarily be focused on groups as described above, with low income members. There must be special reasons for considering aid to groups with relatively more privileged members, such as a distinct multiplier dissemination effect.

- 1) The word member should not be interpreted in a formal sense. It is used in this context to emphasise association with an organisation of the kind that the SCC wishes to help to promote. In real life it refers to the people behind the terminology, i.e. those who are benefit from the desired positive results - households, families, men, women and children. It is particularly important that the simple human perspective should not be obscured by the terminology used for practical purposes.

The activities of the SCC should be concentrated to target group Category (a), in such a way that it is above of the total annual budget should not be less than 80%.

Women make up a natural part of this target group, but there are still reasons for paying particular attention to the position of women. One reason is that women to a large extent are unfairly treated even amongst neglected population groups, and that the cooperative movement offers opportunities to improve their situation in a number of ways.

Another reason is that if the cooperative movement is to be successful it presupposes active participation and involvement by the people concerned. It needs the participation of women, just as much as that of men; in order to accelerate development women need to be specially singled out.

In most cases it is not possible to transfer aid directly to the target group concerned, since the SCC's assistance is aimed at building and developing cooperative organisations. The target group is often reached through institutions or organisations whose activities directly or indirectly are meant



to affect the situation of the target group. The distance between that institution or organisation and the target group should be as short as possible for the aid to provide the best possible results for the target group.

4. PROJECT OBJECTIVES AND RESULTS

Project objectives are specially formulated for each of the SCC's development assistance projects, or, in the case of large and complex projects for each of the component parts of a project. The project activities should describe the results proposed to be achieved for target groups and/or organisations. The project objective should be operational, i.e. they should be usable as direct guidance for assistance projects; Expected results after a certain period of time should be stated in order to make it possible to measure to what extent the objectives have been reached. The objectives should be measurable both in terms of quantity and quality. The quantitative objective should be directly measurable, and the qualitative objectives should be as precisely formulated and measurable as possible.

The results of assistance should lead to changes for the target group. These changes do, however, take a long time to achieve, and are difficult to measure. Project objectives must be so formulated as to show a demonstrably positive connection between the objectives and the main aim of the SCC.

It should be possible to prove that fulfilling project objectives can contribute to positive changes. Thus the project objectives must not be restricted to a description of the results of a project; they must also indicate the changes which the project ultimately aims to achieve.

5. COUNTERPARTS

By counterparts we mean the institutions or organisations which receive and administer the SCC's assistance, and ensure that it benefits the target groups directly or indirectly. The counterpart is the organisation with which the SCC enters into an agreement.

The SCC's counterparts must be either cooperatives organisations or farmers' unions, or other organisations closely allied to them. Most are national



organisations which represent the target group at national level. They should be well established organisations, capable of receiving and administering the aid funds satisfactorily. The same applies to counterparts which are not national organisations.

The SCC can enter into agreements with governmental counterparts. This must only be done if there is no national organisation, or if it is not capable of undertaking the work outlined above. In such cases special importance must be given to the objectives and the ability to fulfill them. The possibility of helping to build up a national organisation must in such cases be considered an important feature of the project.

6. CONCENTRATION ON THE SCC'S DEVELOPMENT AID

The SCC's resources are very slender in relation to needs, and in order to achieve the best possible effect and to build up knowledge, insight and experience we must concentrate and limit our projects.

Country concentration

It is clear from the SCC's principal objectives that our development assistance must be limited to countries

- which are classified by the UN as developing countries
- where the promotion of cooperatives can be expected to contribute to the social development of the community in the general direction of our objectives, and
- where the cooperative movement is expected to contribute to the democratic development of society.

Our projects shall primarily be concentrated to a limited number of countries and regions, so as to provide mutual support if possible. The board of the SCC shall annually review the number of countries or regions to which the SCC's projects shall be concentrated.

When project proposals are subject to prioritising preference shall be given to project in countries



which belong to the group of Least Developed Countries (LDCs) according to the UN's classification

in which the cooperative movement or farmers' unions do not already benefit from large-scale aid with similar aims, from other donor countries or organisations

whose cooperative movement is affiliated to the ICA.

Under the following circumstances exceptions may be made to the above limitations and priorities:

if the project is aimed at a particularly weak or neglected group

for projects consisting of short consultancies financed by counterpart or by development agencies other than the SCC

for projects which develop methodologies which may widen the SCC's expertise and experience.

The reasons for such exceptions must be well substantiated and the extra pressure on the SCC's capacity must be very carefully considered. Projects of this type must not be of long duration.

Concentration by type of project

The factors which are decisive in the choice of projects to be supported are the needs of the target group, and the capability of the Swedish cooperative movements and farmers' union to undertake the work. Within this given framework we do, however, try to put the minimum of restrictions on projects.

Over the years the major part of the SCC's assistance has been directed to cooperatives which serve the rural community; this emphasis will be continued in future. However, we are open to providing assistance to other activities organised as cooperatives, provided the expertise in the area exists either in Sweden or in the country concerned.

If a project is considered to be of great import-



ance, specialised expertise can be brought in to it through the ICA or other agencies.

7. FORMS OF ASSISTANCE

In principle the forms of assistance used can be divided into two categories: material support, and transfer of knowhow, which is usually provided through personnel assistance advisory services of other kinds.

Large-scale material support such as the transfer of funds or capital goods are only provided by the SCC in connection with, and as a complement to personnel assistance. Given the SCC's slender resources material aid must be very restricted and will always be part of a longterm development plan or project. Minor requests for funds, or requests for temporary funds are considered from case to case.

Knowhow transferred through personnel assistance consists of professional expertise and knowledge of cooperative organisations. When recruiting personnel these factors are always taken into consideration by the SCC, as well as personal background in any of the member organisations of the SCC. When the professional expertise cannot be found within the Swedish cooperative movement, or when staff with the required professional qualifications cannot be recruited in Sweden, the necessary competence is found in some other way.

Within the framework of its development work the SCC tries to establish institutional contacts between cooperatives in developing countries and in Sweden in order to assist in the transfer of knowhow. Cooperative organisations in developing countries can, through such institutional links, more fully profile from appropriate expertise and experience available in sister organisations in Sweden. This type of collaboration is financed through the budget of each project.

8. EVALUATION

Evaluation of all assistance projects carried out in order to achieve a continuous assessment of all assistance projects. In addition there is also an evaluation at the end of each project.



The purpose of evaluations is both to provide continuous assessments and to add to the SCC's store of knowledge and information for future decision making. All evaluations are intended to assist in increasing knowledge about cooperatives as institutions in developing societies, about development processes and aid techniques. This knowledge is then processed and documented in order to be used in a wider context.



2. INTRODUCTION TO THE PROJECT PLANNING METHODOLOGY

2.1. Key Features of the Project Planning Process

A project may be defined as a scheme for organizing the use of identified resources in order to achieve certain objectives within a defined period. A development project like most other projects is commonly characterized by having:

- a) A separate identity which allows it to be distinguished from other activities or investments;
- b) Well defined objectives, costs and benefits in relation to the groups it intends to assist;
- c) Full command of the resources needed to realize the projected benefits;
- d) Clearly defined institutional responsibilities for its implementation;
- e) A time-table for the implementation process;

It is possible to formulate development projects according to a common format with essentially the same planning steps and with a standard layout for the presentation of the project. A common format makes the work easier for the reviewers of the project report to follow the reasoning that led to the project being designed the way it is. It also makes life simpler for the professional managers who will implement the project. In addition, a common format facilitates monitoring of the implementation process and evaluation of the project's impact by requiring the planners to specify the goals against which progress would be measured.

The described planning methodology aims to bring a degree of rationality into what is usually a complex data collection and decision-making process. Although the design of projects should and must be influenced by the experience and imagination of individual planners, the process ought to be similar to the common approach for solving problems. It should be logical and systematic and make use of up-to date techniques.

The methodology in this manual describes the planning process a logical sequence of interrelated steps. Starting from the identification of existing



problems and opportunities, these steps gradually to the the definition of a project that is capable of effecting change in the desired direction. Most problems facing the cooperative members and their societies are multi-dimensional in nature. They may simultaneously have technical, economic and social and political dimensions and elimination of only one of these may not be sufficient to resolve the problem. For instance, new farming technologies must not only be technically feasible but also economically satisfying and socially acceptable among the rural community to have the desired impact. The existence of several problem dimensions pose particular demands on the planners who among themselves may have to command knowledge about technical, economic and analyses as well as social analyses.

Project ideas may be the result of systematic reviews of the needs or the development potential of the cooperative sector. However, they are perhaps more often the fruit of suggestions put forward by members, society and union officials, political leaders or government officers. They may also come from external aid agencies, including SCC. Sometimes the idea represents just an extension of an already ongoing project; in other cases it may be the result of disastrous events, such as droughts or floods.

The project idea usually will be documented by the concerned cooperative organization or by the supporting government ministry before being submitted to SCC for consideration. The length and the quality of the first write-up may vary considerably. In some rare cases the document is the result of special and detailed studies and repeated consultations between SCC and the local organizations. In other cases it may be only one or two pages of rather vague statements about intended project objectives and beneficiaries.

The Project Cycle

Within the cooperative policies, development resources may be used in many different ways. The process of choosing a particular combination of activities and resources, drawing up the necessary



plans for their utilization and then implementing the plans is referred to as the "project cycle".

The SCC project cycle can be chronologically subdivided into four phases:

- (1) Identification - the process of establishing the objectives of the project objectives and defining and analyzing the effects of alternative resource combinations before recommending a "best" option;
- (2) Preparation - the detailed design of the "best" way to use the resources. It should include an assessment of whether the institutional capability in the recipient country is sufficient for the implementation of the project. It should also provide a detailed plan of operations to guide the implementation;
- (3) Implementation - the physical execution of the project plan. This phase may be subdivided into the build-up period, during which the project activities are started, followed by the operational stage when the activities are going ahead at their peak level.
- (4) Evaluation - the process of assessing the impact of the project, i.e. its benefits and possible negative effects. An evaluation is often carried out after the implementation period has ended when it serves to generate information for future planning. However, it may also be undertaken during the implementation period as a basis for decisions on whether the project course need to be changed.

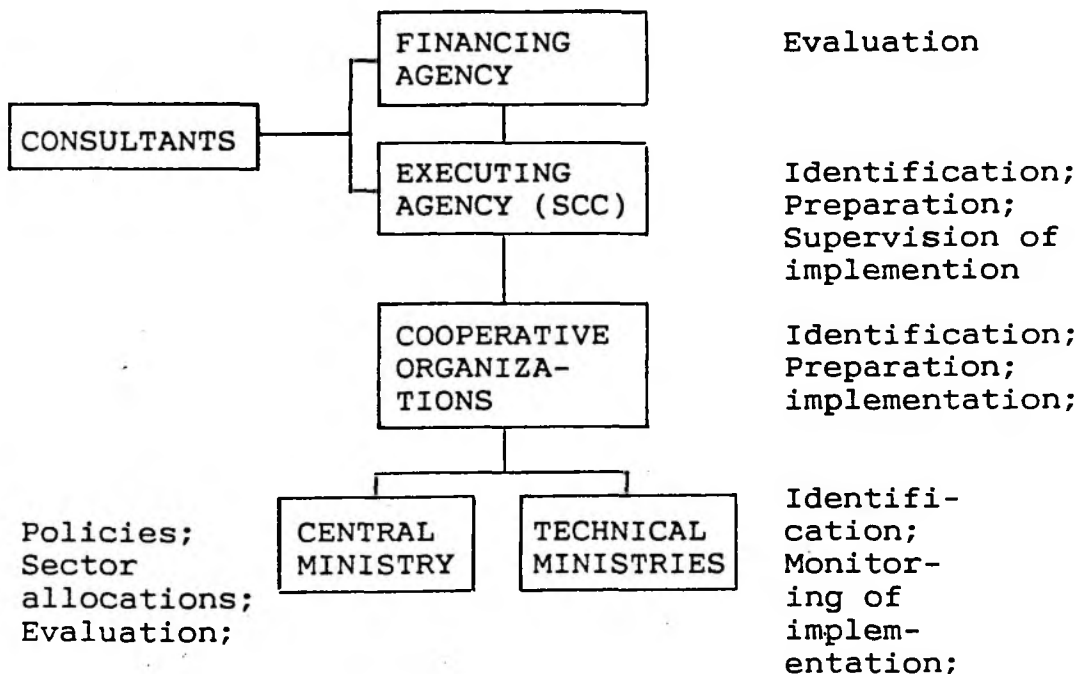
The project cycle includes decision-making points at the end of each phase. At the completion of the identification phase; the concerned agencies must decide on whether to commit the necessary resources for the following preparation or to disengage themselves from the project as it has been identified. After the preparation phase, they face the even more important decision of whether to commit the required funds and staff to implement the project from the proposed starting date.



This manual is concerned with project formulation which comprises both the identification and the preparation phases. These phases often overlap when the project is small or fairly straightforward.

Institutional Responsibilities.

Planning and implementation of cooperative projects typically involve external donors together with the cooperative and governmental organizations in the developing country. The following figure illustrates a common distribution of responsibilities:



The ultimate objective of all cooperative projects is to benefit the organizations' members by raising their incomes through reduction of the costs for purchases of goods and services or by increasing their capital base through savings. The cooperative members and their elected representatives should thus be closely involved in both the planning and implementation processes. They should be able to influence the design of the project and thus become committed to its success. In cooperative projects, perhaps more than in other projects, success depends critically on the commitment of the concerned people.



2.2. Characteristics of Cooperative Projects

Cooperative projects usually fall within one of three subsectors: producer cooperatives, service cooperatives, consumer cooperatives. This manual is primarily concerned with cooperative projects but sooner of its contents is also applicable to projects that are assisting consumer cooperatives. Within each subsector, it is usually possible to classify cooperative projects according to their "vertical" and horizontal" complexity. Vertical complexity refers to the number of organizational levels - e.g. primary societies, unions or apex organizations - at which the incremental resources will be deployed. Horizontal complexity refers to the number of member services that the project intends to support, e.g. crop purchasing, supply of farm inputs, credit, training or education. Multi-level or multi-service projects are normally more demanding from the planning point of view than single-level or single-service projects.

Cooperative development frequently implies staff development through training in conjunction with upgrading of the managerial and administrative procedures. These activities might be called the "software" components of a project. However, strengthening or expansion of service activities is often accompanied by investments in "hardware" components - buildings, vehicles and other equipment - as necessary complements to realize the full benefits of the training efforts and the management developments.

Is thus difficult to make a clear distinction between "technical assistance" projects and "investment" projects for the cooperative sector as is commonly done for agricultural projects and area-based rural development projects.

2.3. Contents and Use of the Guidelines

The following guidelines include separate chapters for the identification and the preparation processes. The description of the formulation process combines a sequential and a methodological app-



roach. Most of the description follows the order in which the planning takes.

Preparatory Activities

In the following chapter, the preparatory activities for the planning work are described. The writing of the Terms of Reference for the assignment and the formulation of a work programme for the planning mission are the two most important tasks. The chapter also gives practical guidance on the field work and how the planning mission should be conducted.

The Identification Process

This chapter contains five sections. In Section 1, the problems, the development opportunities and the project goals are identified and reviewed against the background of national cooperative policies and priorities. The same issues are reviewed in Section 2 but this time the perspective is from below, i.e. from the point of view of the beneficiaries and the concerned cooperative organizations.

