IUCN Project Guidelines and Standards

Module 2
Project Identification and Conceptualization

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Summary of supporting tools for Project Identification and Conceptualization

All PGS tools can be downloaded from the Union Portal (click here)[1]

Table 1: Tools and templates used with PGS Module 2

Tool	Instructions
• Checklist of steps for project conceptualization (owner: PME) • Checklist of contents for project concepts and proposals (owner: PME)	Module 2 2.2.4 Finalizing the project concept
• Donor engagement checklist (owner: Strategic Partnerships Unit)	2.1 Project identification
• Stakeholder Analysis Tool (Owner: PME)	2.2.1.2 Preparing a stakeholder analysis
• Business Risk and Opportunity Matrix (owner: BBP) • ESMS Screening Questionnaire (owner: GEF CU)	2.2.2 Risk Analysis
• IUCN Project Budget Tool – Excel file (owner: Global Finance Group)	2.2.3.1 Preparing a project budget
Mandatory project appraisal and approval tools (PAAS): • Project appraisal and approval form - concepts (owner: PME) • Short Form for project approvals (owner: PME) • Guide for project appraisals by peer reviewers (owner: PME)	2.2.5 Project Appraisal and Approval "PAAS"
Additional Annex: Gender Criteria and Mainstreaming	

Not all steps in identification or conceptualization are supported by a tool. Doing a situation analysis, theory of change, planning for knowledge products, planning for capacity building and planning for policy influencing are all important steps, but do not have associated tools.

See the table at the end of Module 1 for an overview of the mandatory tools and processes.

[1] Full URL of the Union Portal page for the PGS Tools: **https://portals.iucn.org/union/node/5095**

2 Project Identification and Conceptualization

This section of the Project Guidelines and Standards outlines the process, tools and guidance related to project identification and project conceptualization. In combination, these two steps lead to the development of the project concept document, which is used in the initial stages of negotiation with a potential donor. Depending on the donor and the level of interest, the project concept will vary in level of detail; however this section outlines the necessary processes and sections that will comprise the project concept. Figure 1 outlines the stages, activities and responsibilities in project identification and conceptualization.

Project identification is the process of selecting a topic to be developed further into a project concept. At minimum, project identification outlines the location where the project will occur, the broad approach the project will take and the problem to be addressed. For all projects in IUCN, the process of identification is tied to the IUCN Programme (noting that regional and thematic programmes will also have more specific programme documents on which to draw). Each project must implement some aspect of the IUCN Programme.

Project conceptualization is the initial process of designing a project that leads to a project concept document. The project concept is the basis on which the interest of potential donors is secured. The process of conceptualizing a project outlined in this Guide encourages project proponents/managers[2] to consider all of the main aspects of the proposed project, including a situation analysis, a stakeholder analysis, a theory of change (covering both the problem analysis and the logic of the proposed intervention) and an indicative budget.

IUCN now requires a more stringent up-front analysis of risks, which at concept phase includes a screening reflecting the provisions of the Environmental and Social Management System (ESMS)[3] and the IUCN Business Risk and Opportunity Assessment Matrix[4]. Additional risk assessments are made during proposal development phase (see Module 3).

Figure 1 on the next page outlines the stages, activities and responsibilities in project identification and conceptualization.

[2] Project proponents are those who propose the project and develop the project concept and proposal. The proponent may or may not become the project manager.

[3] The ESMS page of the Union Portal contains the *ESMS Manual* folder with procedures and tools; and the *ESMS Introduction* that provides a quick overview of the document.

[4] See the IUCN Operational Guidelines for Business Engagement (October 2015) for a detailed explanation.

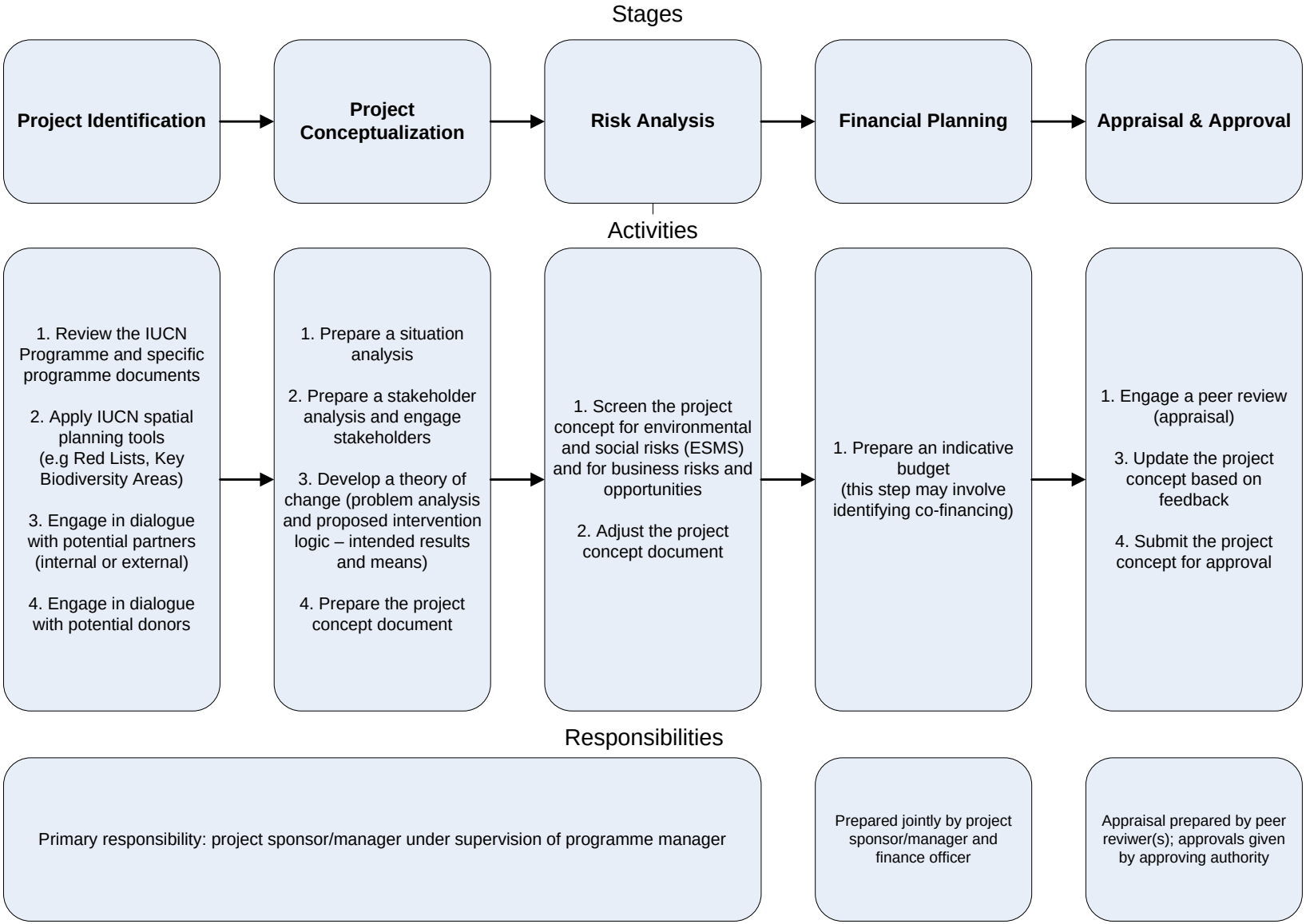


Figure 1 Stages, activities and responsibilities in Project Identification and Conceptualization

The IUCN results chain

The IUCN results chain outlines the language and categories used for planning purposes. IUCN's main donors use a multiplicity of results chains and planning languages and often the project concept and project proposal must adopt the donor's language to be accepted. For internal programme and project planning purposes, Figure 5 represents IUCN's results chain.

IUCN has control over deploying **inputs** and implementing **activities** which lead to **outputs**. Activities and outputs are usually implemented with partners, which may include IUCN Members and Commission Members. IUCN uses activities and outputs to influence (but not control) **results** and **impacts**[5].

IUCN's **impacts** are always on biodiversity (species, ecosystem services) or some aspect of human wellbeing. **Results** are the way that IUCN expresses its intentions with regard to influencing policy, behaviour and governance that will lead to impacts in terms of biodiversity conservation and human wellbeing. All project results must help deliver the global results of the current IUCN four-year Programme and be linked to the programme results of the Regional or Thematic Programme that is developing the project.

Figure 2 IUCN's results chain

2.1 Project Identification

Key tools for this section:

- Checklist – identification and conceptualization
- Donor engagement checklist

Projects are the means of implementing the IUCN Programme. As such, identifying new projects should be based on the IUCN Programme and specific regional and thematic programmes.

Step 1: Review the IUCN Programme and the specific regional or thematic programme. From these two documents a list of priorities for projects can be developed. Each project identified should seek to meet one or more of these priorities. At the global level, the priorities are already identified (see Table 2) and updated annually. In specific regional or thematic programmes, priorities are easily derived from the programme's intended results. It is also

[5] The Conservation Measures Partnership prepared a 'Rosetta Stone' of different planning terminologies that can be requested from PME. It is worth noting that some of IUCN's partners and donors use the term "outcome" where IUCN uses "result".

possible to engage in joint programming, by combining the plans of two or more regional or thematic programmes.

Table 2: Global Programme Priorities 2013-16

Business line	Continuing priorities	New, joint programme development priorities
Providing knowledge products	• IUCN Red List of Species • Protected Areas, WDPA • IUCN Red List of Ecosystems	• Natural Resource Governance • Human Dependency on Nature • KBAs / Overlay of spatial knowledge products
Delivering results on the ground (Only major programs mentioned here)	• REDD+ / Landscape restoration • MFF • BIOPAMA / Green list of Protected Areas • SOS • Ecosystem-based adaptation	• Land, water and food security • Global Coast – Coastal rehabilitation • Area-based business engagement
Strengthening policy and governance	• Strategic Plan and CBD support • Gender policy and capacity-building • World Heritage advice and support • UNFCCC support	• IPBES support • Nature-based solutions in policies on climate change, food security, development • IUCN business development for environmental governance
Engaging and leveraging the Union	• Membership services • Governance support • Implementation of the One Programme Charter	• Member capacity-b., primarily through joint Programme implementation • Union Development Plan

Step 2: Apply IUCN Knowledge Products: the IUCN flagship knowledge products, including the IUCN Red List of Threatened Species[6], the IUCN Red List of Ecosystems[7], Protected Planet/World Database on Protected Areas[8] and the Key Biodiversity Areas standard are currently available for use to aid in figuring out where a project ought to be located, based on biodiversity values.

These tools are intended to identify geographic places with the highest biodiversity values or where conservation action is urgently needed (e.g. through the IUCN Red List of Threatened Species which has spatially mapped ranges for each species). A helpful online tool developed by IUCN and partners – the Integrated Biodiversity Assessment Tool (IBAT) – is available to generate overlaps and maps to aid in planning interventions.[9] For example, site selection for new protected areas can be aided by overlaying existing projected areas with key biodiversity areas to show representativeness and connectivity.

[6] IUCN Red List of Species: http://www.iucn.org/about/work/programmes/species/our_work/the_iucn_red_list/
[7] IUCN Red List of Ecosystems: http://www.iucn.org/about/work/programmes/ecosystem_management/red_list_of_ecosystems/
[8] Protected Planet (PA database): http://www.protectedplanet.net/
[9] Integrated Biodiversity Assessment Tool (IBAT): https://www.ibatforbusiness.org/login

There is also plenty of specific guidance on strategic planning of species conservation[10] and other topics[11] and on guidance relating to area-based conservation[12] and gender and environment.[13]

Step 3: Engage in dialogue with potential partners (internal or external): once a potential issue and geographic location has been identified, it is time to start engaging potential partners in the design of the project concept. This will include potential implementing partners who will do the work on the ground. Often implementing partners are IUCN Members. This may also include Commission Members, who can provide technical input into the design and eventually implementation of the project.

Contracts with implementing partners and other sub-contractors are governed by IUCN's Procurement Policy[14] and associated processes, regardless of whether the partner is an external organisation, an IUCN Member or a Commission Member. It is therefore essential that you familiarise yourself with the relevant procurement policy requirements before engaging potential partners directly.

