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A Value Management Approach for Managing Social Project Risks of International Funding Discontinuity in Guyana

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Abstract: *It is not unusual for social development projects funded by International Development Partners to come to an end, without maintaining benefit flows after the funding period. The study aims to explore the efficacy of using Value Management (VM) as an approach to minimise the risks of the projects going into cessation after funding from International Development Partners (IDPs) is no longer forthcoming. A simulated "Value Statement" workshop was facilitated by VM experts to identify obstacles and examine factors affecting project sustainability. It included collecting and documenting the views of those integrally involved in the project on what is the meaning of sustainability, recording the experiences of the project to ensure the sustainability of project results beyond implementation, examining the project design, monitoring and implementation and its relatedness to the sustainability of outcomes. A VM-based strategic framework was developed. It was found that adopting VM at the initial stage of social development projects could bring impact on reducing the risks of projects being unsustainable when external funding ends. Risk management (RM) and Gateway (GW) methods could be synchronised with VM as parallel processes for successful project implementation. Future research could validate the value factors and VM criteria identified for managing social development projects.*

Keywords: *Value Management, Sustainability, Risk Management, Gateway, Guyana*

1. Introduction

Value management (VM) had originated in the manufacturing industry in North America and evolved to other industries, including the construction industry (Barton, 2000). The overarching goal of VM is to obtain the best functional balance between cost, quality, reliability, safety and aesthetic. This is a process seeking to create and explore options that deliver most value for the least money taking a whole of life perspective (Barton, 2012). This paper explores the efficacy of using VM approach to minimise the risk of projects becoming unsustainable after funding from International Development Partners (IDPs) has ceased in Guyana. It focuses on addressing the problem of sustaining social development projects, notwithstanding the fact that IDPs are no longer the primary source of funding.

In Guyana, social development projects lacked fundamental inputs from as early as identification and preparation stages of the project cycle. These were seldom addressed as the projects evolved, and this led to their cessation when the specified period of funding concluded (Busiinge, 2010; Patterson, 2014). Several factors have been attributed to this including the absence of social support and acceptability, lack of economic and financial stability, absence of technical soundness/ capacity for continuation and a lack of ownership of the process (Patterson, 2014).

There is a need to reduce the risk of social development projects being discontinued and to maintain the benefit flows of such projects in Guyana. The maintenance of such benefits continues to be a challenge. This paper explores how project sustainability could be improved, by integrating VM principles at the design stage. It is based on social development projects funded by international agencies in Guyana.

2. Literature Review

According to BS EN 12973: 2000, VM is a style of management, particularly dedicated to mobilise people, develop skills and promote synergies and innovation, with the aim of maximising the overall performance of an organisation (BSI, 2000). It is a system that brings together within a framework: management style; positive human dynamics; consideration of external and internal environment; effective methods and tools. Moreover, AS 4183: 2007 defines VM as a structured and analytical process in which a prescribed work plan is followed to achieve best value for money in products, processes, services, systems and organisations (Australian Standard, 2007). Noting that the process may be applied

to management decision making at any level of an organisation, the AS 4183: 2007 emphasised that it is a powerful process "that could be used to develop agreement, understanding and commitment when applied to the resolution or optimisation of particular issues and situations". This is a new perspective to VM somewhat different from "engineering". This underscores value as an "attribute of an entity determined by that entity's perceived usefulness, benefits and importance" (Australian Standard, 2007). Figure 1 depicts the factors affecting the use of VM approach.