The project objectives and the expected effects of the project on the beneficiaries and the concerned agencies need to be viewed in the context of what would happen if there were no project - the "without-project" case - in order to assess its real contribution to development. The without-project situation is described in Section 3, where techniques for projecting supply, demand and prices of commodities are given special attention.

At this point, the planners should have outlined a hierarchy of goals, constraints and opportunities with critical problems identified and broad courses of action sketched out. In Section 4, all features of the project come together. The description of the project should include certain "standard" ingredients, of which the most important are the objectives, the main components and activities, the proposed organization and management system together with rough estimates of the costs and an assessment of its financial and economic viability.

The Preparation Process

This chapter contains two sections. In Section 1, the major differences between project preparation



and identification are pointed out. In Section 2, the main contents of the preparation report, or the Project Document as it is often called, are outlined.

Other Information

The guidelines also include a list of common planning terms and concepts (App.1), a checklist for the preparation of Terms of Reference (App.2), an example on a Plan of Operations (App.3) and a set of suggestions on data collection (App.4).

The guidelines are compiled to apply to many different types of agricultural cooperative projects. Far from all of them are applicable to any single project. The user should regard the guidelines as an extensive "checklist" from which he or she should adopt what is suitable at the various stages of the planning process. However, it is advisable that the planner adheres to the outlined path of stages and steps to ensure that no important points are overlooked.



3. PREPARATION FOR THE PLANNING WORK

3.1. Introduction

A typical assignment would start with a brief period of preparations in Sweden, followed by two to three weeks in-country work.

Three tasks would dominate the work in-country. Most of the time would be spent on collecting data on important project aspects together with the assigned officers from the counterpart cooperative organizations. In parallel with this work, the implications of the team's findings would be explained and discussed with the concerned decision makers in the cooperative organizations and in Government institutions. At the end of the in-country phase, a winding-up meeting would be arranged during which the project features would be discussed at length. This discussion would be based on a project brief or, if time permits, a draft project report.

Upon return to Sweden, the team leader would brief the responsible SCC officer on the planning progress (if he or she has not been able to participate in the winding-up meeting). The team would then proceed to prepare the final report version. This work would be coordinated by the team leader or any other member appointed by him. The writing period in Sweden may be anything from one to four weeks depending on the complexity of the project and the preparations done beforehand in-country.

The whole assignment would be guided by Terms of Reference (ToR) prepared by SCC. The ToR would specify the overall objectives of the project as well as the purpose and the main activities during the formulation assignment.

The activities specified in the Terms of Reference would also determine the composition of the planning team. Each team would have a leader appointed by SCC who would lead and coordinate its work and be the chief spokesman for the team. The team leader may be an SCC officer but may also be a senior consultant.

The number of team members from Sweden may vary from one person for smaller assignments to up to six - seven persons for large assignments. The local team members would be added to this figure.



The aim of the preparatory phase is to make the necessary arrangements - institutional, administrative and logistic - to ensure that the best use is made of time and resources during the project formulation.

The purpose of the preparatory activities is to:

- a) Tentatively define development priorities and the key project features together with its geographical, sectoral and institutional boundaries;
- b) Appoint the planning team and make the necessary logistic arrangements for its travel and visits;
- c) Prepare the Terms of Reference for the formulation assignment;
- d) Prepare a Work Plan for the assignment;

This chapter also includes some advice on how the field phase should be concluded and what actions should be taken upon the team's return to Sweden. The individual activities are described in the following sections.

3.2. Drafting of Project Outline and Terms of Reference

The first elaboration of the project idea is usually the result of formal or informal discussions between SCC staff and various co-operatives officers in the recipient country. During these discussions, which are a prelude to the formal project formulation, the original project idea is usually expanded and firmed up with regard to:

- a) the nature of the perceived problems and the priorities attached to their solutions;
- b) the broad project objectives and their relations to the country's national and cooperative strategies;
- c) the most important project components;
- d) the sectors, institutions and target groups that would be affected by the project.



Where should the project be located and what criteria should guide the definition of its boundaries? The positive selection of one sub-sector or area may be seen as negative discrimination against other alternatives. A rational allocation of resources is rarely possible without the intervening of regional political considerations.

Also, the geographical determination very often decides the nature of the project components - their size, the types of services to be provided and which target groups that will benefit. Therefore, the first definition of the project boundaries has to be done with great care and with options for future re-drawing should it be required

The preliminary project outline will be the basis for deciding on what expertise is required for the team and for identifying and selecting the team members.

The preliminary Terms of Reference should pinpoint the expertise required, the approximate numbers of manweeks needed on each subject, the timing of the visit to the recipient country and any administrative deadlines.

The timing of the mission would have to satisfy the demands of the institutions in the recipient country and SCC's internal work schedule as well as match the availability of external consultants. The time spent in-country may encompass two to four weeks while the writing assignment periods may vary for individual team members. As a rule, the report writing should be carried out in-country concurrently with the fact-finding work but usually additional time would be required in Sweden.

3.3. Establishing the Planning Team

The main advantage of the team approach in project planning is that it allows specialists to be involved in the planning exercise at an early stage and gets them to think about their work in relation to that of other members the team. It also ensures that individual views are being heard by and considered by all team members.

The establishment of a Project Identification Team or a Project Preparation Team means providing answers to the following five questions:

- a) Which officer within SCC will be responsible for coordinating the project formulation?



- b) Who will be the leader of the formulation team?
- c) Who are to be the other team members?
- d) When should the planning take place and how should the time be allocated between in-country work and report writing.
- e) Which are to be sources of administrative support?

The team leader may be an SCC officer or a consultant with wide technical knowledge who is also familiar with SCC policies and operational procedures.

Commonly, a team may comprise members who among themselves include technical specialists on agriculture, fishing and other cooperative occupations, institutional specialists on training, education, management, credit or trade together with economists and sociologists. Preferably, the majority of the technical specialists should be drawn from the Cooperative member organizations in Sweden.

For many assignments, it is desirable to include women specialists on socio-economic matters who can more easily establish a relationship with the female members of the cooperative organizations.

In some countries, the consultants, would have to be formally approved by the Government before the appointment can be confirmed.

Those responsible for implementation should be involved as far as practicable in the planning process. This implies that the team should formally include representatives from the cooperative institutions in the recipient country both during the identification and preparation phases. This may present practical problem with regard to the preparatory activities since many of these, due to time constraints, will have to take place in Sweden prior to the team's departure. However, consultations may be conducted place through letters, telex communication and telephone conversations during this stage.

3.4. Finalizing the Terms of Reference.

Formal Terms of Reference should ideally be worked out through discussions among SCC staff, the planning team and the officials of the institutions in



the recipient country. The Terms of Reference, once prepared, should be officially approved by SCC and the concerned local institutions and then serve as the chief guidelines for the team throughout the planning exercise. A checklist on points to be covered in the TOR is provided in Appendix 2.

3.5. Preparing the Work Plan

Project planning is an exercise with limited time and resources. It must be carefully scheduled to make sure that the proposal is produced on time and contains all the information required according to the Terms of Reference. It is important that all the members of the planning team are clear about the methodological procedures to be followed and that they can influence the planning work.

An informal meeting of all team members prior to departure is a common way to ensure that the above conditions are fulfilled. The meeting may be a combination of introductory reading on the project concepts, discussion of the basic steps in the planning process and presentation of simple illustrations on technical issues. The team should also make itself familiar with ongoing projects in related sectors which may have bearing on the new projects. In addition, individual team members should contact Swedish Cooperative Organisations with particular competence in their field for briefing on technical, managerial or commercial aspects.

It is the duty of the team leader to ensure that all planning tasks are identified and allocated among the mission members. He or she should, as far as possible, involve the team members in the preparation of the Work Plan. Their engagement will ensure that all views are being represented and that each member feels committed to following the Plan.

A schedule of activities is required to indicate the starting and completion times of the planning activities - meetings, field trips and writing assignments - and to facilitate monitoring of how the planning work is progressing. This schedule should be agreed upon by all team members and clearly indicate who is responsible for individual activities.

Frequently, the work plan has to be prepared in Sweden prior to the team's departure. Upon arrival in the country, the first contacts should be with



the local team members and their superiors to discuss the project outline, the Terms of Reference and the draft Work Plan.

A preliminary rough draft should be made at an early stage of the outline of the report so that the analysis and designs can be prepared in a form that accords with the format of the report. The team leader and the members should agree on the format of the individual contributions and determine whether they will become annexes or be incorporated in the main report. Such early organization of the material can save much re-working time later on.

3.6. The In-Country Assignment Phase

The allocation of time in-country depends on the nature of the assignment. Typically, the first days would be spent in meetings in the national or regional capital before proceeding to the field. The last days of the stay would usually be devoted to round-up meetings and to last-minute gathering of information.

Frequently, the team must split up into smaller groups so as to be able to complete all its tasks. Ideally, a minimum of two members should attend each discussion to facilitate effective questioning and information collection. The people who will be interviewed need to be notified well in advance to minimize the disruption in their work schedule. If no written project outline has been prepared, each initial discussion ought to be preceded by a briefing on the aims and the rationale of the project.

The work of the planning team is complex and will always tend to expand beyond the limits of time and money allowed. Careful early phasing and estimation can save the agony of last-minute struggles to meet deadlines.

3.7. The Winding-up Meeting

As a basis for the round-up discussions with the cooperative organizations, a draft report or an Aide-Memoire should be prepared to outline the team's findings and advance the definition of the project with regard to its objectives, target groups, components and major activities. The team may also disclose any funding ceilings if these have been cleared in advance with SCC. However, if there is no SCC representative present at the round up meeting, all information in principle



reflects the views of the planning team. This should be made clear to the participants in the meeting.

3.8. Back-to-Office Activities

Upon arrival in Sweden, the team leader would re-port to the SCC officers on the missions's find-ings. This verbal briefing would expand on the draft report or the Aide-Memoire. It should also include a clear account of any deviations from the Terms of Reference or the Work-Plan.



4. PROJECT IDENTIFICATION

4.1 Review of Sector, Commodities and Services, Activities

4.1.1 Introduction

The identification process is subdivided into four stages, with each stage broken down into steps. In Stage 1, 2 and 3, the prospects for realizing the project objectives, as given in the Terms of Reference for the identification mission, are assessed from three different perspectives: from the national cooperative level through sector reviews ("looking down"); from the local members' and concerned organizations' point of view ("looking up"); and from the viewpoint of the expected future situation ("looking forward").

Throughout these stages, the identification team will systematically generate ideas about possible courses of action to fulfil the project objectives. These ideas are compared with each other in Stage 4 and the "best" components combined to form the structure of the proposed project.

The review of the cooperative sector and the relevant subsectors has three purposes:

- a) To make the mission members familiar with and policies and with official and informal development strategies and priorities;
- b) To start accumulating a data bank on key planning issues for use during identification and preparation;
- c) To generate the first ideas about what kind of project interventions are desirable and feasible.

Two activities need to be undertaken by the identification team to achieve these purposes:

- a) Review of available literature, including official and internal plans and reports prepared by the cooperative movement and within Government and donor organizations;
- b) Discussions with:
 - i) policy makers within cooperative organizations, Government and donor agencies;

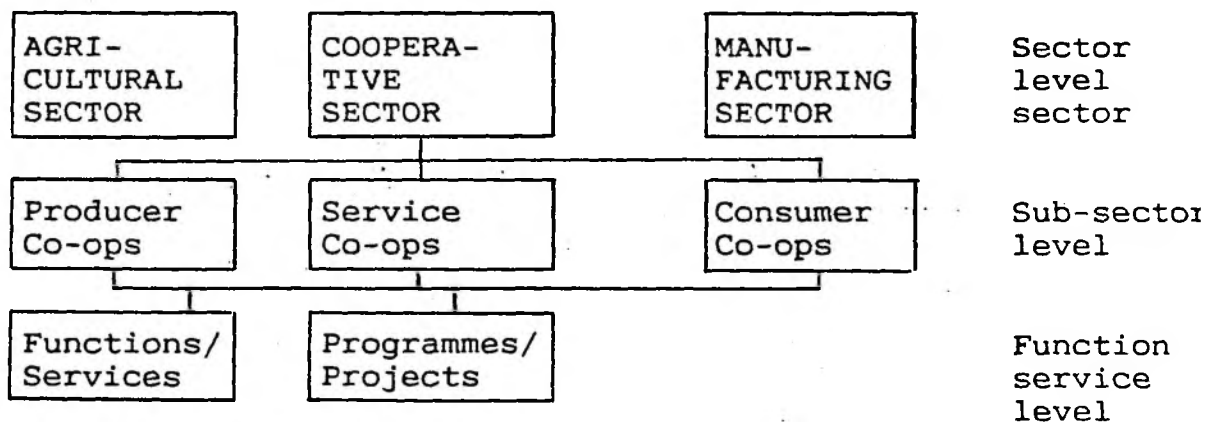


- ii) cooperative managers an administrators;
- iii) technical specialists (e.g. on agriculture, transport and storage);

The expected output of these activities is preliminary answers to the questions where the project intervention should be located and what kind of interventions that ought to be considered.

New cooperative projects will be influenced by the existing policies for the cooperative sector and most projects with also be affected by the policies of related sectors such as agriculture and manufacturing. Since new projects would be implemented largely by the existing cooperative institutions they also need to take account of policies and priorities of other, ongoing cooperative programmes and projects.

The following figure illustrates the internal relationships among sectors, sub-sectors, services and projects:



A sector may be divided into sub-sectors in different ways. For the cooperative sector, the most common sub-division may be into producer, service and consumer sub-sectors but it is not unusual to break it down into single-purpose cooperatives and multi-purpose cooperatives. It is also possible to make a sub-division according to organizational structure with apex organizations, unions and primary societies.



Some services form "natural" functions such as the collection, transportation, storage and selling services which combine to constitute the marketing function.

Projects or programmes ¹⁾ may be instituted to bolster one or several services or function.

The services are coordinated to promote a specific commodity.

The planning sequence of Stage 1 is subdivided into the following three steps:

- 4.1.2 Review of the cooperative sector and relevant subsectors;
- 4.1.3 Reviews of the relevant commodities and services;
- 4.1.4 Identification of possible courses of project action.

The steps are described sequentially in the following sections.

4.1.2 Review of the Cooperative Sector.

The review of the cooperative sector and subsectors should focus on three areas: the guiding policies, the involved institutions and the related programmes.

¹⁾ The programme concept in this context may have either of two connotations: it may mean a long term project without a fixed termination date - this is probably the most common application; - but it may also refer to a certain component of a project, often but not always of longer term duration.



Policies

Cooperative activities, which sometimes are subsidized by Government, are often guided by explicit guidelines in conformity with other development efforts. Cooperative development is also directed by policies generated and adopted by the cooperative movement itself. In addition, cooperative development in many countries is also influenced by the policies of the supporting external donor agencies. Below are listed some examples on cooperative policies:

a) Policies of Government origin:

Priorities for development (sub-sectors, commodities and services);

Role of cooperatives in supplying farm in-puts providing credit and procuring agricultural produce and other products; Role of consumer cooperatives;

Government investments in the cooperative sector;

Subsidized fee rates for certain technical social and services provided by the cooperative movement;

Overall degree of Government supervision and control;

Specific restrictions on local projects;

b) Policies of cooperative origin:

Development priorities among sub-sectors, commodities and services;

c) Common donor priorities:

Training activities;
Investments in stores and vehicles;
Credit (rather than grants).