Some projects will necessarily involve multiple programmes of IUCN. The most frequently used combination is of an IUCN region and an IUCN thematic programme. Projects may also be designed and implemented by multiple country offices, multiple regions or multiple thematic programmes. It is absolutely essential for all concerned IUCN programmes to be involved in project conceptualization and design from the start as a necessary pre-condition to joint implementation. It is not possible for one IUCN programme to design a project that has a component for another IUCN programme to implement.

There are two basic principles to keep in mind in this case: always include potential partners at the earliest stage possible and build partnerships which are fit for purpose. For example a large field project working with local communities in a region ought to include a local women's organization or network and/or a gender expert as a partner to ensure that the design and the implementation of the project is gender-responsive.

Step 4: Engage in dialogue with potential donors as partners: it is also important to have donors involved in the initial design of a project. This is because many will want to influence or help to shape the project design to meet their own programmatic objectives. Most donors prefer to position themselves as "partners" in project design, implementation and monitoring rather than simple funders.

IUCN has built strong partnerships with donors in specific regions and around specific work streams, so discussion around new project concepts usually happens during the initial phases of project design. If the project concept is completely new, and there is no particular donor or

[10] Species conservation planning tools: http://www.cbsg.org/new-initiatives/species-conservation-planning-tools-library
[11] Various themes of policy and guidance: http://www.iucn.org/about/work/programmes/species/publications/iucn_guidelines_and__policy__statements/
[12] Conservation tools on species, ecosystems, business, protected areas, climate change and more: http://www.iucn.org/knowledge/tools/tools/conservation/
[13] IUCN Gender and Environment Index: http://genderandenvironment.org/egi/
[14] IUCN Procurement Policy: https://portals.iucn.org/union/cont/documents/686/9955

partner in mind, the Programme Unit should contact IUCN's Strategic Partnership Unit for intelligence about (i) the programme priorities of potential donors, and (ii) the partnerships (funding) that already exists with other Programme Units. This is advice is critical as it will help to avoid the development of concepts which have little possibility for funding, and competing requests to donors from different parts of IUCN – which can undermine the institutional credibility of IUCN with its principle donors. **SPU plays the role of coordinating IUCN's approaches to donors** – including framework partners, bilateral governments, multilateral donors, corporations, foundations and high net worth individuals.

SPU provides information to the network of Strategic Partnership Advisers distributed across Regional Offices and HQ Programme Units about funding trends, donor priorities, and specific funding opportunities (Calls for Proposals). This alerts programme colleagues to funding opportunities upstream. When engaged in the review of project concepts, SPU can advise on what a specific donor might want to see in Project Concepts. SPU issues specific Guidance, in coordination with the relevant Global and Regional Director, with respect to how the IUCN Secretariat should respond to specific Calls for Proposals from donors such as BMU, NICFI, USAID and the EC. This usually involves an internal project selection process to ensure that IUCN submits the concepts or proposals which are most likely to be accepted and funded.

Steps 1 through 4 can occur in any order, although keeping the following principles in mind:

- Projects should always flow from the priorities within the IUCN Programme and/or specific regional or thematic programmes;
- Engagement of partners and donors should occur as projects are identified and before a project concept document is prepared;
- There is a wealth of science-based tools and guidelines to aid with project planning (which will also be applicable in the following sections on Project Conceptualization and Development).

The Strategic Partnerships Unit provides a tool, the Donor engagement checklist, that should be used to support this part of the process.

The procedure for project identification for projects to be submitted to the Global Environment Facility (GEF) for funding can be more complex. Contact IUCN's GEF Coordination for details and support.

2.2 Project Conceptualization

Key tools for this section:

- Checklist – identification and conceptualization
- Checklist – contents or outline of a project concept or proposal

The process of project conceptualization will result in the development of a project concept document. This section outlines processes for project conceptualization, risk analysis and financial planning by providing tools and guidelines (see Figure 1). Upon completion of the project concept document, the document is appraised and approved, which allows the project proponent/manager to commence negotiations with the donor(s).

Preparing the project concept has three main stages, each with specific steps to be undertaken:

- Project Conceptualization
    - Prepare a situation analysis

    - Prepare a stakeholder analysis and engage stakeholders
    - Develop a theory of change (problem analysis and propose intervention logic of intended results and means)
    - Prepare the project concept document
- Risk Analysis
    - Screen the project concept on environmental and social risks (ESMS screening)
    - Undergo business engagement risk screening (if applicable)
    - Screen potential partners for risk
- Financial planning
    - Prepare an indicative budget
    - Prepare a cost-effectiveness analysis (if applicable)
- Appraisal and approval

Mainstreaming gender in the project concept

Use the guidance on the **PGS Annex on Gender Criteria and Mainstreaming** to ensure that the project concept is gender-responsive. This is mandatory for all projects that will involve women and men.

Definition of ***gender responsive***: identifying, reflecting and implementing needed interventions to address gender gaps and overcome historical gender biases in policies and interventions. Gender-responsiveness in application contributes, proactively and intentionally, to the advancement of gender equality. More than "do no harm" (being gender sensitive), a gender-responsive policy, programme, plan or project aims to "do better."

What is the appropriate level of detail for a project concept?

The level of detail required for a project concept is linked to the donor involved. If a donor has **essentially agreed** to fund a project with IUCN, or IUCN is responding to a **request for proposals (RFP)**, then the level of detail in the project concept should be quite high. In the case of a formal RFP, the project may skip the PGS concept stage. However approval to skip the concept stage requires approval by the IUCN approving authority. Regardless of whether the RFP is requesting a "concept" or "proposal", the prior approval is required by the relevant IUCN approving authority.

The different scenarios for responding to a "request for proposals" or a donor request to submit a proposal are outlined below:

When a project concept is being developed **without a specific commitment from a donor** in order to engage donors and gain a specific commitment then the project concept should be short (maximum 5 pages) and include an indicative budget.

For the ESMS Screening to be effective and meaningful a minimum level of detail must be provided, and if it is not available at concept stage ESMS Screening should be undertaken at the beginning of the development phase. To undertake ESMS Screening a project concept requires at least the following details: (i) a summary of the situation analysis (including geographic

location, basic socio-cultural features), (ii) a description of the expected outcomes, the main intended activities and the technical approach (if applicable) and (iii) a description of the main stakeholders, how their interests and needs relate to the project objectives and who are considered the main beneficiaries of the project.

How to respond to requests for proposals?

There are essentially three ways in which a "request for proposals" – whether formally made through a global competition or informally made on the basis of a conversation – should be made:

Scenario	Solution	Approval required
Request for proposals for which IUCN will be able to submit a limited number globally	Coordinated by SPU, a small number of concepts will be selected from an internal response to the RFP	PAAS for concepts
Request for proposals – concepts or proposals – for which IUCN is not limited in the number that can be submitted or apply only to part of IUCN (i.e. a regional office)	Submission of a concept or proposal requires prior approval by the approving authority Develop the concept or proposal according to the requirements of the donor	PAAS for concepts or proposals + the prior approval by the approving authority
Request for a concept or proposal by a donor based on prior contact	Prepare a concept or proposal	PAAS for concepts or proposals

2.2.1 Steps to prepare a project concept

This section offers guidance on <u>how to</u> prepare the conceptual heart of the project for projects that aim to deliver knowledge products, policy influencing and capacity building. There are many IUCN guides on how to prepare conservation field projects[15] so these are not repeated here.

The steps involved (and described in the following pages) for developing a project concept are:

1. Preparing a Situation Analysis
2. Preparing a Stakeholder Analysis and engaging stakeholders (men and women)
3. Preparing a Theory of Change (problem analysis and intervention logic using the IUCN results chain)

[15] http://www.iucn.org/knowledge/tools/tools/ Tools are available on species conservation (various aspects), forest landscape restoration, locally controlled forests, water management, invasive species management, protected areas establishment and management, ecosystem management (climate change adaptation, disaster risk reduction), marine and fisheries management, business engagement and economic valuation (various topics).

4. Using the theory of change to identify results and means

Steps 1-4 generate outputs that can be used in summary for Step 5:

5. Writing a summary for the project concept document

Steps 1-3 are expected to be gender sensitive, the results and means in Step 4 should be gender responsive. Use the **PGS Annex on Gender Criteria and Mainstreaming** specific guidance.

2.2.1.1 Preparing a Situation Analysis

In project identification you should have identified how the project fits into the IUCN Programme and your unit's work plan. The situation analysis is a scoping and analysis of the broad context/external environment in which the project will operate. The situation analysis covers the state of the environment and people (women and men in the project area), and is complemented with a stakeholder analysis and a problem (or issue) analysis.

The choice of where to develop a project is normally made during programme development or another prioritization exercise. As discussed in section 2.1 on project identification, this can involve application of IUCN's knowledge products, as well as dialogues with potential partners, stakeholders and donors. Once the landscape or site is identified, the situation analysis is completed to fill in the details, which will allow the project to be conceptualized.

A situation analysis can be completed through research (field or desk) or through participatory techniques, but tends to collect and analyse the following:

- The project's proposed geographic area (size, main features);
- The ecological features of the geographic area (Red Listed features, biomes present, status of ecosystem services and benefits);
- The overall status of human wellbeing in the geographic area (population, economy, education, culture, governance and policy, equity, etc, disaggregated by sex);
- Gender analysis to gather baseline data on gender gaps, gender roles and relationships and the different relationships that women and men have with natural resources.

Properly done, this can serve as the project's baseline.

For desk and field research, some of the sources of data available to undertake the situation analysis include maps and data sets in the Integrated Biodiversity Assessment Tool[16], locally available data which may include government records and archives, household surveys and local studies. Depending on the size of the landscape in question, national or global data sets may provide useful data coverage of key topics. Other useful spatially referenced assessments of biodiversity include Conservation International's Biodiversity Hotspots, Plant Life's Important Plant Areas, BirdLife's Important Bird Areas and WWF's Global 200 Ecoregions.

[16] The Integrated Biodiversity Assessment Tool (https://www.ibatforbusiness.org/login) is an online tool designed to facilitate access to biodiversity data and maps, including the IUCN Red List of Threatened Species, protected areas, Key Biodiversity Areas and Alliance for Zero Extinction Sites. Originally designed for business decision making, IBAT is also a useful tool for conservation decision making.

A situation analysis can also be prepared using participatory techniques, drawing on the knowledge of local stakeholders and communities through a facilitated process. Using participatory techniques can be especially useful in understanding the dynamic between local populations and their environment, particularly around questions of natural resource use. There is a rich literature on participatory techniques and one technique that IUCN has been using is called Visualizing Landscapes.[17] Participatory techniques do take time and resources and are often used in the initial stages of project implementation once a project has been approved by the donor.

Summary: sources of data for a situation analysis

- Publicly available data sets, such as those collected by UN Agencies, the World Bank, etc.,
- Specialized data sources, such as IBAT or the IUCN Environment and Gender Index;
- National statistics or sub-national ecological or social surveys;
- Customary and traditional knowledge;
- Knowledge gathered from project stakeholders (ensuring that all groups – men, women, other major socio-cultural groups – are collected.

It can be useful to compare so-called "official" data with customary or traditional knowledge and stakeholder generated knowledge.

Gender Analysis within Situation Analysis

See also the **PGS Annex on Gender Criteria and Mainstreaming**

Gender analysis is a systematic process that identifies the differences in the lives of women and men, including those that lead to sociocultural and economic inequality and uses this understanding while designing the project intervention.

Gender analysis aims to answer three key questions:

1. What are the gender based inequalities, discriminations and rights denials in the proposed project context? How do these issues intersect with other discrimination factors, such as age, ethnicity, disability, class, etc.?
2. How will gender relations potentially have an impact on the effectiveness and sustainability of the project, activity and intended results?
3. In turn, how will the intended results potentially affect the relative status of women and men? Will the project reduce, reinforce or exacerbate inequalities?