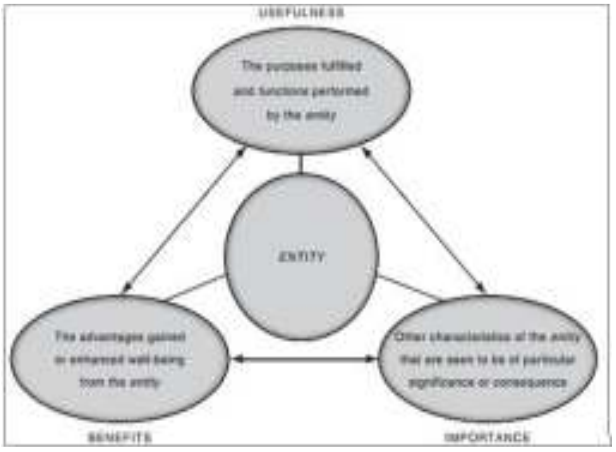

Figure 1. Factors influencing the VM Approach
Source: Australian Standard (2007)

The notion of 'hardness' and 'softness' in relation to VM, systems and problem solutions was advanced by Checkland and Scholes (1990). The 'hard' situations are those which could be well-defined, understood and could be clearly described within a well-defined system (Barton, 2000). For instance, a 'hard' problem may be choosing between broadening a two-lane stretch of road to a four-lane highway and construction of an access road through residential communities. The case requires 'hard' methodological assessment and conventional value engineering (VE) inputs. Technical experts would be required to work through the required phases of the VE job plan and based on life-cycle costing and function analysis, conclude which option delivers the most cost effective functions.

The 'soft' situations can be typified by such circumstances as those facing intractable situations (Barton, 2000). The issue is "knowing what to do" as distinct from knowing "how to do it". The situations are usually complicated and, they may present many conflicting values, viewpoints and interfaces (Barton, 2000). An example of a "soft situation" is what is to be done about a buildup of solid waste in a particular city. The problem situation may be complex, as numerous potential solutions may present themselves. These may require implementing solutions such as public education programmes aimed at attitude changes, a strategy to ensure that there are more waste disposal facilities around the city, increasing the number of vehicles as well as having a more rigid schedule of garbage collection in wards and the imposition of fines and other penalties for indiscriminate dumping of refuse. Large sections of the city could be affected by whatever decision(s) are made and the main problem rests in the answer to the question, *what to do about the situation* (Barton, 2000).

Kelly and Male (2001) contend that VM is sought to maximise the functional value of a project by managing its development from concept stage to that of operation through a multi-disciplinary value team. A high premium is placed on client value which is made explicitly clear at the conceptual stage of the project. VM is a divergence from other approaches in managing projects (BSI, 2000; Abidin and Pasquire, 2005). The view of this goal tends to lean towards the traditional 'hard' approach to VM (Barton, 2000; Kelly and Male, 2001). Hence, advocating modifications in the approaches to the 'soft' implementation of social development projects, as well-defined procedures and processes could be introduced to enhance the function of designs, services, facilities or systems at the lowest possible total cost (Patterson, 2014).

3. Conduct of "Value Statement" Workshop

A simulated Value-Statement Workshop involving a small group of project stakeholders drawn from Case 1(see below) was undertaken. The four other selected social projects were also incorporated into the study methodology. These projects were:

- Case 1: The School Retention and Child Labour Prevention Project (under the Ministry of Labour, Human Services and Social Security)
- Case 2: The Voluntary Mentoring Programme (by the Ministry of Education)
- Case 3: Support for the Low Income Housing Sector (by the Ministry of Housing and Water)
- Case 4: HIV AIDS Reduction and Prevention Project 1 (under the Ministry of Health)
- Case 5: The Sprinkles Project (under the Ministry of Health)

Some of the questions raised to address the deficiencies associated with social development projects in Guyana are:

1) What are some considerations for consolidating the extension of project gains after IDP funding has expired?
2) What follow up activities using locally mobilised resources (in terms of technical, professional and financial) are required for the project continuity?

The Workshop was facilitated with the assistance from professional VM experts from Australia. This was a necessary aspect of the methodology, especially

because producing a value statement for an entity is one of the first tasks undertaken in any VM study (BSI, 2000; Australian Standard, 2007). Besides, appreciative inquiry was used to articulate stakeholders' experiences as they participated in the exercise. Notes of discussions were taken at the interviews and were used to inform the issues raised in the study.

Steps were taken to arrive at a value statement. The issue of risk was also explored, and a corresponding risk statement was established. Of significance to the study and certain importance, a VM approach was initiated for sustaining social development projects following discontinuity of international funding**.** The approach incorporated an institutional framework and the principles for the facilitation of the VM adoption.