Institutions

This part of the review would normally cover the following areas:

a) The cooperative organizational structure, including number of members and staff;



- b) Government support organization for the cooperative sector;
- c) Responsibilities for important cooperative functions, i.e. input supply, credit, crop procurement, transportation, storage, processing, staff and member training, accounting and auditing, with emphasis on gaps and overlaps.

This description need to present only the overall picture while the detailed institutional reviews would be undertaken during Stage 2 (below).
Present and Planned Development Efforts

Projects which are formulated without cognizance of related development efforts are likely to prove poor projects. Ideally, a new project should reinforce the linkages between diffeent economic activities. The review of related development efforts would normally cover the following items:

- a) Trend in Government resource allocations to the cooperative sector;
- b) Present programmes and projects in the cooperative sector and in related sectors purpose, components, phasing and resource allocations;
- c) Planned programmes and projects.

It should also be noted if any of the present or planned projects form part of a larger development strategy.

4.1.3 Review of Commodities and Service

After reviewing the cooperative sector in Step 1.1 and its links with other sectors, the "field of vision" now narrows to concentrate on the particular sub-sector, commodity or services with which the projects will be concerned.

Common commodities produced or handled by cooperatives include crops, livestock products, fish, processed foods and agricultural inputs such as fertilizer, seeds, feeds and chemicals.

Services provided by cooperative organizations to their members may encompass distribution of farm inputs, tractor hire, production credit, procurement of produce and local processing.



At this stage, the review process should become more analytical and begin to employ descriptive categories such as "development potential and opportunities" and "problems and constraints". These terms must be defined in the context of the projects objectives - a development opportunity in one project may be a "problem" in another project with different objectives.

Specific policies for commodities and services that were not reviewed in Step 1.1. should be noted here. In the case of most projects, national policies have to be accepted as given, as external parameters, since the project as a "unit of development" is usually too small compared to the total national development effort to have any influence on government policies.

The review process during this step would normally focus on strategies and the basic aspects of the commodity or services.

Development Strategy

If a development strategy exists for the commodity or service - comprising goals, activities for attaining the goals and specified resources allocated for undertaking the activities -it should be summarized here and its implications for the project explained to the reader. However, in many cases development intentions are only formulated at the policy level and not operationalized further.

Basic Commodity Data

Important data on the relevant commodity(ies) include:

a) Production:

Total production quantity (past and present);
Producer - local production and world market;
Cultivated area (past and present);
Location of cultivation; enterprise sizes;
Input supplies; credit;

b) Collection and processing:

Collection mode;
Transportation;



Processing technology;
Plant ownership size, condition; workforce.

- c) Marketing:
Formal and informal markets;
Prices;
Official intervention;
Infrastructure and facilities;
Market information system;
- d) Development projects.

Data on Services

Basic data on cooperative services may include:
Organizations; relationships;
Beneficiaries;
Important facilities;
Development projects.

4.1.4 Identification of Possible Course of Action

At this point, it is appropriate to summarize the conclusions of the reviews to identify development possibilities in relation to the existing ideas before the detailed study of the agents commences. Development opportunities may take the form of:

- a) Exploitation of new technology - e.g introduction of new production or processing technology.
- b) Connection of organizational deficiencies, e.g filling gaps among services;
- c) Exploitation of market potential by expanding the production or by strengthening the marketing system.

The mission's findings would form the basis for deciding on which agents to study during Stage 2.



4.2 REVIEW OF THE MAIN PROJECT AGENTS

4.2.1. Introduction

After the "wide-angle" view taken during the previous reviews, the attention will now focus on the main agents who are likely to be involved in or affected by the project. The purpose of the first step, 2.1, is to determine who the key actors are, what they are doing, what techniques and methods they employ and which inputs and outputs they use and produce.

The agents should not be studied in isolation but with their linkages and inter-dependencies with other agents as a network of cause-and-effect relationship. In Step 4.2.3, a "telescopic" view is taken of the structures, processes and relationships that are deemed to be particularly important to the project, in order to understand how they are combined and the rationale for their relationships.

The acquired knowledge is then used for the last step, 4.2.4, to further refine the preliminary definition of project options made during Step 4.1.4.

The main output of this stage should be description of the sub-system relevant to the envisaged project with emphasis on problem areas and on possible ways of eliminating or reducing their negative impact. As far as data and time permit, the main elements of the system should be quantified at this stage.

4.2.2. Broad Description of Beneficiaries and Concerned Organizations

The project agents may be individual society members, member groups, whole cooperatives, institutions or commercial firms. The agents may be subdivided into three sub-groups:

- a) Agents engaged in production and distribution activities:
 - (i) Up-stream agents, (e.g. input suppliers, extension officers and credit organizations);
 - (ii) Members/farmers undertaking primary production;



- (iii) Down-stream agents (e.g. transporters, processors, storage and marketing agents).
- b) Important disadvantaged groups who may be affected by the project, e.g. landless households who earn their living as seasonal labourers, women head of households or petty hawkers of agricultural produce.
- c) Agents who influence the activities and welfare of the first two categories. Among these are cooperative and Government policy-making bodies and landlords, elected board members and village elders at the local level.

All three sub-groups have to be studied to ensure that the relevant constraints have been identified.

There is no particular procedure to be followed for identifying the main agents and the key activities and relationships. Much useful information will already have been generated during Stage 1 but this needs to be supplemented with detailed information from interviews, special studies or in-depth surveys in the field. Field trips are particularly important to survey first-hand the resource base, infrastructure and employed technologies.

A good strategy is to begin by preparing a sketch of the major agents:

It may be useful to let each member of the identification team prepare his/her own version of this sketch by defining the main activities together with the related inputs and outputs. These versions would then form the structure of "working hypotheses" with different aspects - technical, financial, socio-economic, institutional and commercial- emphasized at various points during Step 4.2.3.

4.2.3. Detailed Study of the Main Agents

The particular characteristics that will be investigated will depend both on the category of agents and on the particular activities with which they are concerned.

4.2.3.1 The Target Group

The target group, which the project ultimately aims to assist, is usually members/farmers of cooper-



atives. The following figures attempt to provide a framework for describing and understanding the members' situation and their relationships with the cooperatives and other support organizations.

Traditional agriculture. Subsistence-oriented farmers rely mainly on their own production resources, occasionally supplemented with support from neighbours and relatives.

Household objectives in traditional agriculture reveal a preference for production of food, most of which is consumed on the farm by the members.

The household objectives are affected by the members' values and attitudes. These in turn reflect social, religious and cultural influences. The distribution of wealth, power and obligations are important aspects of the social structure. Together, social and religious and cultural influences have bearings on the household members' attitudes towards incentives to increase agricultural production.

The household objectives, are also influenced by the standards of health, nutrition and education.

Farm resources. The resources commanded by the household typically include land, labour management and technological knowhow, material inputs such as seeds, different kinds of livestock and perhaps some permanent crops:



Farm resources					Agri- cultur- al Pro- duction Process	Pro- duce Out- put
1	2	3	4	5		
Land	Labour	Manage- ment Techno- logical Knowhow	Material Inputs	Farm Investments Perm.crops Livestock		

Adoption of new or improved agricultural technology increases the demand on farm resources. New technology may be introduced in the form of previously unfamiliar farm enterprises or as technological developments for ongoing enterprises. The technological development may affect one enterprise (e.g. improved planting material), a group of enterprises (e.g. fertilizer) or the whole farm (e.g. soil conservation).

The components of production technologies are inter-linked. A change in one component has often direct bearings on one or several other components and their demands on the farm resources. For instance, improved seed is commonly part of a package that includes fertilizer and better husbandry practices. The demand on farm resources by new or improved technologies need to be compatible with the demands by other enterprises.

The adoption of improved technology does not need to entail increased expenditure. Technological improvements may be confined to cost neutral measures such as more careful selection of planting material, better timeliness in farm operations and optimal planting practises with regard to density and depth.

The beneficial effects of technology development may not be confined to the farming community but may also include creation of secondary employment in rural and urban areas, enhanced food security and lower produce price for the urban populations.

External support. As a result of the increased demand on farm resources, more extensive external support is usually required, as illustrated by the following figure.



Local Commu- nity	Coop- era- tives	Govern- ment	Available Agricultural Technologies - Crops - Livestock - Soils - Mechanization	Production Conditions
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Farm Resources

Agricultural
Production
ProcessProduce
Output

Household Objectives

Apart from helping the farmers' to adopt improved technology, the external support also serves to reduce the risks associated with the technology. It is therefore important that the external support is reliable; the farmer should be able to count on cooperative services to be available from one year to another.

Some farmers are more vulnerable to risks than others. The most vulnerable group are probably the farmers who are taking the first steps away from the pure subsistence production ("emerging- farmers"). Small-holders holders who have been semi-commercial producers for some time have usually managed to increase the value of their farm resources so as to create a safety margin against unforeseen risks.

4.2.3.2 Support Organizations

Support to agriculture may be aimed at supplementing deficient or lacking farm resources or it may aim to expand the resource base outside the farms by improving roads, stores and processing facilities so as to accommodate increased input and output volumes of commodities. The support provided by the farmers' cooperative organizations commonly intends to help members to obtain material inputs such as seeds, fertilizer and animal feeds and to assist them in disposing of their produce.



It may also include labour supplementing services such as tractor hire and small mills for processing of the household food.

Direct Government support to agricultural production typically includes extension service (management), land adjudication services and construction and maintenance of irrigation facilities. Indirect Government support is often concentrated to the construction of secondary roads and to the establishment of strategic stores for important food crops. Government support also includes development of new production technology through research and field trials.

Some Government services may be fully or partly subsidized while other services may be paid for indirectly by farmers through taxes and cesses.

In reviewing a cooperative organization or a Governmental body, the identification team should think as much as possible in terms of strengths and weaknesses so as to avoid that the review becomes merely descriptive. The intention is to identify the weaknesses that could be remedied by the project while giving due credit to the organizations' stronger characteristics.

Sometimes it is appropriate to start the description by reviewing the strengths and then continue to focus on the weaker aspects. On other occasions it may be appropriate to let the assessment follow this format:

- a) Main organizational responsibilities;
- b) Organizational structure; legal status; membership;
- c) Staff
 - i) Education/training
 - ii) Know-how; technical skills;
 - iii) Motivation
- d) Facilities and assets:
 - i) Buildings;
 - ii) Plant, machinery and equipment;
 - iii) Vehicles;
 - iv) Funds and other assets;



- e) Modus operandi and performance:
- i) Procurement;
 - ii) Sales;
 - iii) Stock management;
 - iv) Processing;
 - v) Financial performance;

4.2.3.3 Inter-relationships Among the Agents

Once it has sufficient information on the main agents and their activities, the identification team will need to do three things:

- (i) analyse causes and effects and their relationship with each other (identification of constraints);
- (ii) rank the causes and effects according to their likely importance for project.
- (iii) explore the impact of project intervention.

Identification of Constraints

Constraints to rural development have certain characteristics. One obvious feature is that the constraints are hierarchical in nature, i.e. a constraint at the macro-level is usually the function of deficiencies or shortcomings at lower levels. The hierarchical structure of inter-relationships must be satisfactorily mapped before it can be decided at what level the intervention should be concentrated.

Second, most constraints have several dimensions simultaneously of the types indicated above. The technical dimension, as represented for instance by limited farm resources or poorly developed infrastructure, is likely to be paralleled by economic and social dimensions. These may reveal aversion to production risks or resistance to measures that widen income disparities among the local community.

Third, the distribution of power and influence

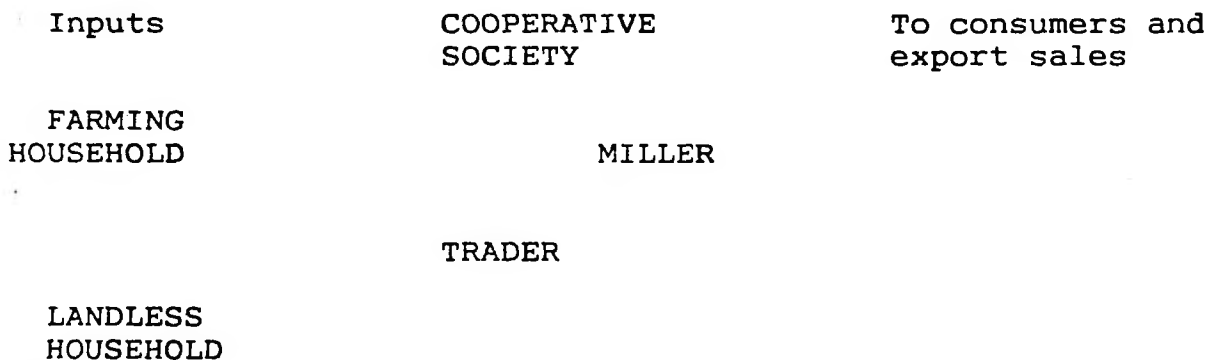


within a cooperative society affects the way in

which individual members get access to services intended to alleviate production constraints among their farm resources, such as credit and marketing services.

Finally, not only agents are interlinked with each other but also the constraints. For instance, efforts to expand an insufficient crop area by introducing oxen for land preparation may be counter-productive since the oxen may require more land for grazing than they can plough.

The flow diagram is often used to illustrate causes and effects. The following is an example of a possible portion of such a diagram for agricultural produce.



The study of inter-relationships among agents must not be limited to the macro-level but should also encompass the micro-level, i.e. the interplay between the individual household and the work of individual cooperative staff and officials and government officers. In fact, it is often only by focusing on the situation of individual households that the team can hope to reveal the real underlying reasons for development constraints.

Identification of constraints at the micro-level calls for close contact with individual households. A methodology for identifying and structuring problems in rural societies through probing interviews with a limited number of respondents has been developed by Lantbruksuniversitetet (L-E Birkegård)

Thinking in a systematic way about what actually causes things to happen at the macro-level and micro-



level, helps the team to identify the major limiting factors, particularly those among the target groups of beneficiaries. Typical limiting factors include:

- a) negative impacts of general policies (e.g. controlled prices and marketing margins, restrictions on ownership of land and capital, excessive public sector intervention, wage and a salary levels for skilled persons);
- b) restrictions of a social nature (e.g. resistance to new ideas and institutional change, unhelpful attitudes of dominant interest groups);
- c) low performance technology (e.g. unimproved genetic material, lack of basic inputs and wasteful work practices);
- d) physical resource deficiencies causing low agricultural productivity or limiting the production base (e.g. poor soils, unsuitable climate, unreliable water supplies or broken terrain);
- e) shortages of an economic nature (e.g. locally-generated finance, foreign exchange, skilled manpower or limited supply of raw materials);
- f) institutional constraints (i.e. inadequate agricultural support services, inappropriate organizational structures, poor management, inhibiting land tenure arrangements, privileged access to resources and services);
- g) inadequacies in the existing infrastructure (roads or power supplies) or facilities (e.g. stores and processing plants);

As far as possible, a complete description of the elements that make up the system's problems and opportunities should be drawn up. If the development situation is complex, it may be helpful to assign working groups within the team to consider different aspects.

Ranking of Constraints

Ranking of the constraints identified by the team in order of importance is largely a matter of



judgement. Little quantitative information is likely to be available given the limited time allocated for the exercise.

If the constraints hierarchy is constructed with the target group in focus, as should be the case, there may be several problems that directly affect the farmers/members, each of which representing the apex of a hierarchy. Interviews conducted with farmers will provide some guidance on which problems the majority of farmers consider most serious. However, frequently fairly large minorities possess their own particular constraints that cannot be ignored. In other cases, farmers may be unable to decide on which problems are most pressing. In such cases, the identification team should take note of all the major constraints without necessarily assigning them an order of importance.