The *IUCN Toward Equity* (1999) series explains how to incorporate gender equity in the project cycle, with tools, exercises and templates for participatory appraisal and planning, particularly in Volumes 2, 3 and 6. English series: https://portals.iucn.org/library/taxonomy/term/37596 Spanish series "Hacia la equidad": https://portals.iucn.org/library/taxonomy/term/37364 French series, "Vers l'équité": https://portals.iucn.org/library/taxonomy/term/37383

[17] Visualizing sustainable landscapes : understanding and negotiating conservation and development trade-offs using visual techniques. https://portals.iucn.org/library/node/10074

Documenting a situation analysis

A properly documented situation analysis will include a map, data, and analysis to answer the following questions:

- What are the main ecological features of the landscape (or seascape, etc) in which the project will be implemented?
- What is the state of the environment? Of men and women?
- How is the landscape currently governed?
- What is and has been IUCN's existing and historical role in this place? (Remember to consider Members, Commissions and Secretariat).

Particular attention should be made to disaggregating the situation as much as appropriate – by gender at minimum – but also by other socio-cultural factors, such as ethnicity, for example.

Of course, at this stage, issues, opportunities and problems will start to be identified and these will be analysed more thoroughly in 2.2.1.3. Preparing a Theory of Change.

The question of who will be affected/impacted by the potential project will be assessed when applying the Environmental and Social Management risk assessment tool.

Interpreting a situation analysis

The situation analysis may reveal opportunities and challenges for (figure 2):

- High biodiversity values and high dependence on nature presents the most challenging set of variables to balance, particularly if the biodiversity values are global and require careful analysis of threats (both proximate and underlying) to both biodiversity and human wellbeing (men and women) and the trade-offs inherent in any course of action;
- High biodiversity values and low dependence on nature suggests that the opportunities for protection and managed landscapes are present;
- Low biodiversity values and high dependence on nature suggest opportunities for more traditional natural resource management regimes focused on ensuring sustainability of ecosystem functions and benefits;
- Low biodiversity values and low dependence on nature suggest that this is not a landscape for IUCN's interventions.

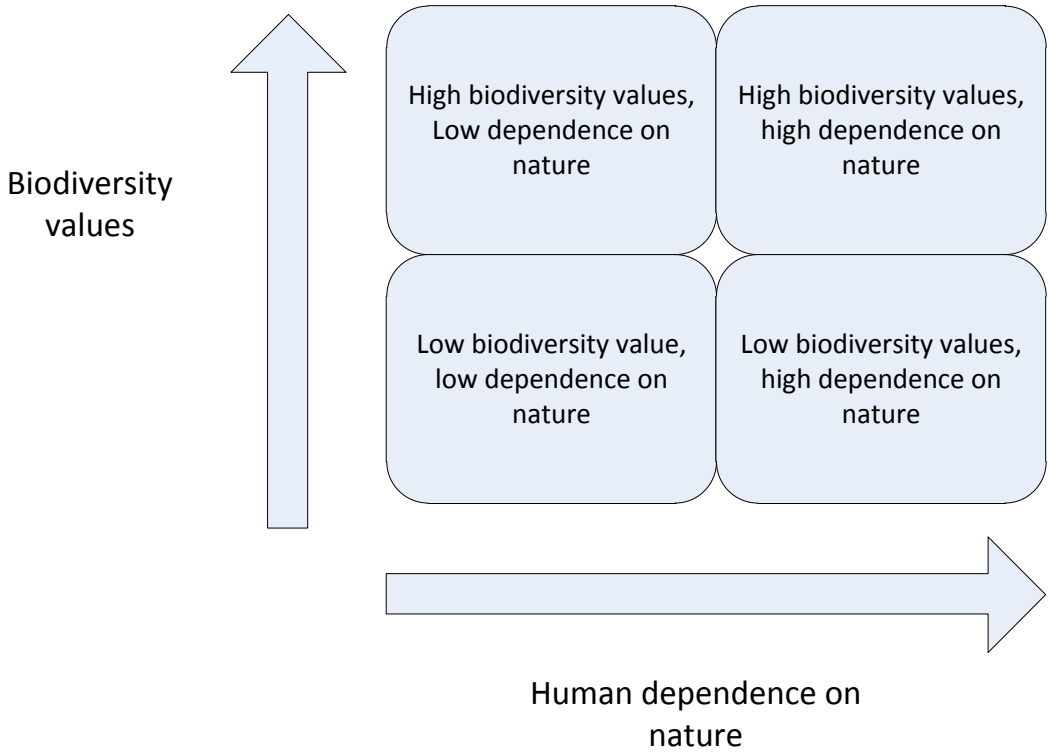


Figure 3 Biodiversity values and human dependence on nature

Including the situation analysis in the project concept

The result of this analysis should be a short section within the project concept document. Although the analysis may become long and detailed (and should be saved for later reference), an executive summary highlighting the key issues noted in "Documenting the situation analysis" above should be included.

2.2.1.2 Preparing a Stakeholder Analysis and engaging stakeholders

Template: Stakeholder analysis tool (for documenting the results of the stakeholder analysis)

A stakeholder is an actor in the proposed landscape who has a clear role or vested interest in how that landscape is managed, including management of natural resources. Stakeholders play a range of roles in a project area and these roles vary according to their sex, age and ethnicity. Understanding these differentiated roles – particularly between men and women – is essential to ensure a project's effectiveness (see more below on gender sensitive analysis). Primary stakeholders include potential project beneficiaries and those who hold power and make decisions. Secondary stakeholders include potential partners and those who can use their influence negatively.

The purpose of a stakeholder analysis is to identify all primary and secondary stakeholders who have a vested interest in the issues which the project will address by developing a strategic view of the human and institutional landscape and the relationship between different stakeholders (including women and men). There are a number of tools and approaches that can be used, e.g. Power Mapping, PRA Venn Diagram, or the DFID influence and importance matrix, among

others. Regardless of the approach taken, you are encouraged to document the stakeholder analysis in the PGS tool for stakeholder analysis.

A stakeholder analysis should reveal the role of stakeholders around the topics of:

- **Power**: who owns resources? Who makes the decisions? Who has the mandate and authority to create change?
- **Dependence**: who relies on resources? How deep is this reliance? Who is vulnerable?
- **Marginalization**: who is excluded from ownership, decision-making or access?

The level of dependence on natural resources intersects with those in power and also those who are marginalized.

- **Potential beneficiaries** include those who stand to gain from a successful project in terms of increased access and benefit from natural resources (biodiversity, ecosystem services), play an active role in implementation, as well as monitoring and verifying the results of a project.
- **Decision-makers** are those who must be influenced by the project intervention to improve efforts to manage and conserve natural resources while enabling benefits.
- **Potential partners** are stakeholders working in or around the proposed project area who can potentially collaborate on implementation.
- **Potential competitors** are stakeholders who hold influence in or around the project are in a position to derail a project's efforts.

The relative importance of stakeholders can also be seen in terms of the potential impact of IUCN's work on the stakeholder and the potential impact of the stakeholder on IUCN's work (Figure 3).

None of these groups are mutually exclusive. Decision-makers are potential beneficiaries, but for this analysis, it is important to differentiate those who hold power from those who do not, as it will require different strategies to create change. Potential partners and potential competitors may also overlap.

In preparing a stakeholder analysis, it is important to understand how different groups in society interact with one another. This starts by correctly identifying the different groups and their roles. For example, understanding the role of indigenous peoples and different cultural groups will illuminate relationships of power and marginalization.

Gender-sensitive stakeholder analysis

Gender analysis will help understand the different roles of men and women in governance and use of natural resources.
Some useful questions for preparing this part of the stakeholder analysis include:

- What are the different roles played by women and men in natural resource use and management in the project area?
- Are there gender differences in access to and control over natural resources?
- Who benefits from natural resources?
- What is the pattern of land tenure in the project area? To what extent to women have access to or control over land? Who owns (the title deed to) the land? Are there any cultural or legal restrictions for women to own land?
- How are men and women represented in governance processes in the project area?
- Are there gender specific policies and legislation that should be taken into account at national or local level? Do any policies or laws specifically prevent women from accessing or benefiting from natural resources?
- Are there any other barriers to participation for women, men or youth, including cultural or social barriers, as well as access to knowledge or capacity (to participate) gaps.

An often overlooked aspect of stakeholder analysis includes the role of donors and other project implementing agencies, which may include NGOs or civil society organizations. Understanding their role in the proposed project area can reveal opportunities for partnership, collaboration or at the very least, duplication of effort.

Throughout the process of developing at stakeholder analysis, it is highly desirable to engage key stakeholders (beneficiaries, decision makers and partners) in designing the project. At minimum, time and activities should be built into the project conceptualization process to consult and inform key stakeholders.

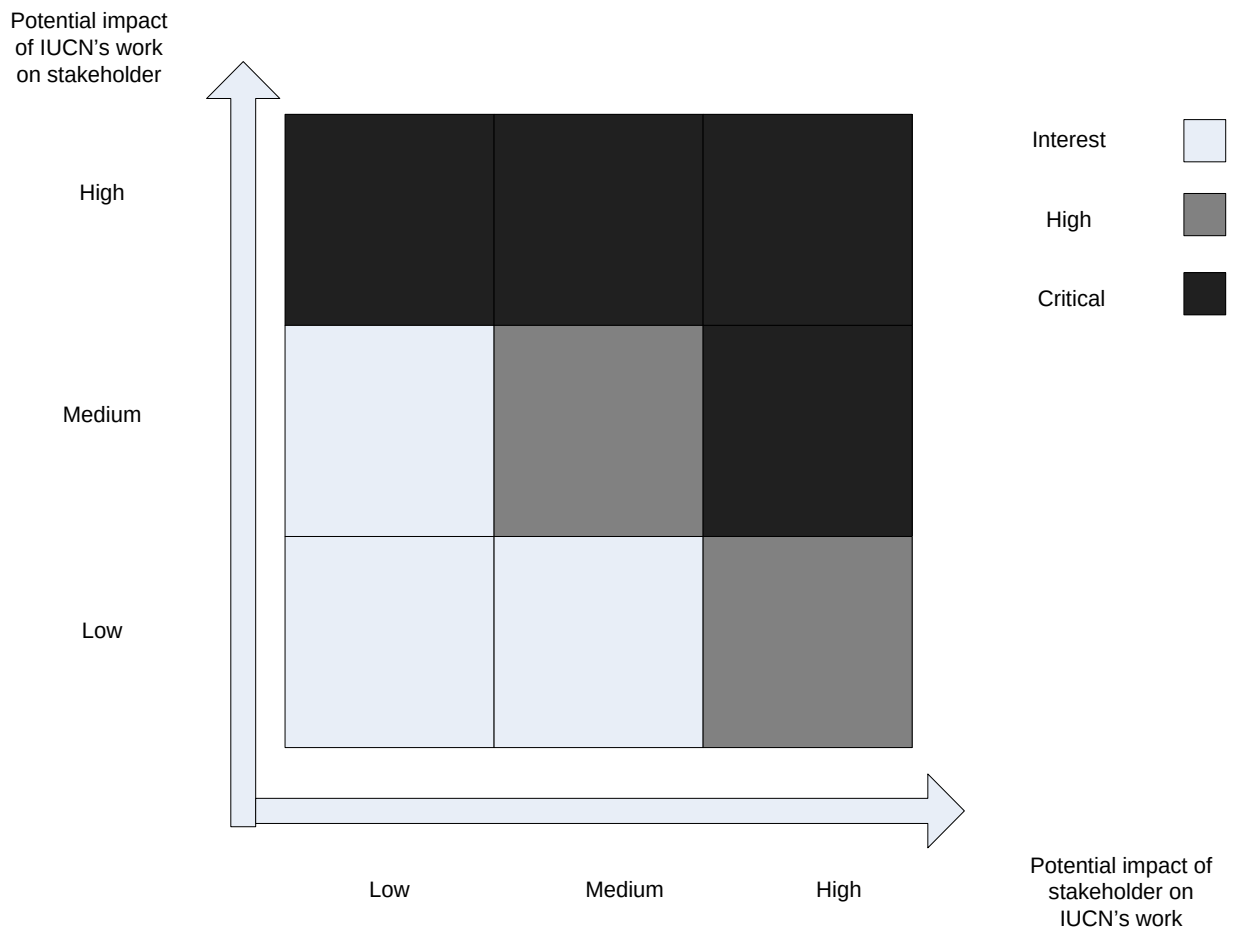


Figure 4 Potential impact and stakeholders

Writing a summary of the stakeholder analysis for the project concept document
Use the Stakeholder Analysis Tool to document the stakeholders in the proposed project area. Summarize the main points in the project concept document, organized around these topics:

- Potential beneficiaries
- Potential partners
- Stakeholders the project will seeks to influence

Include this analysis in the project concept document. Keep the stakeholder matrix for future steps, including Partner Risk Screening.

