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Appraisal and Evaluation of Government Projects in Rivers and Bayelsa States, Nigeria

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Abstract

Information on Government's involvement in appropriate project appraisal and evaluation is still limited. The key objective of this study was to examine, and gain more insights into how projects evaluation and appraisal are done in the public sectors of Rivers and Bayelsa States, Nigeria. This study adopted the qualitative method of data analysis; and the Exploratory Research Design. And both primary and secondary data were used; but the study was constrained by gross inadequate information due to government bureaucracy and other administrative bottle neck. However, this study concluded among others that, with appropriate appraisal and evaluation mechanisms in place, government's projects can promote non-profitable public service as well as public infrastructural provision, ecosystem and environmental protection; and hence, stimulate the growth and development of the less developed regions in the states. And hence, the establishment of a legal framework through the instrumentality of the State Houses of Assembly to strengthen the existing but weak policies regarding the appraisal and evaluation of government projects. As these strengthened policies will be applicable where the market forces cannot efficiently allocate economic and social resources was recommended among others.

1. Introduction

Many definitions had been given to project by different authors, due to the fact that project is a multidisciplinary word that has different meaning from different perspective and orientations. Engineers, Architects, Managers, Administrators, and so on, have their definitions coined out from their experiences as far as their professions are concerned. In line with the above, Project according to Project Management Institute (PMI) as cited in [15] "is a temporary activity or endeavour undertaken purposely to create a unique output (product or service) within budget, time and standards. [11] in their own words defined project as "an organization of human, materials, and financial resources in a novel way, to undertake a unique scope of work, of given specification, within constraints of cost and time, defined by quantitative and qualitative objectives so as to achieve a beneficial change". A project may also be seen as capital investments to develop facilities, to provide goods and services which will increase the aggregate consumption benefits of the people ([3]; [7]; [9]; and [17]). It may also be defined as any scheme or part of a scheme for investing resources which can be reasonably analysed and evaluated as an independent unit. In addition, according to [16], a Project may be

defined as any planned activity with definite realizable expectation of returns. Also according to [13], usually projects are characterized by some factors which include:

a. Projects absorb resources such as labour, capital, time, land and materials.
b. Projects have capability to be independently analysed as a specific activity or item of investment.
c. Projects are undertaken because they provide some form of benefits. And these benefits may include benefits in cash, in kind, in comfort, social benefits or market oriented benefits or political expediency.
d. A project starts at some point in time and ends at another point. It has a time dimension. These are very basic characteristics of projects.

1.1. The Objective of the Study

The basic objective of this study was to examine, and get insights into how the Governments of Rivers and Bayelsa States of Nigeria appraise and evaluate their projects.

1.2. Scope of the Study

The study involved two Directors of Planning, Research, and Statistics (PRS) with the government of Rivers and Bayelsa States, Nigeria.

1.3. Limitation of the Study

The scope of the study as it involved only two directors was too narrow compared to the size of the Government of Rivers and Bayelsa state each.

The unwillingness of the state governments' officials to release information needed to facilitate the study due to government bureaucracy and other administrative bottle necks. Hence, the scope of this study was appropriately narrowed to suit the available information.

2. Literature Review

2.1. Project Appraisal

Project appraisal plays an important role in choosing the right project and this is crucial to the final success of public investment projects. To paraphrase [12], Project appraisal helps organization in investing their limited resources in the best way possible in order to achieve recurring success and meeting the expectations of stakeholders as revealed by Project evaluation. Generally, government supports the community in an increasingly complex and challenging fiscal and economic environment. And in order to provide the highest quality outcomes, government has to optimize value for money in its use of resources. So, it is very important to support effective management of public finances. As the core area of public financial management is public project appraisal [8]. The importance of project appraisal can never be over-emphasised. For instance, according to [13], times without number governments embark on projects without proper appraisal. And further studies have shown that, this greatly account for the large number of projects abandonment. It should also be noted that, appraisal checks and compares the appropriateness for project preparation and helps to rank the *worthwhileness* of projects. The purpose of proper appraisal is to confirm that the project has a satisfactory economic rate of return, and if the project is to be financed by a third party such as banks, necessary arrangements concerning timely release of funds should be considered as well as ways of procuring materials. Thus, the major emphasis of project appraisal is to examine the feasibility of the sensitive sections of the project especially the financial projections and other cost implications.

2.2. Aspects of a Project Covered by Appraisal

According to [2], appraisal has the following major aspects of the project viz: Technical, Institutional, Financial, and Economic.