Similar ranking problems may also exist lower down in the constraint hierarchy. However, here the task of the team is simplified by the fact that not all upstream and downstream organizational deficiencies have to be assessed but primarily those within the cooperative institutions.

The ranking of constraints at lower levels is also influenced by the team's thinking on what can be done to remedy them. For instance, although lack of cool storage facilities may have been identified by vegetable farmers as one of their most serious constraints, their local cooperative society may be prevented from installing cold stores by the absence of electricity and would instead have to concentrate on speeding up its collection procedures.

Simulation of Project Actions

When the team is satisfied with the identification of constraints, it will attempt to assess the effects of different kinds of cooperative interventions to alleviate the constraints. It does so by assuming a change in one of the services provided by the cooperatives and then tracing the impact of this change.

For instance, local stocking of fertilizer at society stores close to the farmers increases the availability of an important farm input which may have an ensuing significant effect on crop yields.



However, it is not certain that poor farmers would take advantage of this service since they lack access to both institutional and informal credit. Further, local fertilizer stocking implies higher storage costs and trading risks which may increase the price of an already expensive commodity. Perhaps the intervention instead should encompass improved transport services for inputs in conjunction with introduction of cooperative production credit to all members who deliver their crop to the society.

By simulating changes in this way the team will be able to consider development constraints in a dynamic context and perceive more clearly how interventions inter-relat with each other. The team may also be able to identify new factors which are likely to limit the system performance once a particular constraint has been relaxed.



4.2.4 Identification of Possible Courses of Action

With the agents and their main activities mapped and analyzed, new ideas should emerge about the kind of intervention that could produce beneficial results. Some of these thoughts are likely to be elaborations of the ideas generated during Step 1.3 while others may have just emerged during this stage.

The identification team should by now be thinking about which member should be primary target group or beneficiaries, what kinds of services they require and which support organizations that should receive the project assistance.

The team would naturally be concerned with gaps between services that could be filled by cooperative organizations. Equally important are existing services that need to be strengthened. These may include the supply of farm inputs, credit, crop collection, processing and marketing and training of members in managerial and technical skills. Frequently, weak organizational performance can be traced to deficiencies in general management and in administrative procedures.

The members of the formulation team should discuss the intervention ideas among themselves and try to rank them in order of importance as regards their impact on the target groups. They should also try their ideas on people outside the team who may have contributions to make on their relevance to the target group and on the feasibility of their implementation.

At first glance there appears to be little difference between Step 1.3 and Step 2.3. However, it is useful to think about the first formulation of project ideas as being primarily concerned with material and material and material things while this step is focussing on people, both as beneficiaries and as staff who will provide the support services.

It is apt to come back to this concept occasionally - that projects are both things and people. There is little point, for example, in trying to strengthen producer cooperatives so as to allow them to lower the cost of farm inputs if the available production technology



cannot guarantee the farmers reliable and remunerative yields. Conversely, proposals to introduce new cropping patterns may be resisted by the farmers if the change would affect the labour distribution or the cash earnings between the male and female household members.

Practical Recommendations

- a) All team members should be familiar with the available information about the sub-sector or geographical area and individual team members should be well briefed on the situation within their area of speciality;
- b) Interviews should be properly prepared through notes specifying the major topics to be covered. It is often advisable to leave behind a well written request for information that could not be provided during the interview but would be collected later. Just a verbal request may not produce the right information.



4.3 FORECAST FUTURE DEVELOPMENT

4.3.1 Introduction

At this point, the identification team should have a good understanding of the current development situation in the sub-sector or the particular geographical area where the project is going to be implemented. It should also have some notions of what could be done to improve the present situation.

However, before proceeding to finally define the project elements in Stage 4, the identification team needs to make certain assumptions about what may happen without the project. It is likely that changes in population, markets, production processing technologies, infrastructure and support services provided by other institutions will have bearings on the possible actions identified during Stage 1 and 2.

A systematic review of the future situation without the project also provides a good opportunity to generate more ideas about different uses of resources as alternatives to the ideas that have become increasingly dominant in the planners' mind during the preceding steps. In addition, a clearly defined without-project situation provides a more valid basis for financial and economic analysis than the present situation.

It is particularly important for the planners to be aware of other projects relevant to their particular sub-sector or geographical area that are under implementation or at an advanced stage of planning. Other projects may have a bearing on prices via incremental agricultural production or aim to improve infrastructure such as roads or stores. They may also help to develop institutions through improvements or additions to the existing support services.

4.3.2 Projecting Demographic Change

Although the natural increase in population may not be significant enough to influence the design of cooperative projects, in-migration and out-migration may influence the coverage and role of cooperatives as well as the markets for produce sold by cooperative organizations.

The easiest way to do a population projection is to adapt an existing forecast from a demographic study



or from an earlier planning exercise. However, the underlying assumptions may need to be updated and new factors relevant to the project area may need to be taken into account.

A major advantage of using existing projections, apart from the time saved, is that they ought to be consistent with the national population projections.

It may happen that the identification team will have to do some projection of its own since geographical areas may not coincide or the level of details of the projections may differ. The following points are then useful to bear in mind:

- a) As mentioned above, pay careful attention to migration -seasonal, rural-urban, occupational, planned or spontaneous settlement - which cause great differences to the size, structure and ethnic composition of populations in small areas within a short period of time;
- b) If required, allow for two project variants, e.g. "with" and "without" urban development, to test the sensitivity of other planning parameters and to cover the full range of possible outcomes;
- c) The techniques for doing the population projections depend very much on what can be done with the available data within the time the team has at its disposal. In many cases, fairly crude estimates have to be accepted.

It is often important to form a view of how the employment situation, particularly for women, may change through the interaction of demographic and economic factors. The basic method of projecting the future structure of the work force is to apply sex-specific labour participation rates, as derived for example from crop production budgets, to the population projections.

New agricultural technology that reduces the labour input by substituting it with herbicides or pesticides is likely to alter the proportions between male and female labour inputs. However, unless the technology has already been introduced in areas with similar social and economic conditions, it is often difficult to determine if female labour will be released for child care and other domestic tasks



of whether it will be transferred to other agricultural activities.

4.3.3 Market Projections

Cooperative projects in the agricultural sector frequently aim to support members' production of specific commodities through supply of farm inputs and through services for collection, processing and marketing of the harvested produce.

Demand Forecasts

It is important to predict demand among the members for the particular services the project intends to promote; there is little point in installing cooperative processing capacity for crops that farmers are beginning to find unprofitable.

Changes in production profitability are to a large extent functions of changes in producer prices while changes in farm input prices generally are more neutral to specific commodities. Lower prices on farm inputs like fertilizer through subsidies or reduced costs for raw materials do not normally have the same positive impact on production as producer price incentives. Many farmers tend to reduce production costs instead of increasing input application rates and a large portion of small-scale farmers rarely or never use fertilizer.

The market projection techniques differ depending on whether the commodity is subject to Government price control or whether the producer price is determined by market forces, i.e. supply and demand. The most common techniques are summarized below.

Controlled commodities. Government price controls normally apply to non-perishable staple commodities like grains and beef. Although they are not variables but parameters, Government controlled prices are difficult to predict. In fact, they often tend to oscillate between extremes due to incomplete knowledge among the planners and the decision-makers of important factors, including price and income elasticities. They are also frequently influenced by political considerations. Cautiously set producer prices may be succeeded by dramatically raised prices to stimulate sluggish production, only to be drastically reduced as surpluses begin to accumulate beyond the available storage capacity.



It may be possible to gain an understanding of the pricing rationale by studying the underlying production projections. If the production is projected to increase faster than the national increase in population, it can be expected that Government will offer attractive price incentives to the producers to stimulate incremental production. If, on the other hand, production is projected to decrease it may be expected that no particular promotion efforts will be introduced and that farmers will gradually switch to more profitable alternatives.

Free market commodities. The balance between the future demand and supply determines the price to be paid for commodities that are traded freely. This price in turn influences farmers' decisions on what commodity to produce and thus the income that would accrue to the cooperative society.

In contrast to domestic prices, few commodity prices on the export markets are fixed through institutional decrees but are allowed to fluctuate according to supply and demand.

For most commodities, it is very difficult to predict with any degree of accuracy what the world market prices are going to be in the medium term future since the supply is affected by variations in weather and by pests and diseases. A common practice is to use projections of international trade prepared by specialist bodies such as the World Bank, UNCTAD or FAO, which usually provides annual prices expressed in both constant and current monetary terms.

Supply Forecasts

Generally, supply is even more difficult to predict than demand since it is subject to more dramatic changes. In the short term, farm production varies according to weather conditions and incidence of pests and diseases; in the longer run it is influenced by technological advances and infra-structural developments such as irrigation constructions and drainage developments.

A common projection method is to decompose production into yield and area components (or herd size in the case of livestock). Production areas may be subdivided geographically according to yield levels, e.g. high, medium and low potential areas, with any known new areas specifically demarcated.



Past yield trends are then extrapolated into the future, taking into account what is known about how the various factors that affect yield are going to change, e.g. irrigation facilities and improved planting material. It is not likely that the average yield increase for a food crop is going to be more than 2-3 % per annum for any sustained period of time unless there is a major shift in production technology such as replacement of rainfed agriculture by an irrigated regime.

Price Projections

The main purpose of the demand and supply projections is to provide an indication of the direction and magnitude of change in market prices. However, even if future demand and supply can be projected with confidence, the derivation of the price cannot be done without knowledge about the relevant price elasticities. The basic equation is:

$$\text{Price} = e (\text{demand} - \text{supply});$$

where e is the price elasticity of demand and price, and demand and supply are expressed as % change between the base year and the projection year.

However, reliable estimates of price elasticities are usually more hard to come by than income elasticities. A possible starting point is to assume that prices will remain constant in real terms, thus assuming that demand and supply will increase at the same rate.

4.3.4 Technology Developments

Technological changes have in the past had the most impact on agricultural production and processing of agricultural produce of all external factors.

A review by the planning team of the production technology that is being developed by the researchers stage may produce insights in what developments may be expected in coming years. Improved crop seeds are of particular interest, as are new pest-icides and herbicides. Mechanical cultivation techniques are also important, particularly where they aim to reduce the human power required for land preparation and weeding.



Processing of agricultural produce has advanced in recent years through introduction of inexpensive small-scale technology for milling of grains and extraction of oil seeds. It is likely that these developments will continue, thus facilitating a decentralization of milling capacity from national and regional plants to Village-based units.

4.3.5 Infrastructural Developments

Delivery of commercial farm inputs and collection of agricultural produce is dependent on properly maintained roads and on adequate and well located stores.

Feeder roads and secondary roads that are under construction or being planned may offer new opportunities for agricultural production and marketing. Similarly, expansion of the regional storage capacity may simplify transport logistics and reduce collection charges and thus induce farmers to market a larger proportion of their crop. By contrast, poorly maintained stores may present a constraint to expanded commodity volumes and thus force the identification team to decide whether the project ought to intervene to remedy the situation.

4.3.6 Institutional Changes

There is a difference between the need for a service and the demand for it. Need means requirements determined according to some non-market criteria, e.g. the minimum food energy intake necessary for healthy nutrition. Demand, on the other hand, refers to the amount of the service or commodity which consumers are willing to acquire at the particular price which is offered, i.e. demand is market-determined.

Most cooperative projects intend to lend assistance to services for which the members pay to their society, e.g. credit services (financed through the interest payments) or the delivery of farm inputs. However, there are also some services that are provided without charge according to the estimated need among the cooperative members, such as cooperative education or training in technical skills.

The demand for a market-determined labour-substituting service like tractor hire or mechanized grain milling is related to the value of the manual labour it is going to replace.



If the released labour can be gainfully employed, there is likely to be a demand for the service when the charged rate is below the opportunity cost. The demand for the service in the with-out-project situation is thus likely to expand with increased incomes or employment opportunities which tend to raise the value of labour.

For cooperative services that intend to supplement the three other basic farm resources - land, water and capital investments - income trends also a good approximation of the future demand for the services. Real incomes per capita may be forecasted with the help of official data which often include estimates of the expected increase in GNP. Such projections are then combined with the population projection to yield the required estimate of incomes per capita.

A systematic review of government and private sector plans offers a rewarding ground for identifying developments that may influence the project features as they have gradually been forming the planners' mind. It also offers an opportunity for critically examining some of these features by substituting the previous assumptions with fresh ideas. Strengthening of complementary agricultural services such as extension, commercial credit or land adjudication often provide significant opportunities for cooperative expansion.

Changes in the processing capacity for agricultural produce brought about by other projects may have bearings on on the project by releasing constraints or creating new bottlenecks. It is always advisable to contact existing processors to enquire about their plans; through such contacts it is also possible to find out about new processors entering the industry.

If reductions or shut-downs are being contemplated, information about the project under planning may induce the processor to defer the decision on the contraction of his activities. If the plant is owned by another cooperative organization, the project may even consider whether support to the processor should be included as one of the project components.

The impact of an individual service is difficult to isolate from the impact of other cooperative activities or from the influence of external factors. How-



ever, for some projects promoting services that have not been introduced earlier, it is important to determine whether the utilization of these services is profitable to the farmers by comparing the cost paid for the service with its financial effect on production. For this assessment, however, there is usually no need to make a projection of the without-project situation since the present situation at the farm level can be regarded as a satisfactory approximation.

4.3.7 Summary of the Without-Project Situation

During this stage, the planning team is attempting to build up a picture of how the sub-sector or relevant geographical area may look in the future if no new initiatives are taken in the meantime. This exercise has two objectives: first, to identify important developments that may influence the design of the project as it has been conceived through the two preceding steps, either as opportunities or as constraints that need to be addressed through some kind of intervention; and second, to provide the basis for alternative designs of the project through the assessments of future changes in demography, markets, technology, infrastructure and support services.

An additional objective may be to provide the basis for costbenefit analysis of the effects of the project. Although this objective is of secondary importance for most cooperative projects since these are largely concerned with the development of services, the specific effects of services are difficult to separate from those of other, externally initiated activities.

The collected information on the future should be combined with the data on the present situation to form a coherent and structured exposition, emphasizing constraints and problems as well as development potential and opportunities. It is useful to arrange the information as a brief in point form to be made available to all members of the identification team. Based on this brief, the team should together critically examine the possible courses of actions as defined during the previous two stages to determine how these would be affected by the expected future developments.

The examination of the without-project situation often takes place at a critical stage of the formulation process when the members of the team feel



that they, after perhaps several false starts and assumptions, finally are getting a hold on what the project should aim for and what activities should receive priority. To add more complications in the form of possible future constraints may be viewed by the members so as to create a situation that is too complex to handle. However, it usually turns out that the ideas that emerged during Stage 1 and 2 are basically sound but may need to be modified in light of the assessment of future trends. The projections may have shed new lights on inconsistencies among the project objectives and on gaps among the identified activities.

In fact, it is not unusual that this stage is concluded by the team having identified a larger programme of which the project under consideration will constitute the first element.

Practical Recommendations

- a) Whenever possible, use official data or information from the most authoritative source rather than try to generate separate projections; the latter exercise can be time-consuming and may cause problems of consistency with planning assumptions used for other projects;

If new projections have to be made, explain why this is necessary (e.g. lack of relevant existing data or available projections out of date).