2.2.1.3 Preparing a Theory of Change

A theory of change is a cause-effect analysis that seeks to document how a project will work, from the understanding of the issues, problems and opportunities being faced through to the solutions the project will implement. Using a theory of change approach gives project designers a tool which allows for cause-effect analysis in visual form, which has proven consistently reliable in helping think through project interventions from problem analysis through to the project's intervention logic.

When combined with the stakeholder analysis, it is possible to use this technique to map the issues, problems and opportunities each stakeholder groups faces, as well as how the project will differently affect identified stakeholder groups. For example, from the stakeholder analysis, it is expected that a gender analysis will be performed to understand the different roles that women and men play in natural resource management, as well as the different opportunities and constraints in which they operate.

This section is divided into two parts. The first part provides guidance on how to do a problem /opportunity analysis, in order to understand the proximate and root causes of an identified problem such as species loss, degradation of natural resources and loss of ecosystem services or the opportunities for actions such as restoration.

The second part provides guidance on how to develop the project's intervention logic or how the project will go about solving the problems identified.[18] When the theory of change is complete, all of the major causes or problems identified are resolved (at least in theory) by the proposed project. You will use the full theory of change (problem/opportunity analysis and intervention logic) to then plan out the means/ends (see next section) part of the project which details how you intend to achieve the results.

A workshop to develop a theory of change should yield a refined understanding of the problems, opportunities and challenges facing the project in the target landscape and two tangible products: a cause-effect diagram which shows relationships visually and a written analysis of the cause-effect diagram explaining the picture.

Both outputs should be summarized in the project concept document (less detail) and in the project proposal (in more detail). Box 3 provides an example of a problem analysis for an ecosystem-based adaptation project.

Part I: Theory of Change: the problem/opportunity analysis

The problem/opportunity analysis visually documents the cause and effect relationships of the underlying a problem or opportunity the project is seeking to address (such as species loss or restoration). IUCN and other conservation organizations through the Conservation Measures Partnership have invested considerable time to develop a universal classification of conservation threats and actions that should be used when describing threats and opportunities.[19]

This stage is best done in a workshop or group setting which includes the project team (at minimum) and a preferably a balanced and representative selection of key stakeholders (e.g both women and men), using the following steps:

1. Agree on the analysis – problem or opportunity. Using facilitated discussion, the group agrees on whether the project will initially address a set of problems (e.g.

[18] There is no universally agreed definition of theory of change, but much of the literature divides the theory of change into its problem analysis (theory of change, or how things work currently) and theory of action (how the project will intervene).

[19] Salafsky, et al., 2008. A Standard Lexicon for Biodiversity Conservation: Unified Classifications of Threats and Actions in Conservation Biology. http://www.iucnredlist.org/documents/Salafsky_et_al._2008_Unified_Classifications_of_Threats_and_Actions.pdf

threats to biodiversity) or an opportunity (e.g. to provide a nature-based solution to climate change adaptation)

2. Brainstorming – individuals write on cards (one idea per card):
   a. Problem analysis: what are the immediate causes of biodiversity loss in the project area? What are the root causes?
   b. Opportunity analysis: what is the opportunity in the project area? What are the barriers to achieving the opportunity?
3. For problem and opportunity analysis, focus on behaviours & actions, attitudes, capacities, governance/institutional arrangements, knowledge gaps, gender gaps, policies & laws (formal or informal).
4. Sort the proximate and root causes. In the group setting, read out the cards one by one. The role of the facilitator is to arrange the cards on the wall showing a progression from left to right. At the far right is the problem or opportunity under discussion. To the immediate left, the proximate causes should be arranged. Further to the left, the root causes.
5. Establish cause and effect linkages. Through facilitated discussion start to link cause and effect, drawing arrows to show links and feedback loops.
6. Rank the threats and obstacles (see box 2). For threats, rank according to scope, severity and irreversibility. For obstacles, rank according to importance to realizing the opportunity.
7. Agree on which problems or opportunities must be addressed by the project. At this point, the group needs to establish which issues will become the focus of the project design, as a starting point, recognizing that the next set of discussions will likely cause the group to rethink parts of the problem/opportunity analysis and the most important issues.

Projects with multiple different components, such as a project that will have both a field and a policy component may require multiple diagrams. A separate one for policy also helps to deepen the policy analysis.

The workshop should yield a refined understanding of the problems, opportunities and challenges facing the project in the target landscape and two tangible products: cause-effect diagram which shows relationships visually and a written analysis of the cause-effect diagram explaining the picture.

Threat Ranking

Once the problem analysis is established it may be helpful to rank the problems, threats or obstacles listed to prioritize action when dealing with more than one threat. One tool that works well for conservation-focused projects is Threat Ranking (see Box 3, next page). For more complex or integrated projects, Matrix Ranking may be more appropriate. Matrix ranking uses a table with a set of context-specific criteria to determine the relative importance of each threat. Refer to the PGS Training Materials or contact PME for more details of other threat ranking approaches.

Box 2. Criteria for Threat Ranking Using the Absolute System

Threat ranking is a specific tool developed by the conservation community to prioritize threats or problems that the project will address. This analysis uses a scoring system, either relative or absolute, to arrive at a score and ranking that assesses threats in terms of scope, severity and irreversibility. Relative ranking may also be used, following approaches such as matrix ranking or relative whole-site threat ranking.

Scope – The proportion of the target that can reasonably be expected to be affected by the threat within ten years, given the continuation of current circumstances and trends. For ecosystems and ecological communities, measured as the proportion of the target's occurrence. For species, measured as the proportion of the target's population.

- **4 = Very High:** The threat is likely to be pervasive in its scope, affecting the target across all or most (71-100%) of its occurrence/population.
- **3 = High:** The threat is likely to be widespread in its scope, affecting the target across much (31–70%) of its occurrence/population.
- **2 = Medium:** The threat is likely to be restricted in its scope, affecting the target across some (11–30%) of its occurrence/population.
- **1 = Low:** The threat is likely to be very narrow in its scope, affecting the target across a small proportion (1-10%) of its occurrence/population.

Severity – Within the scope, the level of damage to the target from the threat that can reasonably be expected given the continuation of current circumstances and trends. For ecosystems and ecological communities, typically measured as the degree of destruction or degradation of the target within the scope. For species, usually measured as the degree of reduction of the target population within the scope.

- **4 = Very High:** Within the scope, the threat is likely to destroy or eliminate the target, or reduce its population by 71-100% within ten years or three generations.
- **3 = High:** Within the scope, the threat is likely to seriously degrade/reduce the target or reduce its population by 31-70% within ten years or three generations.
- **2 = Medium:** Within the scope, the threat is likely to moderately degrade/reduce the target or reduce its population by 11-30% within ten years or three generations.
- **1 = Low:** Within the scope, the threat is likely to only slightly degrade/reduce the target or reduce its population by 1-10% within ten years or three generations.

Irreversibility (Permanence) – the degree to which the effects of a threat can be reversed and the target affected by the threat restored. It is assessed for the impact of the threat on the target, not the threat itself.

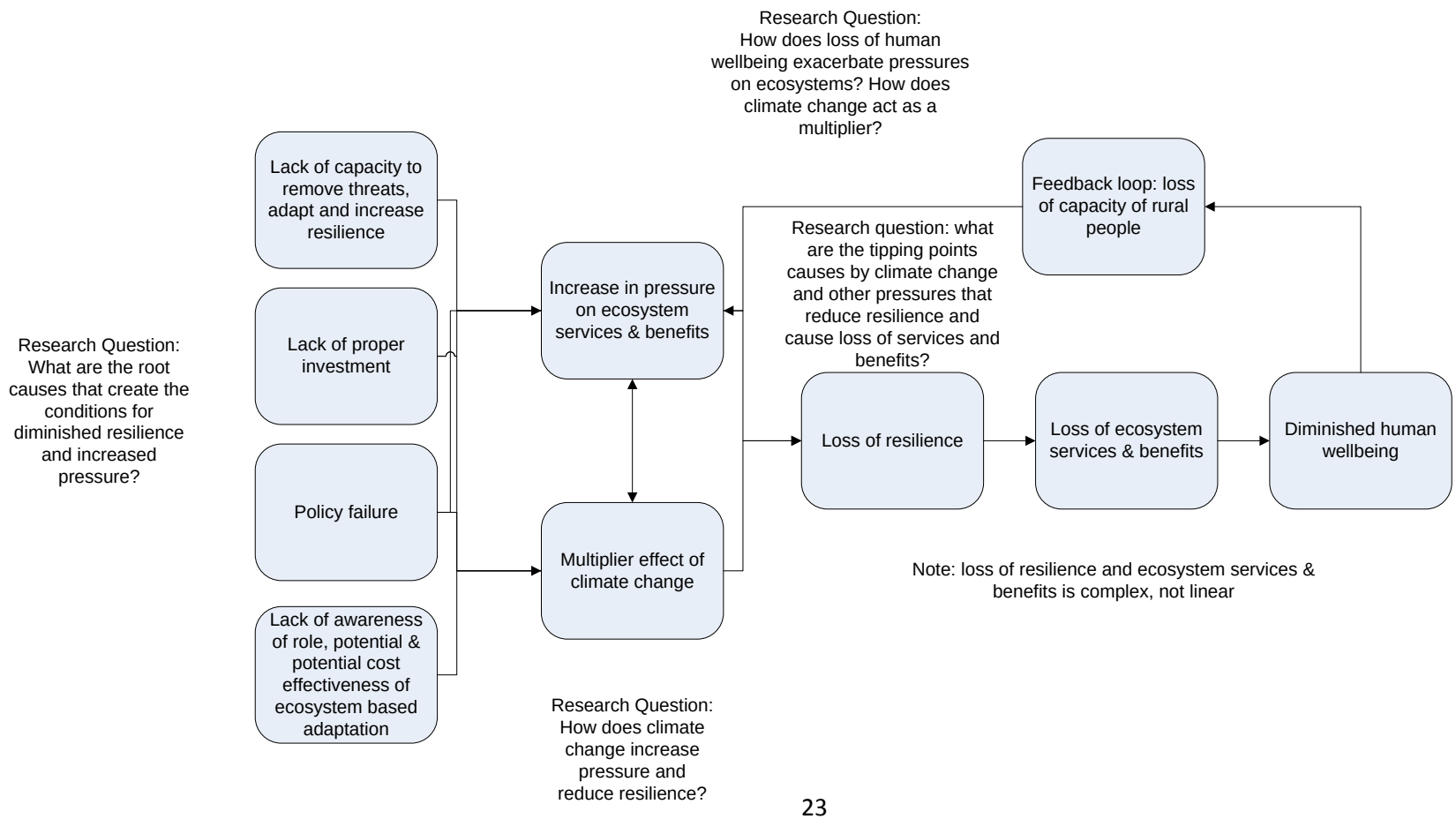
- **4 = Very High:** The effects of the threat cannot be reversed, it is very unlikely the target can be restored, and/or it would take more than 100 years to achieve this (e.g., wetlands converted to a shopping centre).
- **3 = High:** The effects of the threat can technically be reversed and the target restored, but it is not practically affordable and/or it would take 21–100 years to achieve this (e.g., wetland converted to agriculture).
- **2 = Medium**: The effects of the threat can be reversed and the target restored with a reasonable commitment of resources and/or within 6–20 years (e.g., ditching and draining of wetland)
- **1 = Low:** The effects of the threat are easily reversible and the target can be easily restored at a relatively low cost and/or within 0–5 years (e.g., off-road vehicles trespassing in wetland).