1. Technical Aspect: This is mainly concerned with issues related to physical scale, layout, location of facilities, technology used, cost estimates and their relation to engineering or other data on which they are based, proposed procurement arrangements, procedures for obtaining engineering, architectural or other professional services, the potential impact on the human and physical environment, and a range of other similar concerns related to the technical adequacy and soundness of the project. For instance, in the technical appraisal of an educational project, considerations will have to be given to the curriculum, the number and nature of educational establishments, their physical facilities (classroom, space, laboratories, libraries, and equipment), personnel, skills gaps and training requirements, etc.
2. Institutional Aspect: The objective of many projects is not merely to add to physical assets and capital, but also to create and enlarge human and institutional capabilities to manage and maintain development undertakings. Institutional appraisal is concerned with a large number of questions which deal with the adequacy or otherwise of such human capability and the institutional framework in which projects are implemented. This is possibly the most challenging aspect of the project's overall success. There may be no shortage of technically well-designed and well-endowed projects (in terms of their 'hard' inputs). However, many projects have limitations at the human and institutional level (the so-called 'soft' inputs). Therefore project appraisal requires careful and sensitive consideration of the institutional dimension and local conditions.
3. Financial Aspect: Financial appraisal (investment appraisal) is concerned with such questions as the adequacy of funds, the financial viability of the project, the borrower's ability to service debt, procedures for

recovering investment and operating costs, etc., and, ultimately, depending on whether it is public or private, does the project return a profit/desired performance?

4. Economic Aspect: The key difference of this from the financial aspect is that, economic appraisal addresses the issue of whether a project is worthwhile from the broader point of view of its contribution to aggregate or national economic and social welfare.

2.3. Project Evaluation

According to [4], this is a process of reviewing and reflecting on what has happened or what has been done by whom, on a project with the aim of ascertaining the extent to which the expected outcomes or intended impacts have been met. It helps to discover the strengths and weaknesses, the successes and failures, whether the project was worth the cost and efforts involved and the lessons learnt is used in the design and planning of future projects. Project Evaluation is emphasizing the review of the process with the view of ascertaining the extent to which the expected outcomes and intended impacts have been met so that lessons learnt can be used in other project. And in the views of [8], the public sector developed the methods for evaluating projects throughout the system which is characterized by comparability of costs and benefits. These methods are applied in the economic analysis - the main part of the public sector within the economy. To this end, further research on project evaluation revealed that, Evaluation is building upon the process involved in project monitoring by further investigating (review and reflect) the effects, to judge the overall value/benefit or otherwise of what has been done, and lessons learnt to be put into future development plan. Evaluation is also carried out so that people who are involved (and other stakeholders) in a project can reflect on what has or has not been achieved, as evaluation is aimed at discovering the project's strengths and weaknesses, successes and failures, also assess whether the cost and efforts invested were worth it; and lessons learnt are gathered for future developments. Moreover, evaluation may be done by outsiders who have special skills or trainings or experience by which to judge the effectiveness or otherwise of the project. Finally, evaluation is mostly done at the end of a project to produce a report for consideration on whether the project has been a success or a failure. This last point is a key difference from project appraisal. Hence, project evaluation is an orderly analysis of the past to help plan better for the future.

2.4. Planning Evaluation

An old saying goes thus: *'those who fail to plan, plan to fail'*. Hence, the success of projects to a large extent is not only tied to good appraisal but also to how well the evaluation is planned and carried out. Hence according to [4], Project Evaluation Plan should:

1. Define and frame the evaluation: Define what is to be evaluated, develop program theory or model and identify possible unintended results (both positive and negative) that will be important to address in the evaluation. Frame the boundaries for the evaluation, setting the parameters (purpose, criteria and questions to be used) for judging performance.
2. Manage the evaluation: This includes deciding who will conduct the evaluation and who will make decisions about it. Understand and engage stakeholders, how and who will manage documents and agreements.
3. Collect and synthesise data: This considers how data will be collected and synthesised. Combine qualitative and quantitative data, using measures and indicators.
4. Understand and describe activities, outcomes, impacts and contexts.
5. Reporting findings, what are the reporting requirements, types of reporting formats, appropriate for intended users should report include recommendations?
6. Implementation of findings: how will the recommendations be implemented or used in planning future projects. How will you support the use of the findings of the evaluation process?