4. Findings and Analysis

Based on the evidence from the selected case projects, the deficiencies emerging from the issues were identified. Firstly, there were inherent weaknesses in approaches in initiating the projects, as well as the steps along the implementation process. It was found that the VM techniques were omitted in the planning and design stages of these project cases. Those projects failed to benefit from processes which would have allowed for detailed planning to capture multiple stakeholder perspectives and build them into proposals for projects and programmes. The absence of this process is a major contributory factor to projects facing the risk of discontinuity when IDP funding ceases in Guyana (Patterson, 2014).

The narrow definition of projects by their outputs was recognised as unbeneficial to the process and was evident in the case examples. Those softer values that are inherent in social development projects such as those of a subjective nature (e.g., honesty, commitment, integrity, respect for others, a culture that support uprightness) were not captured in any of the case examples. Systemic connections and relationships were found in the educational and social networks (e.g., the Housing and School Retention Projects) and physical connections, as access to new communities and linkages, all fit together to make the project work

Several core 'value factors' were identified, and these collectively formed the 'value statement'. These value factors comprised 1) the useful purposes fulfilled by the project, 2) the beneficial outcomes from fulfilling those purposes and 3) those other features/characteristics of the project that are of particular importance or consequence. In combination, these factors would determine the value placed on the entity from multiple perspectives. Figure 2 highlights key points raised in arriving at the value factors for one selected project - The School Retention and Child Labour Prevention Project in Guyana. The project was funded by the European Union (EU), with technical support from the International Labour Organisation. The Ministry implementing the project on behalf of the Government of Guyana was the Ministry of Labour, as part of its social protection mandate (Patterson, 2014).

Figure 2. Understanding Value Factors on School

The value statement focused on the "cultural environment" of social and economic conditions, and invariably formed the nucleus of the project. Participants in the process were assisted to have a broader perspective of the process, and the matter of project sustainability was examined beyond the surface. Central issues addressing the purpose, the outcomes and important features of the project were examined from the perspective of multiple stakeholders, giving value to the process. At the level of the ministries involved, the assurance created and confidence which exuded among stakeholders from knowing that a transparent review process being undertaken was remarkable.

As evidenced from the selected projects under study, the absence of the application of VM principles and techniques would have caused the discontinuation of social development projects at the end of the funding period in Guyana. Therefore, active involvement of stakeholders (particularly at the startup of the project processes) would be crucial. Moreover, proper adoption of VM principles and techniques has the potential to facilitate the improvement of communication, commitment to project purpose, team building, reduced work, getting it right first time, as well as developing risk and crisis management procedures (Barton, 2000; Patterson, 2014). The findings also confirmed the point made by Gough (2005) that the use of VM tools and techniques could add value and increase the chances of success for high-risk projects. Adoption of a VM approach would ensure that the capacity built remained an integral part of the continuity plan. This would be the consideration for the institutional requirements and provision made to foster management support for the continuation of project operation that VM could offer.

5. Development of a VM Approach

Although VM focuses on the project's purpose, this should not exist in isolation. VM would play a broader role in fostering project sustainability if risk management (RM) and Gateway (GW) are applied in tandem with VM. VM is the central focus, with RM and GW, being presented in the broader context. Reference was made to Gateway (a Peer Review Health Check System) that is effectively utilised in Project Management. This is a procedural context of the Institutional Framework, which provides guidance and principles for projects to: 1) improve alignment of service delivery with available funds, 2) attain accurate project scope and estimates, 3) reduce time and cost overruns, 4) improve risk management, 5) reinforce agency responsibility and accountability for decision making, and 6) secure better results for the community (Patterson, 2014). Figure 3 shows the procedural components of a 4-stage VM study.