Source: WWF, 2007 Define Threat Ranking

Box 3: An example of a problem analysis (and research questions)

This is an example of a problem analysis diagram and accompanying narrative:

For any typical ecosystem-based adaptation demonstration project, there are several challenges to deployment of successful solutions that start with a lack of awareness of the role, potential, potential cost, and effectiveness of ecosystem based adaptation (see figure below). In most cases, national policy does not support the use of ecosystem based adaptation, so there is no investment in these types of solutions. On top of everything, there is often a lack of capacity to remove threats and increase resilience that would increase the possibility of climate change adaptation. Combined with the multiplier effect of climate change, the strategies of the rural poor tend to increase pressure on ecosystems instead of managing them for resilience, leading to a loss of resilience, ecosystem services and benefits and ultimately a reduced capacity to adapt and diminished human wellbeing. As people (men and women) become less able to adapt, their capacity to create solutions diminishes leading to further mismanagement and pressure. The aim of any demonstration project is to show how this set of challenges can be addressed to create a solution.



Part II: Theory of Change: the project's intervention logic

This part of the theory of change outlines the project's proposed intervention logic or how the project proposes to solve the problem(s) identified or address the opportunity (what was shown in Part I: Theory of Change). The cause-effect diagram will describe how the project sees change happening.

Similar to the previous step, clarifying cause and effect relationships will allow the project to be more effectively planned. At this stage, the project team will also identify the main results and impacts that the project is seeking to deliver, as well as a broad sense of how these results and impacts will be achieved.[20] Results may be targeted or differentiated by stakeholder group – e.g. women and men, different ethnicities – as necessary to reach the project's intended impact.

This section provides examples and guidance on preparing a theory of change and then using the theory of change to identify the main results and means of the proposed project, using the IUCN results chain.

2.2.1.4 Using the theory of change to identify means and ends

Similar to the steps on developing problem or opportunity analysis and theory of change, this step is best accomplished in a workshop setting. At minimum, the project team should be involved, but ideally, a balanced and representative selection of project stakeholders (e.g. men and women) ought to be involved. There are trade-offs to be considered between cost and length of the planning process on the one hand versus ownership and understanding of the local context on the other.

This workshop session can be run back to back with the problem/opportunity analysis described in the previous section.

1. Review the **problem or opportunity analysis** and the proposed **theory of change** (intervention logic) – this will aid the group in having a shared understanding of the project context and should naturally lead into a discussion on solutions, which in turn, will lead to identifying results.
2. Identify **results** – the group should identify the three to five main results that will help achieve the impact of improved biodiversity conservation and human wellbeing. The results identified should present possible solutions to problems identified in the previous step. It will be necessary to go back and forth between this and the previous step to ensure that results identified are feasible and sufficient. It is also likely that once the team starts identifying how results will be achieved; there will be further revisions to the results themselves. The results must be time bound and identify a target. For example, a time- and target-bound result might be: "legal rights to forest resources transferred to eight districts during the three year project period." Again, building on the gender analysis, stakeholder analysis and problem/opportunity analysis, specific results may target different changes for one group or another (e.g. men and women). This process is best if facilitated and may involve a brainstorming session to generate some potential results, which can be filtered by the group.

[20] The results chain of activities-outputs-sub-results-results and impacts is reviewed in more detail in subsequent sections.

3. Identify the **means to achieve the results** – for each result, IUCN will need to employ a series of strategies, comprised of activities, outputs and intermediate results. For each result, a logical sequence must be planned which will result in achievement of the result

Theory of change and an example

Building a theory of change helps project teams visualize how they think cause and effect relationships work in the real world as the basis for identifying intended results and means for the project.

The theory of change can be built using steps similar to building a problem tree or opportunity analysis in a workshop setting. In fact, often both analyses are built at the same time leading to a large diagram that includes both problem/opportunity analyses with the theory of change for the project intervention. Figure 5 (below) gives an example of a demonstration project for ecosystem-based adaptation.

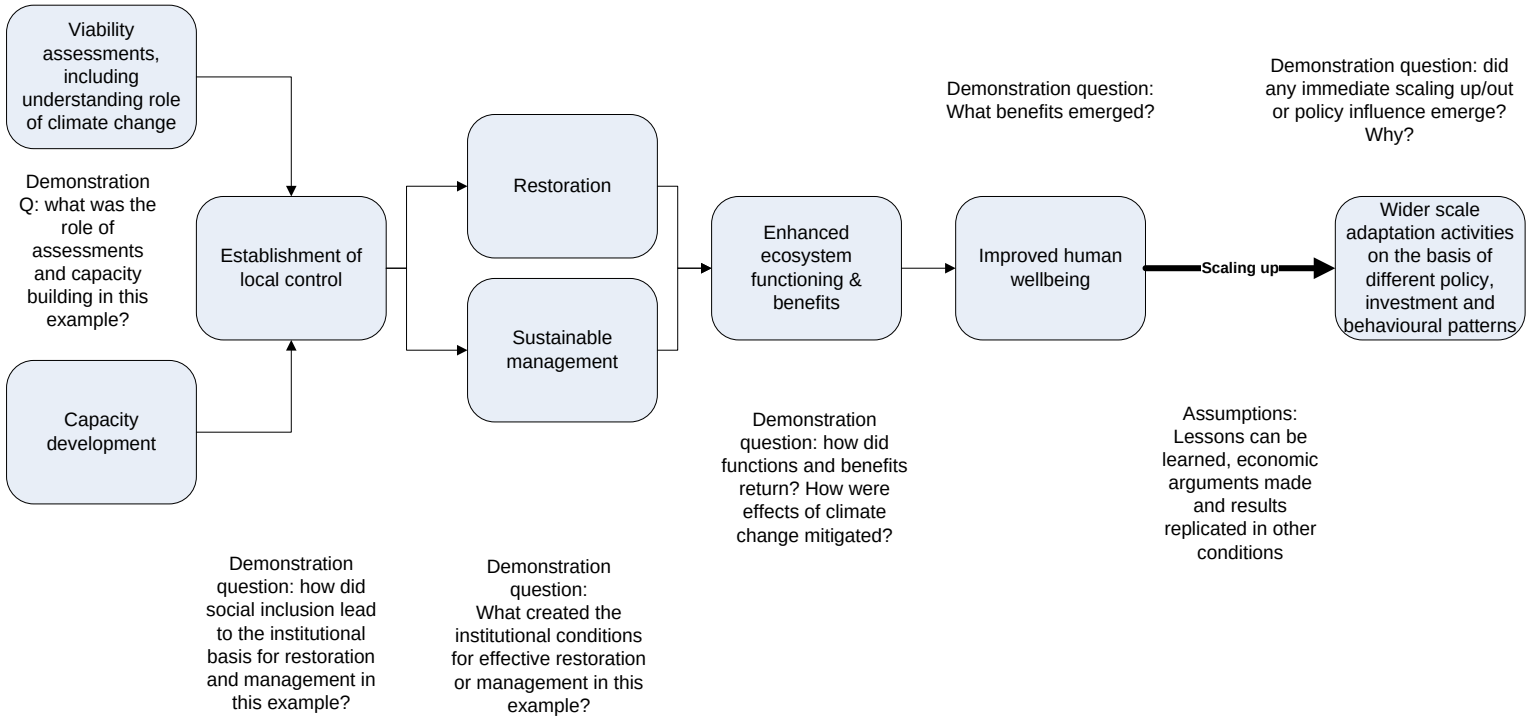


Figure 5 An example of an ecosystem based adaptation theory of change for a demonstration project

2.2.1.6 Summarizing the theory of change for the project concept document

The summary of the project's proposed theory of change and intended results should be structured as such. Section 2.2.4 describes the suggested structure for the full concept.

- Introduction to the problem or opportunity being addressed (describing the negative impact which currently exists)

- Diagram and brief explanation of the theory of change (describing the intended impact)
- Main intended results outlined with a short analysis of the main means by which the main results will be achieved.

This section of the project concept document should be around 1-2 pages at most.

2.2.1.7 Planning for Knowledge Products, Capacity Building/Strengthening & Policy Influencing

This section covers planning for knowledge products, capacity building and strengthening, and policy influence, which are among the more common strategies employed by IUCN.

The overall purpose of this section is to strengthen knowledge, capacity building and policy stand-alone projects and the knowledge, capacity building and policy components of field projects.

The current situation, based on recent evaluations and monitoring exercises has revealed a number of concerns:

- Almost all field projects are generating new knowledge and insights (which often lead to publications), engaged in policy influencing and strengthening capacity of partners;
- However, in project documents, the intended use/uptake of knowledge products is rarely defined, strategies for policy influence are undefined and capacity building is focused mainly on workshops but without reference to intended results;
- Field projects are rarely contributing new data to IUCN's flagship knowledge products, such as the IUCN Red List of Threatened Species and also rarely using these knowledge products for planning interventions;
- There are many stand-alone projects focusing on generating knowledge, policy influencing and capacity strengthening that share the same concerns as field projects, but which are also unclearly linked to wider programme strategies.

Knowledge products, capacity development and policy influencing often feature as key strategies complementing field projects in a wider programme context but also can be planned as stand-alone projects. The guidance in this section is applicable to either case.

Projects that include knowledge products, capacity development and policy influencing

Throughout these guidelines, there is a message to design projects to achieve programmatic results. There is also a way of seeing how the different strategies of IUCN are deployed to deliver positive programme results for biodiversity (Figure 6).

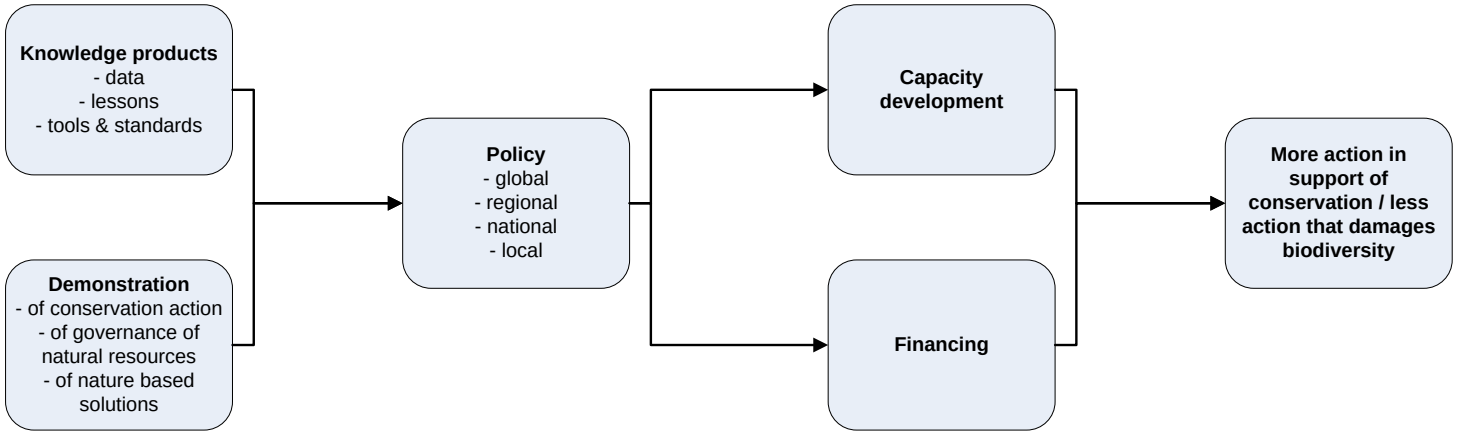


Figure 6 Combining Strategies

In order to achieve wide scale action to support biodiversity conservation and ensure that efforts to address other environmental issues, such as climate change or social and economic development do not adversely affect biodiversity, IUCN uses a combination of strategies that are deployed according to the circumstances. Some of these strategies IUCN has great control over, while for others IUCN plays only an influencing role along with many other actors.

IUCN is well placed to:

- Generate knowledge on the basic science of biodiversity, on what works and does not in biodiversity conservation and establish standards and tools for conservation;
- Demonstrate conservation in terms of species and ecosystems, governance solutions for the rural poor in natural resource management and nature based solutions to global challenges of climate change, disaster risk reduction, food security and economic development;
- Build or strengthen capacity in individuals and organizations to support conservation and nature based solutions;

However, IUCN is only in a position to influence:

- Policies at all levels – global, regional, national, local and corporate – that in theory, at least, are triggers for wider scale change in support of biodiversity;
- Financing to support conservation.