2.5. Project Life Cycle

While project appraisal takes place at the pre-project take-off stage to determine whether or not the project is worth investing the required resources in it; project evaluation comes at the end to determine the level of deviations (positively or negatively) of the project from the initial plans. Project lifecycle refers to the stages in a project's development [12]; and hence, the appraisal and evaluation of projects is best seen in the context of the project life cycle. Project life cycle is important because it demonstrates the logic that governs a project. It also helps in developing plans for carrying out the project. ([2]; and [15]) identified four distinct project life cycle phases which are: Conceptualization, Planning, Execution, and Termination.

1. Conceptualization according to [15] refers to the development of the initial goal and technical specification for a project. The scope of work is determined, necessary resources (people, money, material & machine) identified, and important organizational contributions or stakeholders signed on. Also, feasibility study is conducted at this stage to investigate whether the project can be continued or not.
2. Planning is the stage in which detailed specifications, schematic, schedules and other plans are developed. It is also a stage where the project solution is further developed in as much detail as possible and steps necessary to meet the project's objectives are put in place. At this stage the individual pieces of the project called work packages are broken down, individual assignments made, and the process for completion clearly delineated. Project schedule, the actual work and the estimated cost of completion are also identified. Anything that might pose a threat to the successful completion of the project is also identified at this stage. Finally all the project stakeholders must be identified at

this stage of the project so as to establish a communication plan that describes information needed and the delivery method to be used to keep stakeholders informed [14].

3. Execution phase deals with actual performance of the work of the project. Progress is continuously monitored and appropriate adjustments are made and variances recorded so as to maintain the original project plan. During project execution, project tasks are been carried out and progress information is being reported through regular team meetings. The project manager uses this information to maintain control over the direction of the project by measuring the performance of the project activities comparing the results with the project plan and takes corrective actions as needed.
4. Termination occurs when the completed project is transferred to the customer, project documentation is handed over to the business, suppliers' contracts terminated, project resources released and the project closure communicated to all stakeholders. The final step is to conduct lesson learned studies; to examine what went well and what didn't. Through this type of analysis, the wisdom of experience is transfer back to the project organization which will help future management teams.

2.6. Project Quality Factors and Basic Needs

The Evaluation Office of the European Commission [5] and other writers have drawn attention to other factors apart from the financial and economic impacts of projects. These factors are particularly relevant to development projects where the issues of project sustainability after initial finance by international financial institutions and/or donors are the keys to the long-term success of the project. The other issue, which is related, is the extent to which the projects address the basic needs of the beneficiaries.

Project quality factors:

Experience with projects over time has indicated that the long-term success of development projects and the sustainability of project benefits depend on a number of factors, over and above the economic and financial viability of the project.

These factors, summarised in Table 1, are particularly relevant to development projects, which is the clear direction of government projects rather than to purely commercial projects.

Table 1. *Key Quality Factors for the Long-Term Sustainability of Projects.*

	Quality factors:	Description:
1.	Ownership by beneficiaries.	i. Involvement of target groups and beneficiaries in project design. ii. Involvement of target groups and beneficiaries in project execution.
2.	Policy support.	i. Quality of the relevant sector policy within a country and/or state. ii. Commitment of government to continuation of project services after external/donor finance.
3.	Appropriate technology.	i. Whether technologies applied in the project can be maintained in the long run.
4.	Socio-cultural issues.	i. Does the project take account of local cultural norms and attitudes? ii. Do project beneficiary groups have appropriate access to project services and benefits during and after project implementation?
5.	Gender equality.	i. How does the project take into account the specific needs and interests of women and men? ii. Is there sustained and equitable access by women and men to services and infrastructure as well as contributing to the reduction of gender inequities?
6.	Environmental protection.	i. The extent to which the project will preserve or damage the environment and therefore support or threaten longer term benefits.
7.	Institutional and management capacity.	i. The ability and commitment of the project implementation agencies to deliver the project/programme and to continue to provide products and services beyond external finance/donor support.

Source: Adapted from [2]

However, increasingly, commercial projects have to take into account international and national legislation and the pressures of lobbying groups e.g. UN agencies, Greenpeace and other development and environmental lobby groups. To this end, there have been, for example, particular pressures on mining, oil exploration and dam projects, taking account of the impacts on the environment and local communities e.g. oil exploration projects in the Niger-Delta Region of Nigeria.

3. Methodology

This section presents the approach and procedures that were adopted in the conduct of the study as it relates to data collection, analysis, discussion, and presentation. The core approach adopted in this study was qualitative method.

3.1. Research Design

The Exploratory Research Design was adopted as the study has two characteristics of surveying existing literature and people who have practical experience with the appraisal and evaluation of projects in both states, and also help us to gain more insights into how projects evaluation and appraisal are done ([10]; and [1]) in the public sectors of Rivers and Bayelsa State.