- b) If making new projections, start with the simplest, plausible model which ought to give the degree of precision and detail required;
- c) Be realistic in defining the without-project situation - it is unlikely that things will continue in exactly the same state as in the pre-project situation - but be careful of assuming that things will go on deteriorating indefinitely;
- d) Seek official guidance on what to assume about the likely status of other projects which are planned or are in the process of being implemented and which will have an impact on the project sub-sector or area under consideration when they are completed;



PLANNING OF COOPERATIVE PROJECTS
Project identification
Forecast future developments
1987-11-24

4.3

Page 10

- e) Examination of the documents for other new or planned projects can often save the team considerable time by eliminating some of the need for primary data collection.



4

DEFINITION OF THE PROJECT

4.4.1 Introduction

The amount of planning that has preceded the formal identification process varies greatly from one project situation to another. In some cases, very few directives are given in the Terms of Reference and the identification team may even be asked to put forward several project proposals. In other cases, lengthy discussions may have taken place between JCC and the concerned organizations in the recipient country and the objectives as well as the main activities and the timing and organization of the project have already been outlined.

The review of the present situation and the projections of future trends without the project have served to identify constraints and development opportunities at both the macro-level and the micro-level. The classification of information into positive and negative categories has helped the team to identify possible intervention actions. These actions form the possible features of a project that would satisfy the objectives of the Terms of Reference and which conforms with the limitations imposed by policies, production resources, technology, socio-cultural factors, markets, infrastructure and institutional capabilities.

However, these interventions do not necessarily represent the best options among the various development opportunities that have emerged. Before proceeding to the final design stage, the team needs to systematically review all the development opportunities to decide on which ones should ultimately be pursued by the project.

4.4.2 The Key Project Variables

A complete project design at the identification stage should encompass the following specifications:

- a) Specific objectives and their rationale;
- b) Project boundaries;
- c) Main beneficiaries (target group);
- d) Activities;
- e) Phasing;



The detailed features of these elements are described in the following sections.

a) Specific Objectives and Rationale

Project objectives. The objectives and the means to fulfil them form hierarchial structures. The overall objectives may have a development strategy as the corresponding means. The specific objectives, objectives, the operational derivatives from the overall objectives, usually correspond to a combination of several activities.

Rationale. The term rationale applies to two relationships: the relation between the overall and specific objectives and the relation between the specific objectives and the main project activities.

The objectives rationale implies a logical and a well reasoned derivation of the specific objectives from the overall objective and of the potential and constraints. This reasoning normally place emphasis on the situation of the target group social aspects, production conditions and the available farm resources. The rationale for the specific objectives, which should precede the presentation of the objectives themselves, ought to be a well arranged summary of the constraints and potential from which the specific objectives appears as logical and realistic development aspirations.

Similarly, the rationale for the main activities, which have their roots in the preceding assessment of the external factors that affect the target group particularly the institutional, technological and market situations - should confirm the selection of the main activities as the best possible means for achieving the specific objectives.

It may be argued that the elements of the rationale are already imbedded in the reviews of potential and constraints and do not need to be repeated. However, their coherent arrangement as links in a logical reasoning may often reveals flaws and gaps to the planners and helps to convince the reviewers of the project document that the proposed activities represent the "best" development option.



b) Project Boundaries

Services or commodity projects, the two perhaps most common types of cooperative projects, may be demarcated by geographical, sectoral or institutional boundaries. By nature, both services and commodity projects tend to be pan-regional in the sense that successful developments in one area may spread to other areas where there exist a similar conditions.

As regards geographical coverage, it may be possible to make a distinction by stating that services that support production activities, e.g. credit, training and mechanization services, have a wider national appeal while commodity-specific are attractive only to cooperative members in areas with the right production conditions.

c) Target Group

Most cooperative services are available to all members. However, it is common that cooperative projects aim to support groups of particularly disadvantaged members, e.g. women, landless households or members in remote locations.

Although it is not possible to exclude other society members from access to cooperative services, the choice of the services to be promoted by the project may define the main beneficiaries. Thus, development of tractor hire services or milling services may benefit female members more than male members; production credit may be of particular advantage to landless families who lack access to other institutional credit; and geographical decentralization of processing capacity for agricultural produce may benefit areas which are distant from central processing plants.

Similarly, training activities can be geared to satisfy the needs of disadvantaged groups by focusing on the subject matters that are most relevant to them.

d) Project Activities

Cooperative projects intend to support the members' production or processing of crop, livestock or aquacultural products. Typically, a cooperative project is concerned with strengthening or intro-



ducing new services to the members. These services may be classified in relation to the members' production resources, as supplementing:

- i) labour - e.g. tractor hire; grain milling;
- ii) management skill - e.g. training;
- iii) capital - e.g. credit;

They may also be categorized in relation to the commodities produced by the members, e.g. supply of farm inputs or selling of produce in regional and national markets.

Other support services pertaining to production resources, such as land alienation, extension and irrigation are usually regarded as Government responsibilities as is the development of the market infrastructure, i.e. roads and railways. A strengthening of cooperative services should be coordinated with any simultaneous strengthening of Government service or infrastructure in order to attain the fullest impact.

The cooperative support services also need to be given dimensions, relating to their expected effect and the required inputs. If the number of member beneficiaries has been quantified, it is usually relatively easy to quantify the demand for services or goods via standard ratios per household. The service outputs can then be translated into incremental inputs by separating the existing resources from the total required resources.

e) Project Phasing

Most projects supported by SCC have an implementation period of three years. Within this period, the achievement targets should be attained following a certain build-up period. The activities to be undertaken by the cooperative organizations during the build-up period need to be carefully scheduled in time to show that the planning is realistic. There is no need to do this for all activities during the identification phase but the scheduling should include the most crucial activities.

In many cases, it is also important to project how SCC finance should be replaced by local funds after the end of the project period, so as to ensure that there will be no discontinuity in the regular service activities.



f) Organization and Management

Cooperative development projects would usually be implemented by the existing societies, unions or apex organizations. It is less common that new units are created to undertake the implementation as is often the case with projects implemented by Government agencies. After all, the ultimate responsibility for the direction of the desired development and the responsibility for maintaining its momentum will always rest with the cooperative members and their elected representatives.

Many cooperative projects have a distinctive element of institution-building, since most of the services to be supported by the project are expected to continue after the end of the support period through the efforts of the cooperative organizations themselves.

The institution building efforts are typically manifested by a high proportion of staff training, either in-service or during formal workshops, seminars, courses or study tours.

An important aspect of cooperative project planning is to assess the managerial capability of the existing organizations so as to determine what needs to be done to strengthen them. One important assessment concerns the organizations capability to monitor the implementation progress through the existing accounting and reporting procedures. Quite often these routines need to be upgraded through more detailed or more frequent reporting to ensure that the management receives prompt and accurate information on deviations from the implementation-plan.

4.4.3 Selection Among Different Project Options

During Stages 1 and 2, the planning team assembled ideas about possible courses of actions, based on systematic reviews of constraints and development opportunities. During Stage 3, the development perspective was widened through projections of what may happen in the future through events that will take place independent of the intended project. These projections, and the analytical work that preceded them, may have cast doubts on some of the interventions contemplated by the identification



team while simultaneously producing certain fresh ideas.

The next step for the team is to critically review the generated options for intervention and decide which ones should be included among the project activities. This process is intellectually perhaps the most taxing of the whole identification phase. Few project options come easily and it is often disheartening to temporarily abandon activities that have been identified with great effort and start considering alternatives. This is particularly true if the alternatives conflict with the original ideas by making claims on the same scarce development resources.

A deliberate attempt to formulate an alternative project proposal with perhaps different specific objectives and components may, however, sometimes be experienced as a relief in that it helps to release ideas that have not fitted into the original structure. It may also help to bring out misgivings among the members about certain project design features.

In order to select the "best" combination of project activities, the team needs to establish clear criteria for which activities should be accepted or rejected. These criteria would not usually be specified in the Terms of Reference for the identification assignment but would have to be formulated by the team itself. If only an overall project objective is given in the Terms of Reference, this objective may be operationalized in several different ways. For instance, a common cooperative project goal is to "increase members' incomes".

This can be operationalized into specific objectives either as "more cash earned by the member household" or as a "greater proportion of subsistence production".

Even within the specific objectives there may be several alternatives open on how to achieve them. Cash incomes may thus be increased from higher selling prices through more efficient cooperative procurement and transportation arrangements. The may also be increased through reduced costs for cooperative support services such as delivery of farm inputs or mechanization services for land preparation and weeding.



Within the limits set by the geographical, sectoral and socio-economic boundaries, the task for the planning team is to decide on which services should be supported. The selected services ought to correspond to the aspirations of a large portion of members, be fully backed by the elected officials and the cooperative staff and be viable from the economic, technical and managerial viewpoints.

The tentative project options ought to be scrutinized according to five criteria:

- a) Acceptability among members;
- b) Financial and economic viability;
- c) Managerial feasibility;
- d) Internal consistency with objectives and activities;
- e) Completeness with respect to the project objectives.

The above criteria and how they should be applied are described in the following sections.

a) Demand Among Recipients

This crucial test concerns the acceptability of a service or support activity among the intended recipients on the terms proposed by the identification team. This acceptability has two aspects. First, when identifying the support needs among the cooperative membership it is not unusual that the members express needs for strengthening of more services than can be undertaken by their organizations. It is thus important for the planning team to obtain a clear idea of the aspirations of the majority of the members, not just the most prominent land-owners or the elected officials.

Second, although services like tractor hire may be desired by many members, the planning team must ascertain that they enjoy sufficient demand at their estimated cost (which may be too high for many members).

The standard manner in which to assess the demand for services with a charge attached to them is to prepare a production budget which shows the incremental cost of the services in relation to the incremental benefits. If the incremental benefits



exceed the incremental costs by a factor greater than 2 or 3, it can normally be assumed that the typical farmer would take advantage of the service. However, if the ratio is below 2 many farmers may consider the risks associated with the new service or input to be greater than the value of the expected net benefits.

b) Financial and Economic Viability

Apart from being financially acceptable to the members, any new or altered service must be financially viable for the delivering organization. This viability may be of two kinds. For non-commercial services that are provided without charge, such as training courses, the planners must ascertain that it is feasible to provide such services on a sustained basis with funds obtained from surpluses from other activities. This may imply calculating the associated costs on an annual basis and identifying the corresponding sources of revenue.

For commercial services which command a fee from the user, the necessary charge needs to be calculated and compared with current commercial rates or the ability of the users to pay. If the calculated cost exceeds the going market rate, the service may have to be left out of the project or subsidized by other activities.

Commodity - oriented services also need to be tested for economic viability to ascertain that they will make a positive contribution to the national economy. Certain commodities may require such high proportions of imported farm inputs that they become more expensive than direct imports of the end products, when the transport cost is taken into consideration.

For commodities intended for export, an overvalued local currency may obscure profitable trade opportunities which would be revealed through an economic analysis with a premium on foreign exchange earnings.

In most cases, commodity supporting cooperative projects will only generate marginal incremental outputs in comparison with the size of the total market and it can be assumed that the presence or absence of the project will have no discernible effect on price. However, in this context it may be worth mentioning that the size of the market can be a critical factor if there is a risk that the



market cannot absorb the incremental project output without a substantial fall in price. This may apply to minor industrial crops or to perishable produce or if the market is not large enough to fully utilize installed or planned processing capacities.

c) Managerial Feasibility

Services to be supported by the project must also be viable from a managerial point of view. This criterion usually implies two things. First, the undertaking of the service must be feasible within the capability normally associated with cooperative organizations. For instance, processing of complex end products like spray-dried milk powder would usually be beyond the capability of small cooperatives since the technology demands both sophisticated equipment and supervision.

Second, the perceived priority of a service should be shared by the cooperative staff who will implement a strengthening of the organization or perhaps introduce a service that did not exist previously. Preferably, the staff should feel that the initiative at least partly emanates from them instead of being imposed by outside expertise. The span between indifference and enthusiastic commitment among the cooperative staff often corresponds to the difference between failure and success of the project.

d) Internal Consistency Among Objectives and Activities.

The consistency criterion is difficult to define in precise terms. At a general level, it implies that any activity to be promoted by the project should contribute to fulfilling its specific objectives, directly or in an indirect way. Thus, a project that essentially aims to strengthen cooperative production credit may also include support to services that are complementary to the credit function, such as supply of agricultural inputs, but should refrain from promoting investments in, say, market structures.

However, at a lower level it may be difficult to discuss the internal relations of activities. The planning may be helped by fitting a contemplated activity into the hierarchical means-end structure created in Stage 2, which derives the main activities from the specific objectives and where the



secondary and tertiary activities form the pattern of a triangle with a gradually widening base. In principle, any additional activity should fit into this structure to be acceptable but "isolated branches" are questionable from the point of complementarity.

Institutionally, cooperative projects may lend to support to only one level in the multier organizational structure - national, regional and local - but it is more common that assistance is required at several organizational levels.

For instance, strengthening of the capability of a primary society to supply timely agricultural to the members inputs, such as seeds or fertilizers, to the members may require development of improved ordering procedures at the regional union with an ensuing needs for staff training. Similarly, efforts to build up the staff capability at the level of the regional union for training of members in, say, managing group credit schemes may require training inputs from the cooperative bank or from the apex organization as well as means to supervise the credit operations.

For each of the member services to be supported by the project, it is advisable to assess what back-up assistance may be required from the organizations higher up in the hierarchy or from parallel organizations in order to determine whether the required resources for this assistance already exist or may have to be provided by the project. The back-up support typically encompasses development of improved management procedures, staff training and perhaps training of trainers. May also include vehicles other equipment to facilitate close contact between the "providing" and "recipient" organizational levels.

In fact, it is possible to discuss as a special category of cooperative projects those that primarily intend to strengthen the institutional capability at the higher echelons of the cooperative structure. Such projects may focus on managerial development through improved management procedures and in-service training of staff or, in the case of apex organizations, on the build-up of particular services for the member unions. Such services include clearing and forwarding of imported goods, assistance in designing common types of stores and office buildings, monitoring of commodity prices and legal advisory services.



Although it may be difficult to assess the financial and economic returns of such activities, they should still be subjected to the same tests regarding acceptability by the benefitting organizations as a project which is designed to have a more direct impact on the members' incomes. In the case of services that are paid for by the recipient organization, e.g. building design services for regional unions or primary societies, the required level of the charges needs to be calculated and assessed in relation to the demand for the services.

e) Completeness of Activities and Resources

The completeness criterion is perhaps the most difficult of all to apply since it has horizontal as well as vertical dimensions. However, it is one of the most important of the project criteria.

The vertical dimension infers that all the required back-up support for the building up of a service must be made available. Such back-up often includes resources for development of improved procedures and training of trainers at the higher levels of the cooperative structure. It may also infer that institution-building at a higher level should be accompanied by a simultaneous strengthening of the mechanisms through which this eventually would reach cooperative members through regional unions and primary societies.

The horizontal dimension concerns the complementarity among activities in relation to the project objectives. For instance, introduction of mechanized land preparation through cooperatively operated tractors may only be a partial success if the farmers are requested to pay cash for the service. However, by linking the tractor hire service to a scheme for production credit, the number of users may be significantly expanded since they would be able to repay the credit with the incremental revenue generated from crop sales. Similarly, the supply of novel agricultural inputs such as pesticides ought to be accompanied by an intensified effort to advise and train farmers in how to handle such chemicals in a safe manner.