Given the challenges of influencing policy and financing it is important to ensure that every knowledge product is fit for purpose, every demonstration project yield lessons and policy messages and that the right capacity is developed.

2.2.1.7.1 Planning for knowledge products

A knowledge product, loosely defined, covers datasets, toolkits and publications and other products which include web tools, maps, documentary films or anything that conveys knowledge. A more robust definition of a knowledge product would be: a dataset, toolkit or publications for which there is an identified set of intended users and uses, linked to an intended result. In this context, the production of a knowledge product is always linked to an intended result and should fill an identified gap, either at the project or programme level.

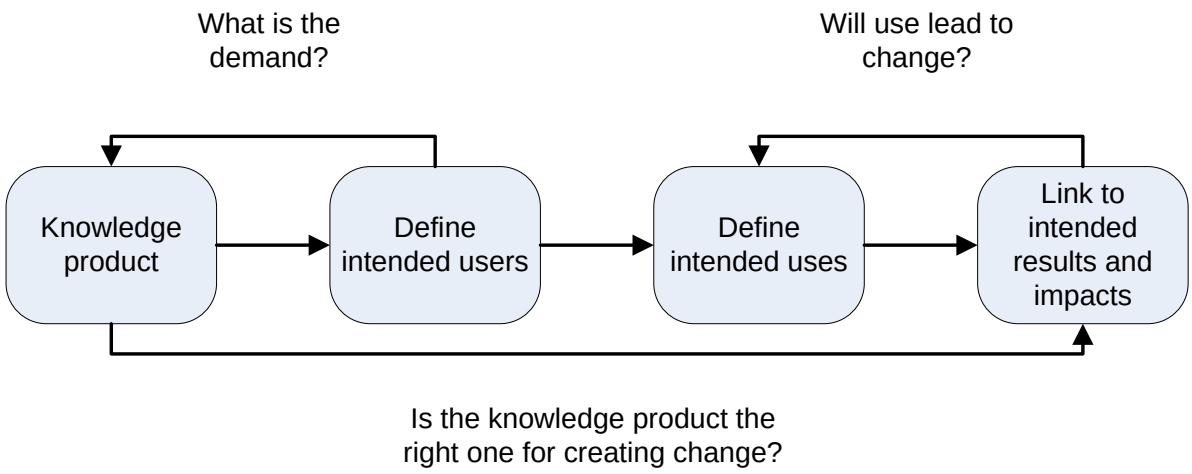


Figure 7 Planning for knowledge products

Planning for knowledge products involves a number of steps and does not end at planning for activities to deliver the product itself. Careful planning will include establishing the link between the knowledge products, its intended users and intended uses and assessing the suitability of the knowledge product for delivering the intended result. A key step in this planning is **establishing or creating demand**, to ensure that there are target users who are demanding these knowledge products and are aware of them and prepared to use them to create change. Care should be taken to understand different end-user groups and their specific capacities and abilities to access and use knowledge. This can include any situation where the powerful exclude the powerless from accessing and using knowledge (please refer back to your gender and stakeholder analysis). Knowledge products for which there is no established demand are far less likely to be used and unlikely to create change. Once the plan is defined use the questions in Figure 7 above to check its logic and make adjustments.

There are potentially a number of intermediary steps to get to the point where intended users are using the knowledge product to deliver intended results, which can include awareness raising, capacity building, ongoing support or even policy change. In this sense, the development of knowledge products in a project should not be taken in isolation from the overall project design or project strategy.

Delivery of the knowledge product itself will require some additional planning to work out the sequence of activities and outputs, as well as the resourcing requirements. See the relevant sections in this module for guidance on that planning.

Similar to field projects, the development of a knowledge product must be linked to a wider programmatic result. For example, The Red List of Threatened Species™ can help create more species conservation (the result), however between that result and the Red List itself are a number of users and uses that need to be mapped out.

The Red List of Threatened Species can help prioritize species for conservation, aid conservation planning, influence government decision-makers to make better choices and influence the behaviour of the business sector. Under that scenario, the intended users include species scientists, local and national decision-makers and corporate decision makers.

The more specific the identification of users and uses can be and the more explicit the link between the knowledge products and the end result, the more likely that the development of the knowledge product will be worthwhile.

In planning for knowledge products, a logic model should be developed that expands on the generic example in Figure 7. For example in Figure 8, a plan for the IUCN Red List of Ecosystems would identify three main users (national parks agencies, international conservation NGOs and companies) and five main uses, all linked to better management of ecosystems. In this case, as a new knowledge product, enabling use of the Red List of Ecosystems will necessarily involve awareness raising, capacity building and strengthening and some level of engagement with policy makers.

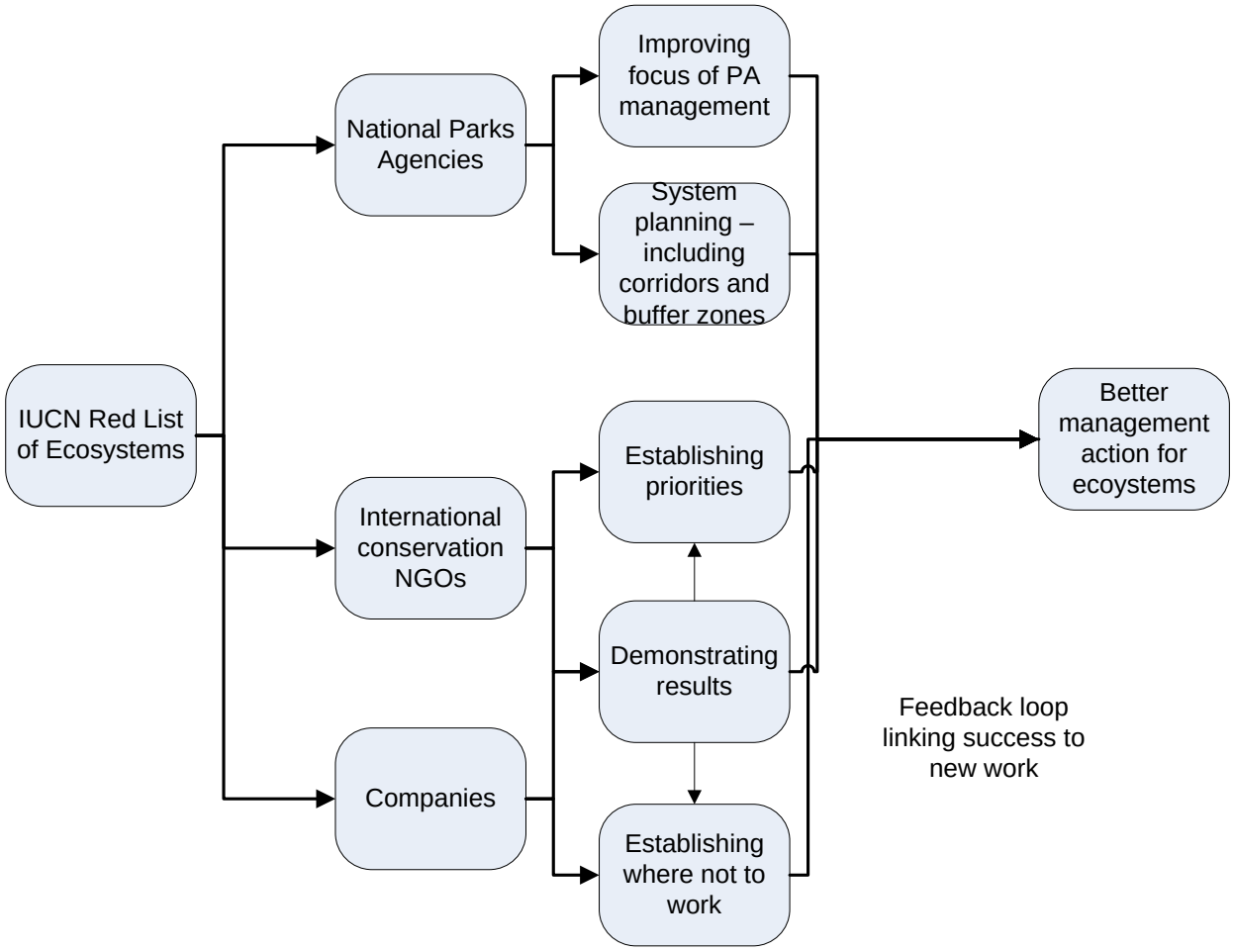


Figure 8 Planning for use of the Red List of Ecosystems

2.2.1.7.2 Planning for Capacity Building and Strengthening

Capacity building and strengthening covers a range of activities normally embedded in a larger project linked to a wider programmatic strategy. Occasionally, capacity development projects are planned as standalone projects, but these types of projects should still be linked to a clear programmatic result.

There are many definitions of capacity building and strengthening, supported by a rich literature on how this ought to be accomplished. For the purpose of this Guide, capacity building and strengthening recognizes that individuals, organizations and societies have different levels of capacity already at the outset of a project intervention and that IUCN is seeking to build or strengthen capacities in order to deliver conservation results:

- **Individuals:** this can include a skills based approach on conservation tools, assessments, planning techniques, management techniques or even facilitation or community engagement techniques via a range of approaches from formal workshop or classroom settings through to learning by doing and mentoring approaches.
- **Organizational:** can include a short or longer term focus on improving the functioning of organizations, including the ability to use and deploy conservation or development skills, engage in strategizing or planning, manage the organization or improve specific organizational functions such as financial management or communications.
- **Societal:** can include facilitating group processes and collective learning, mobilization in support of conservation efforts and group efforts to positively change governance arrangements (policy, formal and informal rules, trust, behaviour, etc).[21]

What is in common with all approaches is that capacity building and strengthening should be undertaken with a specific purpose: to achieve the intended results of the project and programme and not on its own. Taking a very simple example of skills transfer, the capacity building or strengthening effort should also plan for which skills should be transferred, the target audience and the intended use of the new skills, all linked to the project and programme (Figure 10).

Care should be taken to understand different stakeholder groups and their specific capacities and abilities to access and engage in capacity building. This can include any situation where the powerful exclude the powerless from accessing and using capacity building (please refer back to your gender and stakeholder analysis).

[21] http://en.wikipedia.org/wiki/Capacity_building

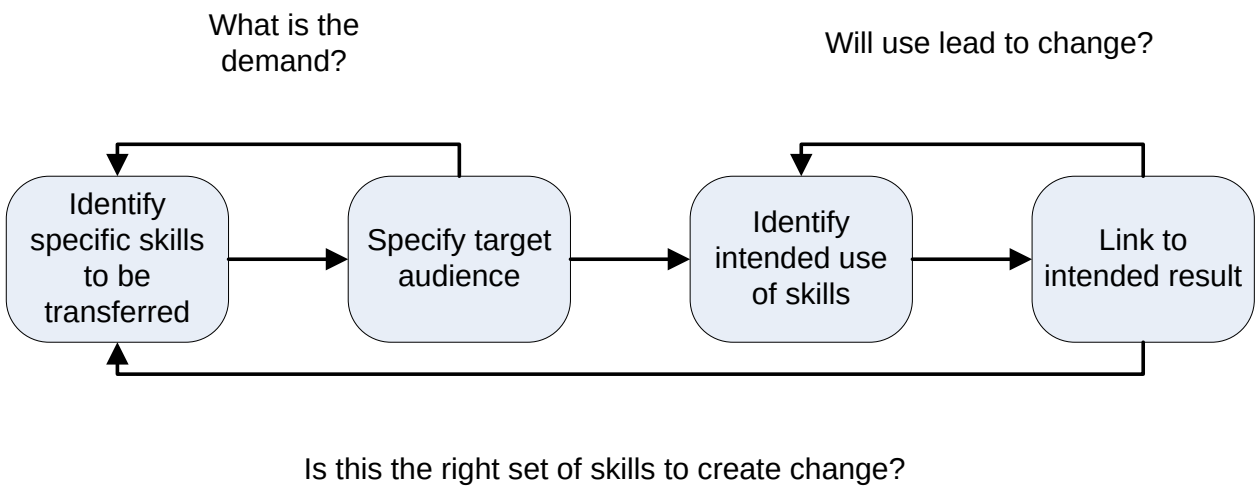


Figure 9 Planning for capacity development

Similar to planning for knowledge products, planning for capacity development does not start and end with planning a training workshop. At the outset, a link between the proposed skills transfer and the intended project and programme result should be developed. Then, specific target audiences and intended uses of skills should be documented. Again, it is important to establish demand for capacity development. Use the questions above to test the logic of the plan for capacity development.