3.2. Data Collection Methods

The Primary data was collected through interview - Telephone conversation with two Directors of Planning, Research, and Statistics (PRS) of the government of both Rivers and Bayelsa States, Nigeria.

Secondary data was basically sourced through journals and texts.

4. Data Analysis, Discussion, and Presentation of Result

Following the telephone conversation used to source our primary data, and the analyses and discussion of the collected data; the harmonized presentation of the findings is thus:

Projects of both states' government start with the conception of the project. Thereafter, the importance of the project to specific communities/areas are appropriately communicated to the states' governors through appropriate quarters. It is at this point that appraisal starts.

Now, let us assume that, the project is a Building/Road construction. A structural design of the project will be drawn by an Architect and submitted. The government representative will then invite a Quantity Surveyor to study the structural design, and price it in terms of the necessary Bill of Quantity - the choice of material, and standard workmanship. This will now lead to the costing of the entire work as well as determining the start and finish time. Hence, the governments through their appropriate representative will be able to factor the feasibility of the project based on the Budget/Appropriation Bill in terms of the estimated cash flow.

At this point, the Governor directs the Commissioner of Finance and Accountant General of the State to release funds to the relevant Ministry, Department, or Agency (after the recommendation of the Due Process Unit) in charge of the area/field of the project implementation. This marks the end of the appraisal process.

Thereafter, the Ministry, Department, or Agency (MDA) then places an advertisement to the public for invitation to bid. This will lead to the receipt of quotations, and a date will be fixed to analyse the quotations. This is done by basically looking at and assessing the various submitted Bills of Quantity in terms of materials, standard workmanship, and time schedules (i.e. estimated possible start time and finish time). This can thus be done in two ways, either through negotiations or open tendering. And whichever of the two methods is used, the best option/choice is the *"lowest responsive bidder"*.

After the lowest responsive bidder is selected, the contract for the project is formally and officially awarded, mobilisation given, and monitoring and evaluation is initiated which, is an on-going process all through the project implementation period. Thus, evaluation of the project is on-going process to ensure that the various stages of the implementation are in line with standard.

Finally, upon the completion of the project, the contractor will then apply for job completion. And upon approval by the governor, the contractor gets payment (less 2.5% retention fees). This means that, 2.5% of the total cost of the project will be withheld for a period of six (6) months known as the Defects Reliability Period (DRP). After the expiration of this period, and the project remains in order, the contractor then gets the remaining 2.5% of the initial total cost. However, in case anything goes wrong with the project within this period, this 2.5% retention fees is used to rectify such defects.

5. Conclusion and Recommendation

Project appraisal and evaluation are often referred together as *project assessment*. *Project appraisal* is concerned with assessing, in advance, whether a project is worthwhile and therefore if it should be proceeded with. The process of *project evaluation* is concerned with assessing, in a retrospective sense, the performance of a project during and even after implementation and completion. Hence, empirical studies have shown that, the evaluation and appraisal of government's projects have become important issues in many developing countries, due to their successful application in private organizations and its proven effectiveness and flexibility in attaining project goals and objectives.

With appropriate appraisal and evaluation mechanisms in place, government's projects can promote not for profit social service as well as other public infrastructural provision, ecosystem and environmental protection; and hence, stimulate the development of the less developed regions in the states, and facilitate further Research & Development among others. However, studies also show that, government's projects in these two states do not always follow the rules guiding appraisal and evaluation; hence, high level of abandonment of government projects. A very good case study is the Rivers State Monorail project that has gulped huge sums of money but still remains non-functional till date. And in Bayelsa State, we have the abandoned 500 Bed-Space Hospital in Yenagoa that started since the era of the former Governor late DSP Alameisegha, and it still remains uncompleted and abandoned till date.

To this end, it must be ultimately emphasised that, the output of any effective, efficient, and economical appraisal and evaluation of government's projects will enhance a greater confidence among the citizens in their governments' ability to shape their future positively.

Following the above drawn conclusion, the following recommendations by the researchers are key:

Establishment of a legal framework through the instrumentality of the State Houses of Assembly to strengthen the existing but weak policies regarding the appraisal and evaluation of government projects. As these strengthened policies will be applicable where the market forces cannot efficiently allocate economic and social resources.

Also adequate evaluation and appraisal training should be given to employees in charge of projects. This will increase the knowledge of employees on the appropriateness and importance of project appraisal and evaluation. This can also serve as a vehicle for change, and hence, become an effective means of bringing about administrative reform in public institutions.

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