In fact, the particular skills required to derive alternative specific objectives from the overall objective and then to determine which of the accumulated project options to leave into the final



design and which new ones need to add are perhaps the most difficult to acquire. They conjecture a good understanding of socio-cultural, economic, technical and managerial aspects as well as a good judgement. There are often complex trade-offs among these factors and their combined effects cannot be expressed as a simple index.

Practical Recommendations

- a) Do not be overly preoccupied with finding "new" or "original" ideas for the project; good projects are often developed as extensions of existing ones or by providing the necessary resources for realizing a proposal which has been around for some time;
- b) Be wary of thinking that the solution to a problem is very simple; if it is easy it would most likely already have been implemented;
- c) Attempt to visit many primary societies to talk to a large number of ordinary members, preferably without continued presence by the officials to avoid basing project ideas too closely on the particular circumstances of certain localities;
- d) Team discussions should continue until agreement is reached on the project design. Everyone should be clear about what the chosen design implies and why it was chosen. This point in the project formulation cycle represents the last opportunity for major revision of the project design.



4.5 THE PROJECT IDENTIFICATION REPORT

The Identification Report would typically include the following headings:

I. MAIN REPORT

- | | |
|--|--------------|
| Summary | (1-3 pages) |
| 1. Introduction | (1-2 pages) |
| 2. Background | (4-6 pages) |
| 3. The Target group | |
| 4. Project Objectives, Rationale and Main Components | (2-3 pages) |
| 5. Detailed Project Description | (5-25 pages) |
| 6. Organization and Management | (5-25 pages) |
| 7. Projected Costs, Benefits and Impact | (2-4 pages) |
| 8. Outstanding Issues and Required Actions | (1-3 pages) |

Appendices

II. SUPPORTING ANNEXES

III. WORKING PAPERS

The report layout may vary slightly according to the type of project. Since members of primary societies would be the ultimate project beneficiaries it is advantageous to give prominence to the description of their situation in a separate chapter, instead of including it in Chapter 2. Background.

Similarly, it may be logical to highlight the background description of the particular service or function which the project aims to support by giving it its own heading. This way the reader, by looking at the Table of Contents of the report, would get a preliminary idea of what the project is concerned with. Further information about the nature of the project would be given in the detailed layout of Chapter 4. Detailed Description, through sub-headings such as Credit, Buildings and Constructions, Equipment, Training and Technical Assistance.



The 'standard' headings make it easier for the busy reviewer to find his/her way through the report. Some readers may only have time to read the Summary while the majority will probably attempt to read through the Summary, Chapter 3, 4, 6 and 7.

Only the most affected reviewers are likely to have time to read the complete report.

The MAIN REPORT should not exceed 50 pages while the SUPPORTING ANNEXES may be more voluminous if necessary. Some of the annexed information is collected not only for the benefit of the reviewers of the Identification Report but also to assist a subsequent preparation mission.

The essential contents of each chapter of the Identification Report are outlined in the following sections.

Summary

The purpose of the Summary is to provide a brief review of the main conclusions and recommendations of the project. It is usually the first part of the project report to be read and is often the last and most difficult to write. The more clearly and systematically the report is composed, the easier it will be to write the Summary.

The Summary should tell the reader what the project aim to do, how, where and when, with quantified costs and benefits (if possible). It should tell how it relates to national priorities and those of SCC and co-financers and it should draw attention to major issues, controversial implications and important aspects of follow-up.

The essential elements that should be included in the Summary are the following:

- a) Rationale: relationship of project with national and institutional priorities;
- b) Overall objectives and priority ranking of specific objectives;
- c) Location, target group and institutional beneficiaries;



- d) Main components;
- e) Costs and benefits;
- f) Major issues relating to policy, strategy or technology;
- g) Follow-up activities;

If space permits, the summary might also touch on the following issues:

- h) Review of project alternatives
- i) Other impact dimensions: environmental, health, nutrition and demographic
- j) Organization, management and staffing

The Summary should not exceed two to three pages in length. Cross-references to the main text should not be included in the Summary; the Table of Contents gives guidance on where to find further details.

Ch.1. Introduction

- a) Origin of the project idea; justification for Identification Mission from the viewpoints of the recipient country and SCC
- b) Information on the Identification Mission:
 - (i) Highlights of the Terms of Reference (the complete ToR should be included among the appendices).
 - (ii) Highlights of the mission itinerary, important meetings and major accomplished tasks. The names of the mission members should be mentioned in a footnote together with their designation. A complete itinerary and a list of the senior officials met by the



mission should be included among the appendices.

Ch.2. Background

- a) The national economy and cooperative sector (1-2 pages)
 - (i) Level of national development; recent economic performance
 - (ii) National development priorities (sectors/regions)

- b) The cooperative sector
 - (i) Important cooperative policies and guidelines
 - (ii) Cooperative organizational structure
 - (iii) Past and present SCC support; other donor support

- c) Description of the specific function, service or commodity that the project aims to develop:

<u>Function/service</u>		<u>Commodity (Input or Produce)</u>	
(i)	Policies; Organizational responsibilities	(i)	Policies; Organizational; responsibilities
(ii)	Major activities; Target group; Affected farm enterprises, effect on members' incomes	(ii)	Quantities; qualities; prices (past and present)
		(iii)	Production areas; Hectarages
(iii)	Organization and management	(iv)	Financial returns to users/producers
(iv)	Staff; facilities (offices, stores, equipment, credit funds; annual budget	(v)	Important activities (distribution/collection processing/marketing)
(v)	Important working procedures;		



- Relationship to other organizations
- (vi) Training activities
- (vii) Summary of strengths and weaknesses
- (vi) Summary of constraints and potential

Ch. 3 The Target Group

- a) Population; categories
- b) Incidence of poverty
- c) Malnutrition
- d) Morbidity and mortality
- e) Particularly disadvantaged groups (e.g. women, landless, squatters, migrants)
- f) Land holdings and land tenure
- g) Employment opportunities and incomes
- h) Access to cooperative services
- i) Constraints to increased cooperative activities

Ch.4. Project Objectives, Rationale and Main Components

This chapter should bring together the preceding background description with the subsequent detailed project description (Chapter 4). It should attempt to answer three questions:

- a) Why is the project required?
- b) What is the project attempting to do?
- c) How are the project objectives going to be achieved?

Why? The justification of the project is usually derived from a need to alleviate certain problems or constraints and a desire to exploit particular development opportunities.



For projects concerned with development of functions or services, the release of institutional constraints may be most important task while the planning of commodity projects often is triggered by a freshly emerged potential such as an upward shift in world market prices or the release of improved, high yielding planting material. This chapter should begin with a brief summary of the national, sectoral, or regional development priorities described in Chapter 2. Background. This summary should be linked to the subsequent review of the function/service or the commodity in the same chapter through an analysis of how the release of the revealed problems or the exploitation of the development opportunities would help to achieve the overall objective of the project. The analysis, which should be brief but well reasoned, is the foundation for the formulation of the specific project objectives.

What? The specific project objective should describe what the project intends to do in as precise terms as possible. It is not sufficient to restate common development goals such as "development of cooperative movement" or "increasing members' incomes". The overall objective, formulated as part of the initial project idea in the Terms of Reference, should be sharpened as a result of the assessments in Chapter 2. It is advisable to state how the specific project objectives coincide with SCC's policies and priorities.

How? This chapter should give a summary of how the specific objectives are to be achieved by listing the main project activities and their relation to the objectives. Here should also be discussed any alternative means of attaining the objectives together with an explanation why the particular course of action was chosen in preference of the others.

The project activities are frequently grouped to form "components" that will become the denominators for the subsequent costing exercise. Common project components are "Constructions" or "Buildings", "Procurement of machinery and equipment", "Credit", "Supply of inputs", "Training" and "Technical assistance".

It is useful to conclude this chapter by listing the components in the order in which they will appear in the subsequent detailed project descrip-



tion in Chapter 4. The listing may be done in a "logical" sequence or by estimated costs in declining order. Alternatively, it may begin with material items and end with management and institutional support.

Ch.5 Detailed Project Description

In this chapter, the activities constituting the project components are described. The description should include the most important activities, how they are expected to contribute to the achievement of the objectives and by whom they would be undertaken. Finally, the types of resources required for implementing the activities would be indicated (the costings are deferred to Chapter 5).

It is neither possible nor desirable to describe each component or activity at the same level of detail. However, the description should give extra exposure to activities that are crucial for the success of the project or activities to which the reviewer may be critically disposed. The description may be characterized as being made up by a series of photographs, some of which would be close-up pictures of particularly important parts of the project structure while the majority would constitute "aerial" views.

The description of each component should follow a common format with the following content:

- a) Targets/expected outputs; beneficiaries (target group); implementation area.
- b) Sub-components/activities; required inputs.
- c) Institutional responsibilities for implementation.

Ch.6. Organization and Management

The project organization and the management procedures for its implementation usually apply to all components and would typically include three items:

- a) Organization - executive and coordinating functions (steering committee, project manager/coordinators; technical and supporting units).



- b) Rough implementation phasing.
- c) Important management procedures - e.g. procurement of goods and services; disbursement of funds; monitoring of key activities.

Ch.7 Projected Costs, Benefits and Impact

This chapter summarizes the project "inputs" and "outputs - the costs, the benefits to the cooperative members and other groups and their impact on institutions, infrastructure and the physical environment.

The projected costs should be detailed for each component. Ideally, they should be broken down on an annual basis but this is not always possible at this stage of the planning. However, the foreign exchange portion of the costs should be estimated, if only as an aggregate figure. There is no need to separate "investment costs" from "operating costs" at this stage but there should be contingencies included for items like constructions, machinery and equipment. The contingencies may be of two kinds - price contingencies and physical contingencies - but are often aggregated at this stage. Contingencies typically amount to 15-40 per cent of the pre-contingency cost.

The benefits accruing from individual project components should be summarized, including non-qualifiable benefits such as better living conditions, improved nutritional standards and lower production losses. The purpose is to give the reader a succinct and comprehensive picture of all benefits to be used for a rough comparison with the total project costs.

At the identification stage, it is usually too early to carry out a quantified cost-benefit analysis since many costs and benefits are still to be calculated. However, it may be feasible to work-out simple cost-benefit comparison for certain important components to show that they are viable. Thus, the incremental production income from use of additional fertilizers may be compared with the incremental cost on a per hectare basis and the operating costs for processing plants compared with the expected sales revenue.



Impact has a wider meaning than benefits in the sense that it can be negative as well as positive. The impact of project actions may be difficult to predict with certainty but is associated with various degrees of risk. In the context of cooperative projects, risks may be grouped into four types: social, technical, commercial, institutional, and occasionally, political risks.

It is important that all kinds of foreseeable impacts are truthfully presented, also the negative aspects. Although it is the responsibility of the identification team to guard against negative impact on environment and people through sound project design, the ToR may have imposed such restrictions that certain negative aspects will prevail in spite of these efforts.

Ch.8 Outstanding Issues and Required Actions

The description of issues should include:

- a) Specification of kinds of issues: policy--derived; market-related; socio-cultural; technical and institutional.
- b) Ways of resolving the issues.

The required actions are primarily concerned with arrangements for project preparation - the main planning effort together with special studies and surveys. They may also include suggestions for resolving complex issues.

The plan for project preparation should incorporate:

- a) Draft ToRs
- b) Suggestions on mission responsibilities
- c) Timetable for the work
- d) Required resources



5. PROJECT PREPARATION

5.1. Detailed Design of the Project

While the identification process served to identify several project alternatives so as to make a choice between them, the preparation phase serves to prepare the chosen design for implementation. It should thus involve the potential implementors as much as possible to make sure that they agree with the project design. If the implementors do not believe in the design of a project, not even the most detailed preparation plans will be sufficient to get the project implemented the way the planners intended.

While it is important that the project does not deviate from its objectives and implementation strategy unless there are very good reasons for it, the preparatoion document must not specify every little activity that the planners feel should be undertaken. A good preparation report should give the implementors a clear sense of the project's aims and thrust but it should also convey the impression that they are being trusted by the planners to bring their experience and management expertise into play.

It is likely that certain measures would have been taken between identification and preparation to generate additional information on the environment within which the project is going to operate. There may, for instance, have been new surveys among the target group to find out more about their preferences. There may also have been detailed studies of the concerned cooperative organizations, including surveys of staff training needs, inventories of equipment and vehicles and reviews of financial and managerial procedures.

The information conveyed by these surveys ought to be carefully studied by the preparation team with pre-conceived ideas. It is quite plausible that the information available to the identification team disguised some facts that may affect the project design. For instance, the target group may not be ready to start using commercial inputs on their land without extensive training in spite of insistence on their distribution. Similary, closer contacts with the target group may have revealed that there is a lack of trust between the coope-



rative members and their officials which has to be removed before the members start making use of the project services.

After reviewing the new information, the preparation team should take a close look at the project objectives as stated in the Identification Report to determine whether these need to be changed. If it is so, it should be clearly stated in the pre-preparation document why the change was made and how it may affect the implementation strategy and the individual project components.

During identification, the team members made efforts to deliberately share work responsibilities to ensure that no options were missed. The preparation phase allows the members to work more individually within their respective specialities. However, a change of project objectives or components would make it necessary to discuss with all members of the team before the modifications are made.

The project components, as defined during the identification phase, were characterized mainly as resource categories. However, the preparation process must give them more clear contours by specifying the main activities that need to be undertaken - content and timing - and who is going to be responsible for their execution. Also, their impact on the target group and other concerned parties should receive more attention than during the identification phase.

It is particularly important to involve the future implementors in the discussions regarding the organizational and managerial aspects of the project. The implementors must see eye to eye with the planners on what should be the priorities for institutional improvement. Often the cooperative staff tend to underestimate the need for reforms since they already are operating within the new system without perhaps recognizing its shortcomings. It may take some time to convince the management that their way of operating can be improved and it may take even longer for them to accept that it will not do to leave the specifications until the implementation start. At that stage, the implementors will have their hands full with getting the project off the ground and cannot devote time to the design of better management procedures.



The demand by the preparation process for more detailed design of the project components also calls for more detailed analyses and costings. The project document must show that new cooperative services are going to be profitable to the members/users and that the cooperative organizations will generate enough income to sustain new services even after the external project support has been withdrawn.

5.2. The Project Preparation Report

The content of the preparation report are in many ways similar to those of the identification report. They cover the same topics and most of the chapter headings are identical. The difference lie primarily in the extent of coverage of the target group and the organizational and managerial arrangements and in the depth of the analysis.

The difference between the two reports is, put very simply, that the identification report covers the ground at a more aggregated level with occasional detailed analyses or descriptions of areas that are important for the justification or design of the project. The identification report may be likened to the blue-print of a building which provides a picture of the whole structure but does not disclose all details.

The preparation report, on the other hand, adopts a closer and more uniform perspectives of the project. One important purpose of the preparation is to make sure that nothing has been forgotten or overlooked before implementation. Thus, even seemingly straightforward project aspects should get a careful scrutiny.

Compared to the identification report, there are particularly three topics that are subject to a more detailed description in the preparation document: the organizational aspects, the project costs and the expected benefits. The costs and benefits should be quantified as much as possible; this, however, is easier to do for the costs than for the benefits.

The preparation report often has a second purpose in addition to rendering the final analysis of the project. It is in most cases also the main document to guide the implementation. It is rare that there will be time and funds for preparing special implementation plans. For this purpose, it has become



increasingly common to prepare a Plan of Operations, i.e. a detailed implementation guide as part of the preparation report. The preparation report, with the Plan of Operations included, is then often called the Project Document. The first part of the Project Document, the Project Description, contains a general presentation of the project and the second part contains the practically oriented Plan of Operations.