In practice, capacity building and strengthening can be a lengthy and complex process. There are some key points to keep in mind in planning for capacity building and strengthening:

- Workshop or classroom based skills transfer can only be successful in the context of a wider project or programme strategy, supported by adequate coaching or mentoring after the training event;
- IUCN Members, who bring varying levels of capacity, can play a variety of roles in project implementation as implementing partners. Joint implementation can support capacity building and strengthening not only through learning by doing and joint learning, but also in terms of organizational strengthening and contributing to society capacity. It is important to carefully assess available capacity when planning the implementation arrangements with partners; in many cases partners and Members bring considerable capacity to the project themselves.

2.2.1.7.3 Planning for Policy Influence

IUCN bases its policy influencing on its science, but operates in a policy environment that is characterized by a diversity of approaches, some science-driven, others advocacy driven.

> A **policy** is a principle or rule to guide decisions and achieve rational outcomes. A policy represents intent, and is implemented as a procedure or protocol.
>
> A policy may be defined as a **definite course or principle of action to guide present and future decisions and actions**. For instance, IUCN has adopted a policy on sustainable use of natural resources through its Resolution 2.29, "*IUCN Policy Statement on Sustainable Use of Wild Living Resources*".

IUCN assumes policy influence is a means to achieve larger scale action that supports biodiversity conservation, the sustainable use of resources and human wellbeing.

It is important to identify where, within the policy cycle, influence is needed. IUCN has experience in working on all aspects of the policy cycle (Figure 10) particularly in agenda setting and policy development, but also in policy implementation and policy review.

Creating policy influence is a significant investment in time and resources, so it is important to plan carefully and monitor in order to make timely adjustments.

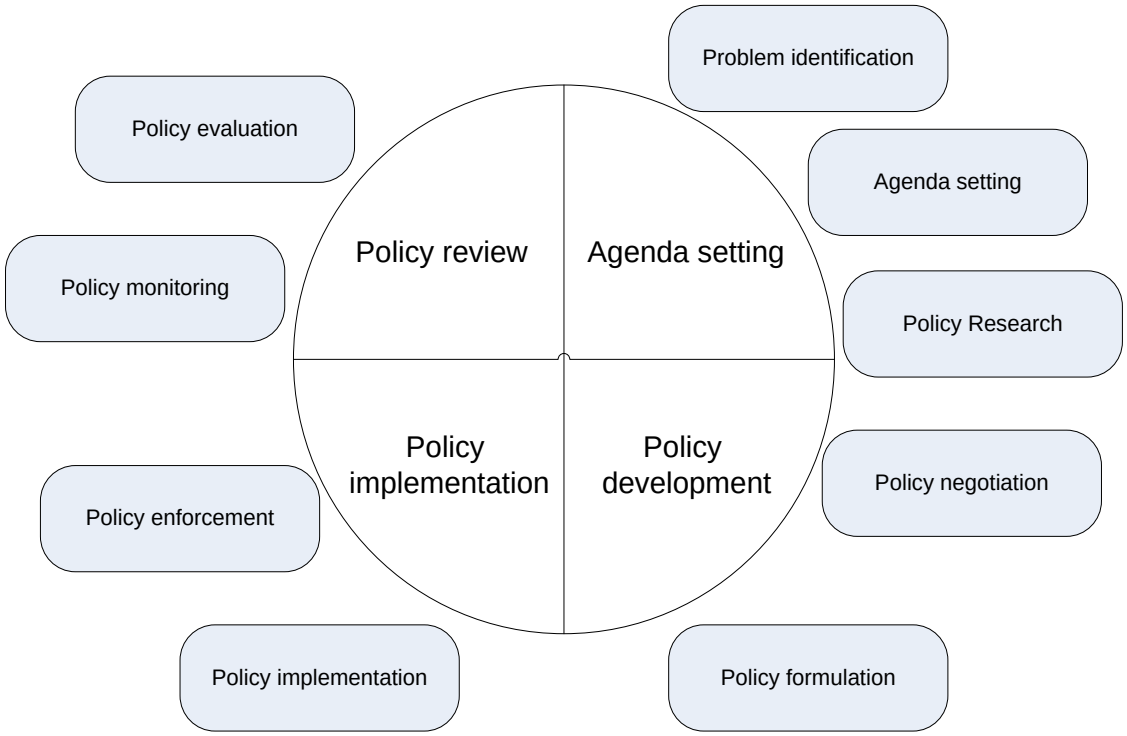


Figure 10 The Policy Cycle

Planning for policy influence in a project context

Projects intending to create influence policy should be linked to a policy influencing strategy that first identifies the intended policy result and then the means to achieve that result in terms of:

- Who will need to be influenced
- Who will partner with IUCN in creating influence
- What science will be necessary to create influence
- What activities (formal, informal) and what time frame (events, longer term) will be necessary to deliver policy outputs and achieve results

Some examples of policy activities are given below (Figure 11)

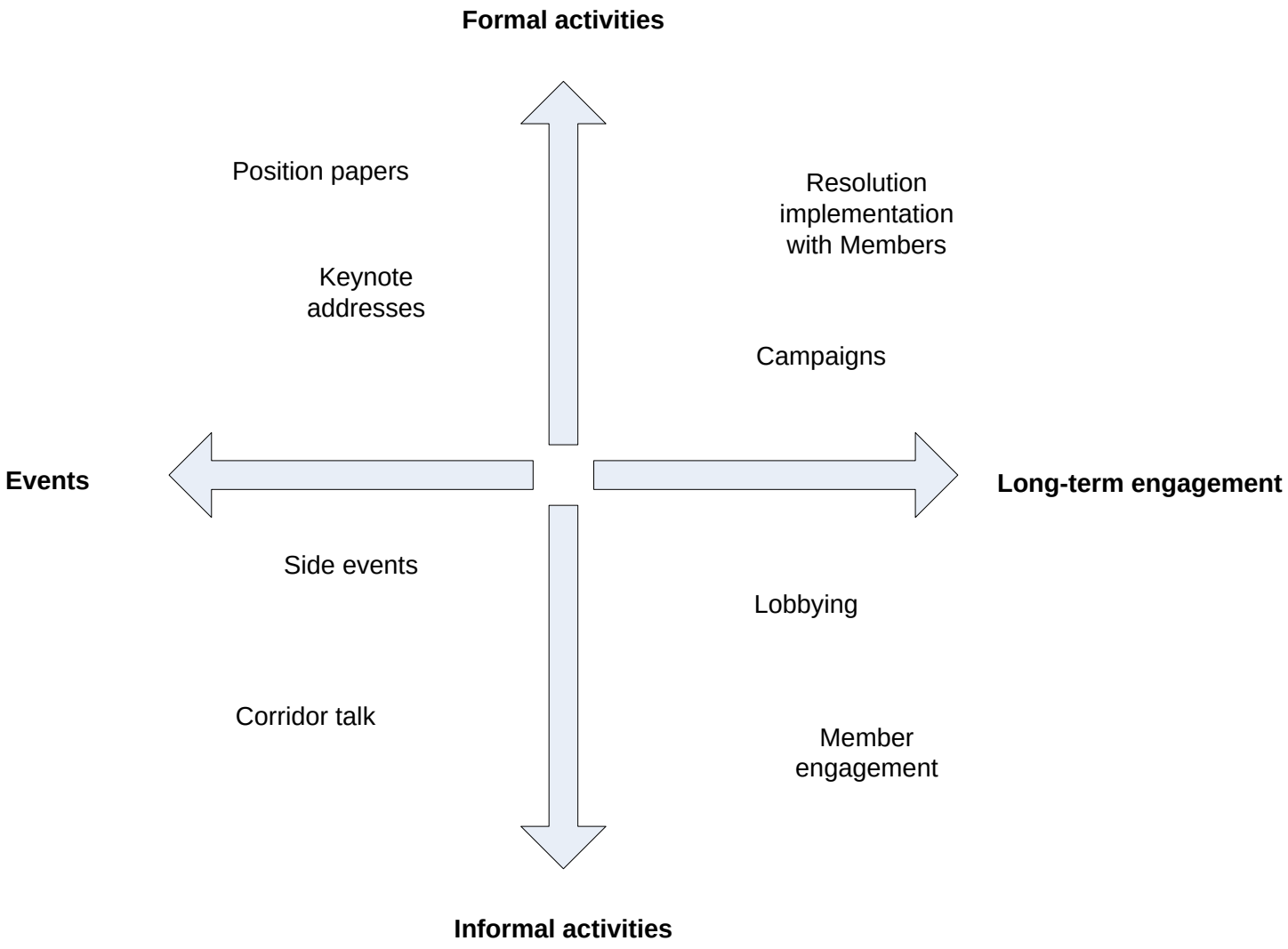


Figure 11 Policy activities - formal and informal - over short and long term

Policy influencing is almost always achieved using a combination of activities over both the short term (events) and longer term. Formal activities, either short term (events) and longer term should be captured in the project's activities and outputs and budgeted appropriately. Less formal, longer term activities will probably fall under a broad project activity and budget related to provision of technical advice.

Gender and policy

From the situation analysis, the stakeholder analysis and the theory of change exercises, the project team should have a sound understanding of how different stakeholder groups (in this case women and men) engage in and are affected by policy. When planning for policy influence and engagement, there are different questions to consider:

- What policies and laws are in place to promote gender equality? Which ones are silent

on the matter? Which ones tend to exacerbate gender inequality?
In this light, IUCN aims to promote, for example:

- The development and full implementation of policy that promotes gender equality;
- The development and full implementation of policy that specifically promotes women's access and rights over natural resources where policy has previously explicitly or inadvertently promoted gender inequality.

Working together to influence policy

For the major international policy processes, including the Convention on Biological Diversity, the United National Framework Convention on Climate Change or the International Platform for Biodiversity and Ecosystem Services, IUCN-wide influencing strategies are formed.
In practice, this means that activities planned under any project will need to be linked to a wider policy influencing strategy, which may be formed at the global level. Responsibility for development and implementing a global policy influencing strategy normally lies with one or more global thematic programme. Some examples are given below.

Policy Platform	**Responsible global programme**
Convention on Biological Diversity, including Nagoya Protocol on Access and Benefit Sharing	Global Policy Unit, Global Gender Office
Convention for the International Trade on Endangered Species	Global Species Programme
UN Framework Convention on Climate Change	Global Forests and Climate Change Programme (and for gender issues, Global Gender Office)
World Heritage Convention	World Heritage Programme

2.2.2 Risk Analysis

Key tools for this section:

- ESMS Screening Questionnaire (owner: GEF CU)
- Operational Guidelines for Business Engagement for the Business Risk and Opportunity Assessment Matrix

Risk analysis of projects involves checking for potential negative environmental and social impacts, for risks related to the engagement with business entities, and more general risks related to political stability or other contextual factors.

Risk analysis begins in the concept phase, but will be primarily dealt with in the development phase.

If any business engagement is anticipated, business risk and opportunity screening should be applied. IUCN's Business Engagement Strategy is supported by the IUCN Operational Guidelines for Business Engagement which supports IUCN Programme in efforts to engage the business sector for delivering programmatic results and for fundraising (sponsorship and licensing). The Operational Guidelines cover all steps of a typical engagement, from strategic thinking on how the business sector could help deliver planned programmatic results, through drafting and signing a contractual document, to implementation and reporting on progress and outcomes. The Guidelines aim to ensure engagements align with the Business Engagement Strategy and help users navigate other relevant IUCN policies and procedures. Business Risk and Opportunity Screening (using the matrix found here) should be applied early in the process to mitigate and manage risks while ensuring opportunities are well understood.

