Selection of Priority Projects (INFFER step 4)

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Introduction

The Investment Framework For Environmental Resources (INFFER) is a tool for planning and prioritising public investments in natural resources and the environment. It focuses on achieving outcomes cost effectively.

This document relates to step 4 of the INFFER process (Table 1). It is about taking the results from the Project Assessment Forms (step 3) and deciding which particular assets/projects will be funded or put forward for external funding.

Table 1. Steps in the INFFER process

	Description of Step	Relevant Document
1.	Develop a list of significant natural assets in the relevant region(s)	"Significant Asset Identification Guide"
2.	Apply an initial filter to the asset list, using a simplified set of criteria	"Filtering Significant Assets Prior to Detailed Assessment"
3.	Define projects and conduct detailed assessments of them	"Project Assessment Form", and "Project Assessment Form Instruction Manual"
4.	Select priority projects	"Selection of Priority Projects" (this document)
5.	Develop investment plans or funding proposals	"Development of investment plans or funding proposals"
6.	Implement funded projects	"Implementation of funded projects"
7.	Monitor, evaluate and adaptively manage projects	"Monitoring, Evaluation and Adaptive Management following INFFER Assessment"

The thinking behind this step

Good prioritisation of projects requires strong and relevant analysis, but it is important that the approach used is not too mechanistic. The Project Assessment Reports produced in step 3 of INFFER provide a variety of information that should be relevant to decisions. Decision makers should not focus excessively on any one item in the reports (e.g. the Benefit: Cost Index - BCI) but should also examine and weigh up the other information provided. The other information includes time lags until benefits, risks to project success, positive and negative spin-offs that have not been factored into the BCI, the quality of information used in the assessment, and key knowledge gaps.

It should be recognised that the assessment from step 3 is not perfect. There are likely to be significant uncertainties about the underlying information. Realistic assessment of information quality and information gaps in the Project Assessment Report is important.

The suggested procedure is different depending on the decision context, which could be: (i) an organisation selecting projects to bid for external funds; (ii) an organisation prioritising the allocation of its own funds; or (iii) an organisation evaluating funding bids from external project proponents.

There could be various people involved in the process at this stage:

- The people who were responsible for completing the Project Assessment Forms ("project developers");

- Expert reviewers who provide quality assurance for the technical information and socio-economic information provided in the assessment forms ("reviewers");

- A decision-making committee internal to the organisation doing the assessments ("committee");

- A decision-making panel external to the organisations doing the assessments ("panel")

Selecting projects to bid for external funds

We assume that there is a decision-making group or committee.

1. Relevant expert reviewers should examine the data and assumptions in the Project Assessment Forms to check them for realism and for consistency across forms. Where problems or inconsistencies are identified, the assessments may be returned to the project developers for amendment. Reviewers may also make some comments about the quality of information underlying the assessment (in addition to the quality of information scores provided by project developers).

2. Once the assessments are completed consistently and to an adequate standard, the committee receives copies of all Project Assessment Reports, which are one-to-two page summaries of key information from the project assessment, including the Benefit: Cost Index and various risk factors. The committee also have access to the full Project Assessment Forms.

3. The committee is provided with a table of projects/assets, ranked from highest to lowest Benefit: Cost Index.

4. The committee discusses each project/asset. It examines all of the information in the Project Assessment Report and allocates each project/asset to one of the following categories:

   (a) Clearly a strong project that delivers value for money (as reflected in a high Benefit: Cost Index score);

   (b) A good project but it needs particular modifications to the project design;

   (c) A marginal project that may or may not deliver value for money;

(d)   A project that appears unlikely to deliver value for money.

5. For each asset/project in categories (a) or (b), the committee considers how information gaps should be handled. Options include:

(i)   Information is adequate to proceed to project implementation;

(ii)   There are key information gaps that can be addressed as part of the project;

(iii) The project, if funded, should start with a feasibility assessment phase for say the first year. There should be an additional decision made after that phase about whether the full project should proceed, and any necessary modifications.

(iv)   Information gaps are so pervasive and serious that they this asset needs a research/investigation project, rather than an implementation project.

6. The committee considers the priorities and requirements of external funding bodies and identifies projects/assets for which funding proposal should be prepared. They should come from categories (a) or (b) (step 4), with information levels (i), (ii) or (iii) (step 5).

7. Project developers are advised about the decisions relating to their projects such as:

- Prepare funding proposal for this project.

- Modify the project and prepare funding proposal.

- Prepare funding proposal for a feasibility assessment of the project.

- The project appears to offer good value for money but does not align with the priorities of known funders. Investigate the potential for alternative funders for the project, or store the project assessment in case a suitable funder emerges.

- Investigate options to fill key knowledge gaps for the project. These may include developing a funding proposal, or negotiating with research providers.

- The project is not a priority.

Prioritising the allocation of an organisation's own funds

Again, we assume that there is a decision-making group or committee.

Steps 1 to 5 are the same as for external funding bids (above).

6. Considering the outputs from steps 4 and 5, the available budget, and the prospects for obtaining funds from external funders, the committee selects projects that are priorities for internal funding. They should come from categories (a) or (b) (step 4), with information levels (i), (ii) or (iii) (step 5).

7. Project developers are advised about the decisions relating to their projects such as:

- Prepare detailed implementation plan for this project.

- Modify the project and prepare detailed implementation plan.

- Prepare plan for a feasibility assessment of the project.

- Prepare a proposal for external funding.

- Investigate options to fill key knowledge gaps for the project. These may include funding investigations internally, developing a proposal for external funds to do so, or negotiating with research providers.

- The project is not a priority.

Evaluating funding bids from external project proponents

This section is based on a scenario where a funding body wishes to use INFFER help with the design and assessment of projects. We assume that:

- the funding body requires all applicants for funding to use INFFER to develop and assess their projects;

- the funding body has a decision-making panel; and

- the funder's project application template includes the main items from the Project Assessment Report (e.g. specific, measurable, time-bound goal; threats, clear definition of works, impact of works, adoptability of works, project delivery mechanisms, socio-political risks, costs).

We are not saying that a funding body has to go to this extent to get value from INFFER. If proponents use INFFER, this should improve the quality of proposed projects that come forward. However, if a funder wishes to make INFFER central to their process, here is our suggested approach.

1. Appoint relevant expert reviewers to examine the data and assumptions in the Project Assessment Forms to check them for realism and for consistency across forms and across proponents. Reviewers should advise the panel about the quality of information underlying each assessment (in addition to the quality of information scores provided by project developers) and identify Project Assessment Forms in which proponents have made unrealistic claims (e.g. about technical feasibility or adoption). The reviewers do not necessarily need to be experts in the INFFER process. Their main job is to evaluate the information provided in the INFFER Project Assessment Forms.

2. The panel receives copies of completed application templates and expert reviewers' comments. Ideally, they would also have access to the full Project Assessment Forms.

3. The panel is provided with a table of projects/assets, ranked from highest to lowest Benefit: Cost Index (BCI).

4. The panel considers each proposal in turn, discussing:

   - whether the BCI accurately reflects likely value for money from the project. (It may not, for example, if the information quality is poor, or the proponents have made unrealistic claims about feasibility or asset value.);

   - whether the project aligns with funding priorities;

   - whether knowledge is sufficient to proceed to an implementation project, or whether the priority for this asset is for detailed feasibility assessment or research.

5. The panel assigns projects to a suitable set of categories, such as:

- Recommended for funding;

- Recommended for funding subject to specific modifications to the project (e.g. inclusion of a feasibility phase);

- Recommend that that proponents pursue an alternative funding source;

- Place on a reserve list for funding;

- Not recommended for funding.