Like the identification report, the layout of the preparation report has a "standard" format with main headings that usually do not change from one report to another. However, the headings may be modified to reflect the particular nature of the project.

5.2.1. Part I: Project Description

The Project Description part would typically have the following headings:

Summary

1. Introduction
2. Background
3. The Target Group
4. Project Objectives, Rationale and Main Components
5. Detailed Description of the Project Components
6. Organization and Management
7. Project Costs, Benefits and Risks
8. Preconditions for Implementation

Appendices

Annexes

The same guidelines for writing the Summary and the Introduction applies to the Project Description as to the Identification Report (see PROJECT IDENTIFICATION: 4.5. The Project Identification Report).



The background chapter would, if the project is concerned with a particular geographical area, include a detailed description of the implementation area in addition to the descriptions of the relevant services of commodities. The review of the geographical area may have the following headings:

- i) Physical Features
- ii) Social and Demographic Aspects
- iii) Production and Economic Base
- iv) Cooperative Organizations and Other Institutions

There is no particular need to repeat background information already provided in the Identification Report; it is quite appropriate to summarize this information with a reference to the Identification Report while only including updated information or additional details in the Project Description.

One topic that usually requires more attention in the Project Description than in the Identification Report is organizational aspects of the cooperative institutions. Their present capabilities need to be carefully reviewed as a basis for comparisons with the demands that are going to be posed by the implementation process.

The target group for the project efforts may have merited additional studies as part of the preparation process and should in such cases be covered accordingly in the preparation report. If no further information is available it may be sufficient to summarize the presentation in the Identification Report.

The project objectives may have changed or become more detailed since the identification and should be stated in full here. However, the operationalization of the project objectives into practical implementation targets need to be done here but should be left to the Plan of Operations.

The description of the project components does only need to include references to their most important implementation activities since the detailed description of the activities would be left to the Plan of Operations. However, there may be a need here to clarify how the activities are going to contribute to the fulfilment of the project objectives.



The component inputs would be described primarily according to resource categories - buildings, equipment, supplies, technical assistance (personnel), training, studies and surveys. The costings would be left to the Plan of Operations as would the responsibilities for the implementation.

The organizational and managerial aspects of project implementation would be covered here in the Project Description as regards executive and coordinating functions. Other important internal management procedures would also be described here. However, the relations to external agencies like SCC-including disbursement procedures, annual planning, coordination, external monitoring and supervision - should be covered under the relevant headings in the Plan of Operations.

The costs for implementing the project need only be shown here on a component basis for the whole project period while a break-down per annum and main activity would be provided in the Plan of Operations. However, in this chapter there should be an estimate of the foreign exchange content of the major components.

The benefits accruing from the project should be quantified, if possible. Preferably, these should be shown both for typical individual cooperative members as well as for the whole target group. The benefits for the cooperative institutions should also be stated since many SCC projects have a prominent institution-building element.

The risks associated with cooperative projects may be subdivided into production risks, institutional risk and marketing risks. Production risks refer usually to the technological aspects of agricultural production in connection with introduction of new crops or improved technology through use of fertilizer or chemicals.

Institutional risk refer to the possibility that the supporting cooperative organizations may occasionally fail to deliver the required assistance or may not be able to deliver it at the anticipated level.

Marketing risks indicate that the prices projected for commodities may not prevail throughout the implementation period but may drop below the projected levels.



The preconditons for implementation denote actions or decisions that need to be initiated before the whole project or comprienb of the project can be instituted.

5.2.2. Part II: Plan of Operations

The plan of Operations is the main document for guiding the implementation of the project. It will be used by the project management and the SCC staff and by any other local organizations that is going to particip at in the implementation. It is also the chief yard-stick for measuring the implementation progress.

While the first part of the Project Document, the Project Description, gives answers to the question "why"?, the Plan of Operations goes further to provide answers to "how", "when"?and "byn whom"? In practical terms, this means taht the Plan of Operations should specify the main activities under each project component, their starting and completion dates as well as who is going to be responsible for their execution. The Plan of Operation would also identify the sources for the project funding and the amounts coming from each source (in cases where there are other donors involved apart from SCC). It should also specify what funds should be provided as grants and what should come on credit terms.

Another way to express the difference between the Project Description and the Plan of Operations is to say that the Plan of Operations attempts to describe the implementation in a dynamic way while the Project Description adopts a static perspective, being mainly concerned with the desired situation at the end of the project period.

Since the Plan of Operations will be used together with the Project Description - often they are printed as one volume - there is no need to repeat any of the information of the first part. The Plan of Operations should be kept as brief as possible and should not exceed 25 pages, excluding appendices.

While providing firm directives for the implemen-tors, the Plan of Operations must not be a straight-jacket that rules out alternative actions. It should include a certain flexibility to give the implementors freedom to respond to external changes. It should specify the main implementation activities under each component but need not go much further down in the activities hierarchy.



A Plan of Operations would normally have the following "standard" headings:

1. Implementation Targets
2. Detail of Project Activities
3. Phasing of Activities
4. Staff Requirements
5. Financing Arrangements
 - 5.1 Annual Requirements of Funds
 - 5.2 Financing Plan
 - 5.3 Financial Planning and Management
6. Annual Planning, Monitoring and Project Reviews
7. Evaluation of Project Impact

Appendices

In the following sections, the contents of each chapter of the Plan of Operations are briefly outlined.

As an introduction, it is appropriate to state the main content of the Plan of Operations. It may also be worth mentioning explicitly that the Plan of Operations is a blue-print for the implementation and not a legally binding document and can thus be modified to take account of events that could not have been foreseen by the project planners. The Plan may also be changed to reflect experience gained during the first stages of the implementation period.

Implementation Targets

The implementation targets should be derived from the project objectives and be specified for each year of implementation. The target express the project aspirations in quantitative, physical terms while the while the project objectives in the Project Description are qualitative statements.



How should the targets be expressed? It depends on what is possible with regard to the nature of the components and activities. For instance, it may only be possible to specify targets for some activities or components and not for all of them. The "denomination" also varies from one activity to another. It may for example be easier to state targets for construction activities than to quantify how many cooperative members will benefit from an educational campaign.

The implementation targets are often synonymous to output targets, i.e. they specify the expected effects of the project inputs. In some cases, they may be expressed as impact targets, specifying the effects also on the target group. However, the targets may also have to be limited to stating the input quantities that are going to be financed by the project.

Details of Project Activities

In project jargon, components may be broken down into activities. However, components and activities are not always compatible. While some components may be defined as a set of activities, others may have been defined according to how the project funds are going to be used. More specifically, components may be defined as either "grant" components or "credit" components. Credit funds may be used for purchases or "credit" components. Credit funds may be used for purchases or constructions while the grant funds may be spent on training or technical assistance (i.e. contract staff or consultants). None of these components may be readily broken down into clear-cut activities.

"True" implementation activities on the other hand, represent actions that will be initiated and executed by the project. Typical project activities are purchasing, storing, distributing and selling (goods) or surveying, designing, building and equipping (structures). The activities of a training component may be broken down into design of the training curriculum, production of training material, training of trainers and conduction of the actual training.

Each component or activity section under this heading would have an identical format: the objective, derived from the project objectives but



unique for this particular component or activity: possible sub-activities; and responsibilities for the implementation of the activities. The implementation targets would already have been specified in the preceding chapter and do not need to be repeated here. It may also be relevant to mention which segments of the target group that would benefit from the activity. The costs for carrying out the activities should not be included here but there ought to be a reference to "Annual Requirements of Funds" (below).

Phasing of Activities

The phasing of the project activities is best illustrated through a bar chart. The chart should show the activities on a monthly or quarterly basis for the whole project period.

Staff Requirements

Under this heading, the incremental staff that is be required by the project should be detailed, broken down per organization or organizational level.

Financing Arrangements

This chapter is concerned with three subjects: how much funds would be required per annum and component/activity; the sources of funds for each component; and the procedures of budgeting and for disbursing of the funds.

Annual requirements of funds.

In this section, the financial requirements per component, activity and year will be stated in local currency. The detailed cost calculations do not have to be included here but may be referred to a separate appendix. To the total costs should be added physical and price contingencies. The latter may vary for individual years depending on how the planning team forecasts the inflation rate.

Financing plan.

In this section, the project costs are aggregated per source of funds and expressed in Swedish currency. It is often sufficient to state the costs on a component basis (as mentioned above, the definition of the project components sometimes reflects



the origin of funds). Thus, the technical assistance and training components may be financed with SCC funds while co-financiers may be requested to fund procurements and constructions. The financial requirements should incorporate the contingencies for the individual cost items.

Financial planning and management.

This section outlines the budgeting procedures and the detailed disbursement procedures for the different types of finance.

Annual Planning, Monitoring and Project Reviews

Annual planning.

While the Plan of Operations is the overall guide for the project implementation, its target and activities will be subject to annual assessments reflecting the experience gained during the preceding year. This annual planning exercise also serves the purpose of defining the coming activities in greater detail. The review of the past project progress is usually formalized in an Annual Progress Report while the next year's budget and plan of activities are consolidated into an Annual Plan.

The Plan of Operations should specify when the annual review/planning exercise will take place, who would participate and which institutions should receive the progress reports and the annual plans.

Monitoring.

Monitoring should be regarded as a tool for the project management to measure the implementation progress and is not primarily intended to serve the information needs of the donors. The monitoring system is concerned with measuring key aspects of the implementation process and should not attempt to describe the status of all activities.

Efficient monitoring is dependent on the existence of clear implementation targets for the main activities against which the implementation progress can be measured. If there are no measurable targets, there is no way of telling whether the project's progress is satisfactory or not (hence the importance of the implementation targets and the detailed description of the activities in the Plan of Operations).



The Plan of Operations should state who will be responsible for the project monitoring. Ideally, it should also outline the key features of the monitoring system but this is not always possible to do. The planners of the project usually have to devote all their time to the design aspects and have seldom sufficient time to think about how the success of their design should be measured. Second, even there were enough time available to detail the monitoring activities it may well be better to refrain from doing so since the project management, who are going to be responsible for the implementation of the project, may have different ideas on how management does not believe in would not fulfil its primary objective of being a tool for detecting implementation defience and thus institute the necessary remedial actions.

However, this being said, it must also be admitted that there often exists a dilemma in this respect. While most project managers recognize and support the need for an efficient monitoring system, few of them are given sufficient time to develop it once they become appointed or secondd to the project. They have their hand full of trying to get the project moving and all too often the monitoring procedures are not being attended to until their absence has already made itself felt.

Project reviews.

SCC, as the executing agency for cooperative projects, is requested to closely follow the progress of the implementation of its projects and their impact on the target group. This supervision responsibility is exercised by participation in the annual reviews and planning exercises but this may have to be supplemented by intermediate, often half-yearly, "supervision" visits. The Plan of Operations should specify how the supervision responsibility would be exercised, who should participate and when the supervision or review visits should take place.

Evaluation of Project Impact

Most SCC projects will be evaluated with regard to their impact on the target group at least once, normally at the end of the project period when the project has run its full course. This ex-post evaluation may be supplemented with intermediate evaluations of particularly important aspects of



the project activities. In both cases, it is necessary to have accepted and reliable indicators data against which the impact can be measured.

The Plan of Operations should state the main objectives of both the baseline and evaluation surveys, their timing and who should be responsible for conducting them. Ideally, it should also provide guidelines for how the surveys should be undertaken. In the case of the baseline survey, it is desirable to draft Terms of Reference for its execution.

Appendices

Typical appendices to the Plan of Operations are:

- a) Job Descriptions for project staff and consultants;
- b) Terms of References for studies and surveys;
- c) Detailed cost specifications.

The appendices may also include specimen layouts for progress reports and annual and quarterly plans, if such are considered appropriate.

A practical example on a Plan of Operations is provided in Appendix 3 to these guidelines.



6.1 APPENDIX - DEFINITION OF PLANNING TERMS

Definitions of Planning Terms

Sector	E.g. cooperative sector, agricultural sector or industrial sector
Sub-sector	E.g. producer cooperative sub-sector; consumer sub-sector; processing sub-sector
Service	A service can be defined as a coordinated set of activities which may or may not have a specified beginning or end: the service usually has specified objectives but often lacks operational targets for achievement; its resource requirements are usually quantified on an annual basis.
Project	See definition in INTRODUCTION
Programme	See definition in PROJECT IDENTIFICATION
Target group	The primary group that will benefit from the project (e.g. cooperative members in general; rural women; power; poorer society members)
Overall objective	E.g. increase members' income; improve nutrition
Specific objective	Increase frequency of produce collection; expand stocking of farm inputs to society stores
Activities	Project initiated actions to attain specific objectives. Activities usually have beginnings and ends but may be difficult to cost since each requires several resource inputs
Components	Set of several activities that are functionally related, often defined as support categories (e.g. procurement, credit, technical assistance)
Identification	The first formal phase of the planning process
Preparation	The last phase of the planning process before implementation
Formulation	Identification together with preparation



Project Documents	Preparation report that includes a Plan of Operations
Plan of Operations	Guidelines for project implementation prepared according to a prescribed format
Review	Internal SCC scrutiny of identification and preparation reports
Baseline study	Study to collect data on present situation of target group (e.g socio-economic conditions, production resources, and access to cooperative services,)



6.2 APPENDIX - CHECKLIST FOR PREPARING TERMS OF REFERENCE

Checklist for preparing terms of reference

- a) Which is the main recipient agency? What are the relationships with other agencies?
(Provide an organization chart if complex).
- b) Which are the broad problems to be addressed? What is the basic nature of the project?
Specify the key elements e.g:
 - (i) planning and administration of cooperative services;
 - (ii) infrastructural development
 - (iii) institutional development
 - (iv) improvement of production
 - (v) conservation and environmental control
- c) Who are the target groups for the project? Quantify numbers where possible, and provide indication of location.
- d) What is the overall objective of the project? Specify in qualitative terms.
- e) What is the time frame for the achievement of the objective?
 - (i) Project period
 - (ii) Starting date
- f) What are the resources required for planning
 - (i) Internally provided
 - (ii) Externally provided
 - (iii) Constraints on funds, manpower and time
 - (iv) Administrative deadlines and travel constraints
- g) What specific outputs are required from the planning team?
- h) What special areas should be covered by the planning report?:
 - (i) Work plans
 - (ii) Budgets
 - (iii) Inventory of project outputs
 - (iv) Job description for technical assistance personnel
 - (v) Maps
 - (vi) Information on related projects
 - (vii) Reporting and monitoring
 - (viii) Evaluation and follow-up



6.3 APPENDIX - EXAMPLE ON PLAN OF OPERATIONS

The purpose of the Plan of Operations is to serve as the basic steering document for project implementation together with detailed workplans and annual and short term budgets.

The Plan sets out the annual physical and financial targets for the implementation process, describes the activities to be undertaken to achieve the targets, identifies the responsibilities for initiating and executing the individual activities and defines the required resources in terms of funds and personnel and funds.

In addition, the Plan of Operations includes a description of the organizational framework for project implementation and outlines the principles for financial management. It also details evaluation activities to be executed during and after the implementation period.

The Plan of Operations does not, however, constitute a final blue-print for the implementation process. The details of the Plan will have to be adjusted to changes in external and internal conditions that may take place after the Plan was prepared. It would also need to be modified to reflect experience gained during the first stages of implementation.