Any projects set up to manage Independent Scientific and Technical Advisory Panels should follow the ISTAP Guidelines (available from the Business and Biodiversity Programme).

Steps in assessing risk

All projects must undertake a preliminary self-assessment of environmental and social risks. This is done by completing the ESMS Screening Questionnaire which can be found in the ESMS section on the IUCN website Projects above CHF 0.5 million require a formal ESMS Screening which is ensured by a global team of IUCN ESMS experts led by the ESMS Coordinator based at HQ. Also projects below 0.5 million where the self-assessment has identified environmental and/or social risks will undergo this formal ESMS Screening.

If the project intends to engage a business entity (including commercial enterprises of any size, whether privately held, publicly quoted, wholly or majority owned by the state or by local communities) then it must complete the IUCN Business Risk and Opportunity Assessment Matrix.

All concepts should assess external contextual risks that could affect project implementation. These include political risks and the governance context. Although there is no specific tool to document these, the PAAS appraisal for a *proposal* reviews this risk assessment.

2.2.3 Financial Analysis

This section provides guidance on preparing a project budget and assessing the case for undertaking economic analysis or limiting the concept note to cost-effectiveness analysis. In both cases, this Guide defines and outlines the main requirements. However tools and methodologies are referenced rather than included.

What is the appropriate level of detail for a concept budget?

If a project concept is being developed in response to a Request for Proposals, or if the donor has pre-approved a specific budget on an agreed topic, then a full project budget should be prepared.

In all other instances, the project budget should be prepared as a summary and be presented in the project concept as indicative. This means that not all budget categories will be costed.

2.2.3.1 Preparing a project budget

A **budget** is a financial plan. It is a projection (forecast) of what will happen financially if certain decisions are implemented and actions undertaken over a certain period of time.

A **project budget** is a prediction of the costs associated with a particular project. These costs include labour, materials, and other related expenses. A project is normally broken down into specific activities, with costs assigned to each activity. The sum of the activity budgets equals the project budget.

Every project requires a budget. Project managers will develop as detailed a budget as possible at the project concept stage. By its nature a budget at the project concept stage is likely to contain a margin of error. However, the budget should be sufficiently useful to respond to questions such as: Is the project feasible? Will anyone be interested in funding it? Is it a funding priority or is it likely to divert funds from more important areas of work?

Key budget principles that need to be adhered to when developing a project budget are:

- The budget must **reflect the activities to be performed**. The starting point should therefore be to consider the planned project activities and consider all the costs necessary to perform the activities.
- The budget should **reflect the total project lifecycle** and be divided into appropriate time periods (e.g. years) so that it is clear as to when expenditures are planned to be incurred**.**
- The budget should be **realistic.** It should be based on a realistic assessment of expected costs. It should neither be inflated nor should costs be underestimated. It should be based on real cost data to the extent possible, e.g. actual staff costs, price lists for standardised goods or services, quotations from suppliers, or past experience.
- The budget should be **comprehensive** in that it should include all costs necessary for the delivery of the project.
- The budget should be **transparent.** The budget should be simple to understand with clear links between the activities to be performed and the associated costs. The budget should be built from first principles with unit costs and quantities clearly shown.
- Budget **assumptions should be clearly stated**.
- The budget should be **accurate**. It should not contain arithmetic errors.
- The budget should be **timely,** i.e. developed early on as part of the project planning process to allow for assessing alternative scenarios and to assist in the establishment of a cost effective project plan.
- The budget should be **flexible**, e.g. it should be possible to modify the budget if new information is obtained or project plans are revised.
- The budget should demonstrate **value for money.**
- The budget should be **results based** with clear linkages between costs (inputs) and results (outputs).

Remember that if there is an intention to include *named implementing partners* in the project proposal, these should ideally be assigned specific items in the budget. In most cases, this will happen at Proposal Development but, where possible, this may already be included here.

Once the project concept has been accepted and enters the project development stage, the budget should be adjusted and refined in parallel with the objective of maximising benefits vs. costs and achieving an optimal allocation of resources.

At the point a contract[22] is signed the budget becomes part of the contractual agreement with the donor. The budget is now fixed and can only be amended in accordance with the terms of the contract.

The IUCN Project Budgeting Guidelines and the IUCN Project Budget Tool should be used to prepare the detailed project budget at proposal stage. For concepts only an indicative budget is required, and there is no specific tool or template required. However, the Budget Review Tool that will need to be approved at *proposal* stage is a useful guide to what will need to be included.

2.2.3.2 Cost effectiveness

As IUCN is a conservation organization whose main objectives are environmental, and not an international financing agency with an economic development focus, IUCN does not have a history of systematic financial and economic analysis. However, the project appraisal and approval process should also review projects from an economic perspective. First and foremost this would involve assessing the project's cost-effectiveness by comparing the suggested approach with alternative approaches to reach the same goal. Depending on the context, such an analysis may be a combination of quantitative and qualitative measures. Where possible and sensible, quantitative cost-effectiveness analysis should be attempted.

If resources allow, you may consider undertaking a more comprehensive economic assessment such as a cost benefit analysis (CBA). CBA is a systematic process of identifying, measuring and comparing the economic benefits and costs of a project or program. CBA quantifies the benefits and costs of an activity and compares them using the same metric (often by placing a monetary value on benefits). It is undertaken to ensure that projects provide net benefits over time, i.e. the discounted present value of benefits should be equal to or greater than the discounted present value of costs. And similar to cost-effectiveness analysis, CBA also allows users to compare a project with alternatives to determine the most beneficial. However, undertaking CBA requires more time and resources as it involves not only assessing the costs but also identifying and valuing all benefits. In cases where environmental or social benefits are difficult to quantify and value, cost effectiveness analysis may be preferable. However, environmental economics methods have developed in the last few decades so that valuing environmental stocks and flows is increasingly feasible and accepted (and, in some cases, required).

If the project conceptualization is not sufficiently advanced at the concept stage it may be advisable to postpone the economic analysis to the project development phase where more

[22] See Contracts Review and Sign Off procedures and templates on the Union Portal.

certainty is available on activities to be implemented and when activities have already been costed out in detail.

Undertaking cost-effectiveness analysis is mandatory for certain donors (e.g. GEF).

2.2.4 Finalizing the Project Concept Document

2.2.4.1 Sample outline for a project concept

Key tools for this section:

- Project appraisal and approval form
- Checklist: contents/outline for project concepts and proposals

Once the steps in section 2.2 (Project Conceptualization) have been completed, then the project *concept* document should be prepared with the following sections (usually 2-3 pages, but up to 5-10 pages if GEF):

- Title page: project title and IUCN Programme, date and donor to whom the project is being submitted (if applicable)
- Executive summary: in 1-2 paragraphs, summarize the main problem/opportunity and IUCN's proposed response
- Situation analysis (executive summary)
- Stakeholder analysis, including gender analysis
- Problem/opportunity analysis (based on the theory of change)
- Main intended activities, results and means (referring to the desired impact and including reference to the IUCN Programme)
- Main partners
- Indicative budget & cost-effectiveness analysis (if applicable)
- Assessment of risks

All sections will be elaborated in more detail in the project *proposal*.

A project proposal will use the concept as a basis, and add sections on sustainability, cost-effectiveness, a logical framework, a more detailed risk assessment and mitigation strategy and a monitoring and evaluation plan.

A typical project concept document is seldom longer than 5-10 pages, although for RFPs and donor-requested concepts, the document may be longer.

The key details of the project will be summarized in Part I of the PAAS Form ("Project summary data") for the IUCN project database and Appraisal and Approvals process.

2.2.5 Project Appraisal and Approval System – "PAAS"

Key tools for this section:

- Project Concept Appraisal and Approval Form
  - Supporting document: Guide for project appraisals by project reviewers
- Short Form for Project Appraisal and Approval
- Budget Review Tool (part of the PGS tools)

The final stage in project conceptualization is project appraisal and approval, also referred to as the "PAAS". The PAAS process is now nested within project life cycle management as laid out by the Project Guidelines and Standards.

Definitions, roles and responsibilities

All projects in IUCN must go through the mandatory appraisal and approval process before a project concept or a project proposal may be submitted to a donor.

- **Appraisals** refer to a procedure of *peer review* of concepts or proposals aimed to improve the concept or proposal prior to submission for approval.

- **Approvals** refer to a procedure where the concept or proposal is formally approved by the approving authority.

- A **peer reviewer** is an IUCN Secretariat or Commission Member who is independent of the proposed project and has the relevant skills and experience to undertake a technical review. The peer reviewer may also call on the technical skills of other IUCN Secretariat or Commission Members in completing a review to address topics such as unfamiliar technical topics, the local context or aspects of the projects that require specialized review (i.e. communications).

  The peer reviewer may be the same as the approving authority (M or D grade level), but must be at least a P2 and independent of the project under review. The peer review provides feedback on the project proposal and indicates whether s/he recommends the project for approval. A peer reviewer does not take any decision for project approval.

- The **approving authority** for approving project concepts and proposals is the same as the approving authority named in the IUCN Delegation of Authority Policy. The approving authority is expected to consider the recommendation of the peer reviewer(s) and to verify whether the proponent has taken on board any suggested modifications. Approving authorities have full responsibility to check that all steps and forms have been duly completed before approving project proposals.
  The peer reviewers, approving authorities and forms required are outlined in Table 3 below.

- **Very small projects – "micro" level: p**rojects up to CHF 100K with no field component (refer to PGS Module 1 for a definition) can use the "PAAS Short Form" for a self-assessment. The person doing the self-assessment should be at P2 level or higher.

Table 3: Project thresholds and approving authorities for PAAS

Project Size	Form	Appraisal (peer review)	Approval (CHF)
Micro Up to CHF 100K with no field component	Short Form for Project Approval	Self*	DoA**: M grade and above
Small-medium CHF 100-499K	PAAS Form + risk forms	1 peer review by DoA approver *or* other*	DoA: Up to 400K: M grade 400K and above: D grade
Large CHF 500K+	PAAS Form + risk forms	Up to 1m: 2 peer reviews, by DoA approver and 1 other* 1m and above: 2 peer reviewers, excluding DG and DGO	DoA: Up to 1m: D grade 1m and above: Director General (Send to DGO)

*Peer reviewers must always be P2 and above.
**Delegation of Authority Policy (DoA): https://portals.iucn.org/union/node/4084 (see Tables 1 and 2)

Appraisal and Approval Steps for Concepts

The appraisal/approval process for project **concepts** has the following steps:

1. **Identify peer reviewer(s) and approving authority:** Determine who can review and approve (sign off) the project proposal according to the table above and ensure each person is aware that PAAS is underway and when they will receive the PAAS form to complete.

2. **Appraisal**: The peer reviewer(s) review the project proposal using the forms identified in Table 3 (noting that micro projects use a simplified form). For most projects, the PAAS form includes the project summary information (Part I of PAAS Form) and any attached risk forms. S/He completes the relevant rows of Part 2 of the Project Appraisal and Approval Form (PAAS form). The reviewer may recommend to approve the project, request minor or major modifications, or not recommend the project at all.

3. **Adjusting the concept**: If the peer reviewer has suggested modifications, the proponent should make these and provide a brief explanation of the changes on the PAAS Form Part II. The technical and financial reviewers' recommendations will inform the approving authority's decision to approve. If a peer reviewer suggests modifications, the proponent should make a note of these when submitting the concept for approval. A modified concept does not need to return to the peer reviewer for a second review.

4. **Approval:** Once a project concept has been reviewed by the required number of peer reviewers the PAAS form goes to the approving authority[23] who decides whether to

[23] See IUCN Delegation of Authority Policy (2011).

approve the project. It is the approving authority's responsibility to assess whether the project has adequately taken on board comments from peer reviewers. Approving authorities use Part 3 of the PAAS form.

Signing-off the Project Appraisal and Approval Form indicates approval of the project concept for development into a proposal or submission of the concept to a donor.

This concludes Module 2 on Identification and Conceptualization.
All the PGS tools can be downloaded from https://portals.iucn.org/union/node/5095