6.3.1. Implementation Targets

The project objectives are described in qualitative terms in Part I Chapter X, and specified for individual activities in Chapter 2 in Part II (below). Quantitative targets for the implementation activities are given in the following table:

Activity	Unit	Project Year 1	PY2	PY3 Total
<u>Overall Cooperative Coverage</u>				
Rural villages	Number	300	350	400
Rural households	Number	140,000	160,000	180,000
<u>Transportation and Storage of Produce</u>				
Cotton	Tonnes	9,000	11,000	13,000
Maize	Tonnes	1,000	1,200	1,400
Paddy	Tonnes	800	1,000	1,200
<u>Provision of Agricultural Inputs & Services</u>				
Fertilizers	Tonnes	2,500	3,000	3,500
Tractor ploughing	Acres	-	1,600	4,800
<u>Procurement of Machinery and Equipment</u>				
Transport vehicles	Number	5	10	10
Personnel vehicles	Number	6	-	-
Motorcycles	Number	4	8	8
Tractors	Number	4	4	4
Grain mills	Number	4	4	4
<u>Training and Education</u>				
Male farmers	Number	10,000	20,000	40,000
Female farmers	Number	12,000	24,000	48,000



Technical Support

Long-term consultancies	Manmonths	17	24	24	65
Short-term "	Manweeks	41	20	4	65

Studies and Surveys

Baseline evaluation	Manweeks	39	-	30	6
Evaluation Study	Manweeks		40	60	10



6.3.2. Details of Project Activities

This chapter contains a description of the individual project activities, including objectives, contents and implementation responsibilities. These plans would be updated and further detailed through the Annual Work Plans and the Annual Budgets to be prepared each year (see Chapter 6.3.6: Annual Planning, Monitoring project and Review below.)

Processing of Agricultural Produce

Finance would be provided for rehabilitating the existing deficient machinery and equipment of the six cotton ginneries and the one kapok ginnery owned and operated by the regional cooperative union.

Objective The objective of this activity is to increase the total capacity of the union ginneries to a level commensurate with the projected regional production of cotton and kapok.

Activity 1 Survey of the existing equipment by a specialist consultant to determine extent, location and phasing of rehabilitation needs based on an assessment of future production volumes;

Activity 2 Provision of equipment (gins, power plants and spare parts) to fill the identified processing needs.

Implementation Responsibility

The Production and Planning Manager at the regional union together with the Industrial Manager would have overall responsibility for this activity. The survey would be undertaken by consultant x.



6.3.3 Phasing of Activities

The phasing of the implementation activities is detailed in the following schedule:

<u>ACTIVITIES</u>	<u>PY 1</u>	<u>PY 2</u>	<u>PY 3</u>
Vehicle Procurement			
Store Rehabilitation /Construction			
Importation of Farm Inputs			
Processing of agricultural produce			
a) Study of cotton processing	--		
b) Preparation of rehabilitation plan		-	
c) Procurement of equipment			-
d) Training of technical staff			---



6.3.4. Staff Requirements

The managers for most functional departments at the head office have been appointed and recruitment of the internal auditor commenced. The responsible managers for the training department and the farm inputs department would be recruited before the end of Project Year(PY) 1.

Branch Offices

The society inspection function is to be established within the accounting and finance section of the branch office. One society inspector in each branch is expected to be recruited by the third quarter in PY 1.



6.3.5 FINANCING ARRANGEMENTS

The projected requirements of funds, the financing responsibilities and the guidelines for management of the project funds are detailed in the following chapter.

6.3.5.1 Annual Requirements of Funds

The external financial requirements for PY 1 - PY 3 are detailed in the following table (the specifications of individual cost items are referred to Appendix x. These may be adjusted during the Annual Reviews scheduled to take place in February/March each year.

Table: Annual requirements of funds

(Shs '000)

Component/Item	PY1	PY2	PY3	Tota
<u>Procurement of Machinery and Equipment</u>				
a) Transport vehicles (incl. spares & tyres)	11,000	6,000	5,000	22,0
b) Personnel vehicles (incl. spares & tyres)	5,500	-	-	5,5
c) Motorcycles (incl. spares & tyres)	160	100	50	3
d) Ginnery and oil mill equipment	1,000	5,000	500	6,5
Sub-total	24,460	11,100	5,550	33,8
<u>Training and Education</u>				
a) Consultancies	1,095	2,285	240	3,6
b) Member education	4,900	1,000	1,500	7,4
c) Staff training (in-service & local institutions)	250	200	500	1,2
d) Study tours	1,200	1,500	1,500	4,2
Sub-total	7,445	5,285	3,740	16,4
<u>Studies & Surveys</u>				
a) Baseline survey	1,150	-	-	1,1
b) Other studies & surveys	-	1,000	-	-
c) Ex-post evaluation	-	-	1,000	1,0
Sub-total	1,150	1,000	2,000	4,1



Total	26,255	11,385	10,790	54,4
Contingencies (1	1,315	2,610	1,620	5,5
Grand Total	27,570	19,995	12,410	59,9

Notes: 1) Price + physical contingencies for PY1 are determined at 5% and for PY2 and PY 3 at 15%, respectively.

6.3.5.2 Financing Plan

Funding responsibilities would be shared between SCC and SIDA according to the following plan:

(Mill. SEK)

Donor/Component	PY1	PY2	PY3
<u>SCC</u>			
Training and education	1.3	1.1	0.7
Studies and surveys	<u>0.2</u>	<u>0.2</u>	<u>0.4</u>
Sub-total	1.5	1.3	1.1
<u>SIDA</u>			
Procurement of machinery & equipment	3.1	2.1	1.0
Total SCC and SIDA	4.6	3.4	2.1

The contributions by the regional union and the primary societies, which are not specified in the above table, include funding of operating costs for union vehicles and equipment and local building materials for stores and offices. In addition, the union would bear the personal remuneration, travelling and transport costs for the incremental staff to be recruited.



6.3.5.3 Financial Planning and Management

SCC Financed Components

SCC contributions would be grant financing to the recipient regional union and societies, which do not have to repay the financed services or equipment. SCC financing for the project would be utilized for the following items:

- (a) Consultancy services. Expenses for Swedish consultancy services would be paid by SCC, Stockholm, directly. Expenses for local consultancy services would be paid through a joint regional union/SCC account in Dar es Salaam.
- (b) Training for society members and union staff training. Expenses would be met by disbursements by SCC through the regional union/SCC account.
- (c) Study tours to cooperative organizations in Sweden and the neighbouring countries in East Africa as well as local institutional training. Expenses in foreign currency would be paid directly by SCC, Stockholm, and expenses payable in local currency would be disbursed through the regional union/SCC account.
- (d) Facilities and equipment bought by SCC for the project implementation such as housing, vehicles and other equipment for the work of the consultants would become the property of the regional union after the expiry of the programme.

SIDA Financed Components

All equipment and material required by the project which has not been included in the SCC financing would be funded by the SIDA import support programme.

SIDA/ Tanzanian Treasury would approve the budget at the beginning of the financial year and make funds available for SCC, Stockholm, for procurements according to the budget. After approval of the budget, the regional union would make financing arrangements through the Cooperative Bank.

An individual procurement order from the union would be approved by the Project Officer. The procurement order would be accompanied by a cheque for the calculated shilling value of the order, which would be deposited in a separate account with the Cooperative Bank and the order would be processed through SCC.



On arrival of the shipment to Tanzania, a final calculation of the exact counter value in local currency of the procurement would be made and the deposit of the union would be adjusted accordingly. Thereafter, payment of the exact countervalue would be effected from the special import support account with Cooperative Bank to Treasury.



6.3.6 Annual Planning, Monitoring and Project Reviews

Annual Planning

The Plan of Operations will form the overall implementation plan for the project for the coming three years. The budget frame for the second year will be agreed upon during the Annual Consultations scheduled to be held annually in September/October. Semi-annual consultations, Annual Reviews, will be held in February/March.

The regional union would be responsible for the annual planning together with the project staff. The annual plan will be submitted to SCC, SIDA/Treasury and the Ministry of Co-operative Development.

The annual plan would become an integrated part of the union budget to be approved by the members as well as the Registrar of Co-operatives. SIDA/Treasury will approve the import support component in the annual plans while SCC will approve the plans for consultancy services and other grant financing.

All consultants will prepare detailed and activity plans for their individual consultancy areas for the entire implementation period, which would be utilized in the annual planning of the project.

Monitoring

Project implementation progress would be monitored through continuous data collection. Criteria for progress measurement and procedures for data collection would be designed by the regional cooperative union together with the consultants for the various activities. The monitoring system would be a part of the regular management information system of the union.

Progress review meetings would be held at the regional union quarterly together with the managers responsible for implementation. The regional union will prepare a Quarterly Progress Report which would be submitted to SCC, SIDA/Treasury, Ministry of Co-operative Development and other relevant authorities.



6.3.7 Evaluation of Project Impact

The evaluation programme would assess the effects of the project and its impact on the target group. The evaluation aims at determining whether project objectives as regards expected outputs, effects and impact are being, or will be, met. It will lead to an assessment of results achieved and provide would lessons for future improvements.

The evaluation programme would commence at the beginning of the project period through baseline surveys and continue past the period of implementation. It would be conducted by an independent body.

The main evaluation activities would be as follows:

- a) Baseline survey;
- b) Ex-post evaluation at project completion;
- c) Ad-hoc evaluations as the programme proceeds.

Baseline Survey

Time-series data for the ex-post evaluation would be available at the completion stage through a baseline survey. The purpose of the survey, outlined in more detail in Appendix, is to assess the existing conditions at the onset of the cooperative project in selected priority areas.

Ex-post Evaluation

A comprehensive evaluation would be undertaken at the completion of the project. This evaluation would serve as an important guide for decisions about the future project direction. In particular, it would be concerned with its effects on women participation in cooperative affairs.

Ad-hoc Evaluation Surveys

The evaluation programme may be complemented with ad-hoc surveys. Some of them may be identified during project inception and others as the need arises.



6.3.8 Terms of Reference for Commodity Logistics
Consultant

Duration 10 manweeks.

Starting Date November, 1986.

Assignment Tasks During the assignment, the consultant will be responsible for:

- (a) Improving the logistical network for collection and transportation of produce and for distribution of farm inputs. This shall include institutional responsibilities, management procedures and physical facilities for transportation and storage. Specifically, the consultant shall:
 - (i) assess the demand for transport capacity and design criteria (cost/benefit ratios) for utilization of the union vehicle fleet as compared to hiring of contract transport services;
 - (ii) review present storage capacities at the primary societies and at the union to determine incremental requirements (additions, consolidations and upgradings).
- (b) Improving the present procedures for monitoring and managing the transport vehicle fleet, including recurrent assessments of transport needs, planning of vehicle deployment, maintenance schedules, spares inventories, transfers and sales;
- (c) Identifying training needs at different organizational levels in relation to the improved logistical procedures and, in conjunction with the Training and Education Officer, design training workshops and in-service programmes;
- (d) Design an efficient and responsive system for monitoring the flows of produce and farm inputs at key distri-



tribution points.
PLANNING OF COOPERATIVE PROJECTS 6.3.8
ToR for Commodity Logistic Consult
1987-11-24 Page 2

Qualifications

At least ten years experience in commodity logistics, transport vehicle management and storage planning and management with cooperative unions in Sweden. Experience of developing countries is desirable.



6.3.9 Job Description for Project Officer

Duty Station Dar-es-Salaam, with extensive work in Morogoro Region during PY1-PY2.

Duration Two years, with possibility of extension.

Starting Date 1st July, 1986.

Duties The Project Officer shall work closely with the regional union staff and the Secretary General of the Cooperative Union of Tanzania (CUT). Functional counterparts in CUT involve Heads of Departments as well as the Head of Agriculture and Village Development Section. Particular responsibilities include:

Internal Functions

- (a) Overall coordination of the implementation of the project in Morogoro and subsequent regions;
- (b) Preparation of annual work programmes in conjunction with concerned staff;
- (c) Detailed design and introduction of an effective system for monitoring of implementation progress;
- (d) Coordination of member-oriented training and education programmes;
- (e) Monitoring of staff training programmes and activities;

External Functions

- (f) Administrative coordination of local and external short term consultancies;
- (g) Liaison with donor agencies and concerned local institutions in Dar-es-Salaam;
- (h) Reporting on project progress and financial matters. Quarterly Reports shall be submitted to CUT, the Commissioner of Co-operative Development, and the Project Monitoring Unit



Qualifications

University degree in economics, business administration or similar education. A minimum of five years participation in development projects, preferably within the cooperative sector. Experience of project administration, especially accounting and monitoring procedures.



6.3.10

Terms of Reference for Baseline Survey

1. Survey Objectives
2. Coverage Indicators
3. Draft Questionnaire
4. Sources of Data
5. Sampling
6. Field Supervision and Training
7. Data Processing and Analysis
8. Survey Presentation and Reporting
9. Time Plan
10. Budget



APPENDIX - SUGGESTIONS ON DATA COLLECTION

6.4 Suggestions on data collection

The common situation for the identification team is to have too little time to collect and analyze all data and information particularly on the cooperative members and their situation. Because of this, the team's time in-country will often be limited to data collection and perhaps some preliminary analyses while the detailed analysis may have to be left after the return to Sweden.

Different data sources require varying collection and processing time. In principle, collection should begin at the most accessible source, i.e. the source that require least "extraction" time, before continuing, if necessary, to the more demanding sources.

Ideally, the team should be familiar with all major written sources of information prior to its arrival in the country or make a determined effort to review the most important document before moving on interviewing officials and farmers. By doing this, the team will be able to focus on the most relevant issues at the outset of the interviews to start asking poignant and probing questions. A subsidiary effect of being well familiarized with the pertinent issues is that the respondents are likely to give more open and direct answers if they know that the interviewers know their subject.

Written sources are particularly relevant for macro-data on farm resources and on agricultural production conditions. Institutional reports, e.g. annual progress reports are valuable sources on the strength of the support services.

However, for other categories of information such as members' objectives and attitudes and their utilization of resources and support services, the team would have to conduct interviews to obtain the information it requires. Commonly, the interviews would begin with the officers in the cooperative and Government organizations and then proceed to the members before being corroborated by the organizational staff.



Interviews with cooperative staff usually yield little quantitative data but largely qualitative information, frequently reflecting the subjective view of the concerned officer. It is important to identify the most knowledgeable officers on a particular subject at an early stage and spend extra time with them rather than being diverted to lengthy discussions with the less involved staff.

A good approach is to limit the initial discussions to brief courtesy-like calls to identify the officers with most local or subsector experience.

It is useful to always have the most important questions written down before the interview begins. It is easy to get diverted and engrossed in subjects of particular interest to the respondent. A prepared set of questions helps to achieve the proper allocation of time among the major topics.

Interviewing members is a science as well as an art. Usually, there is not sufficient time to interview enough members to create a statistically valid sample of respondents. The village visits may have to be limited to 5-15 households. Consequently, the interviewer time should be spent on topics and information that cannot be obtained from other sources and focus on issues that the members themselves consider most important. It is not advisable to use a structured questionnaire where the questions follow in a predetermined order. The interviewer must be prepared to probe along crooked hierarchial paths from the openings suggested by the farmers/-members.

SLU has designed tree-structured questionnaire format for household interviews that covers the most common problem hierarchies. By using this format, which somewhat resembles a "mindmap", the interviewer is provided with several question options at each problem level. At the same time, the interviewer knows exactly where in the hierarchy he or she is and is thus able to jump to another problem "branch" once the current path is fully explored.