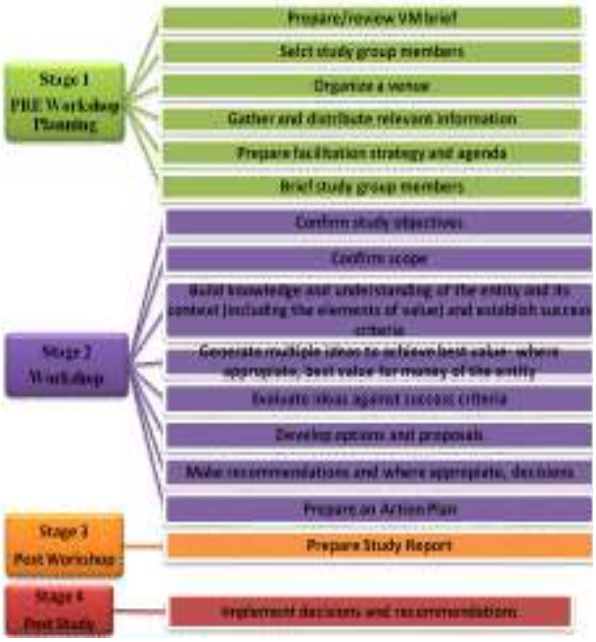

Figure 3. Procedural components of a 4-stage VM study
Source: Based on Australian Standard (2007)

The VM study institutes a critical step in developing a Strategic Framework for continuity. The organisational context fits well within the Gateway structure as it provides the checks and balances required for managing the respective project(s). With reference to the lessons learnt from the selected projects under study, a set of nine (9) principles was identified. These principles could be instituted into a VM-based strategic framework for continuity (see Table 1).

A significant benefit of the VM approach is that the requirement of "on-going sustainability" after funding ceases could be established at the beginning of the project and be monitored throughout the project cycle. Critical points for VM, RM and GW interventions were identified so as to reduce the risk of projects being discontinued at the end of funding in Guyana. Figure 4 depicts an outline of the various points on the building blocks where these interventions are being recommended. This covers various stages of the implementation from the beginning to the end of the project cycle (Patterson, 2014).

In the Conception stage (i.e., Block 1), the project goal is defined, and the broad areas of needs are explored. In particular, areas of focus are identified (for example, HIV/AIDS reduction, school retention and child labour prevention, and low cost housing, etc) and agreements are made by governments and the Official Development Assistance (ODA) body to the terms and conditions of the receipt of the funds (usually by signing Agreement Protocols or a Memorandum of Understanding). At this stage, VM and RM applications should be considered in the project roll out.

The second component of Strategy is the second building block. The key question here is: '*Does the project suit the service needs identified?'* The strategy employed is an important consideration in the paradigm since project implementation cannot be effectively assessed without examining the organisational setting or structure. It is about the set of formal tasks that are assigned to individuals and departments, formal reporting relationships, lines of authority, decision making responsibilities, hierarchical levels, span of managers' control, as well as the design of systems to ensure effective coordination. In order to achieve the project goals/objectives (such as people, communications, and jobs and resources), an enabling organisational structure is to be built to support project activities. The Gateway approach provides the checks and balances for the review system, in tandem with the VM methodology to reduce the risk of projects being discontinued when funding from an ODA/IDP ceases.

The Concept Design Stage is the third building block. The thinking of the project activities is beginning to take form and shape and the critical components are starting to emerge. It is at this stage that the 'Pre-Workshop' activities identified in the VM Four stage study must be considered. The preparation of the VM Brief, identification and selection of the study group members, information dissemination as well as agenda preparation and facilitation strategy should become areas of focus. Since VM and RM were initiated at the Conception stage, the Concept Design building block allows for the deepening of VM and RM. The activities, types of risks, description of their impact, internal controls and probability of risks without controls and questions of project cost would be raised at this stage.

Table 1. The Nine Principles of a VM-based Strategic Framework for Continuity

Principles	Descriptions
1.	**Value Management should be incorporated** into the development process, commencing at the earliest practicable time (preferably before a decision to proceed has been taken) and after that, at strategic points along the project's journey. For the purpose of this study, and the Development of a Strategic Framework for continuity, the use of the Work Plan from the Australian Standard AS 4183: 2007 is advocated. It is appropriate because of its applicability to a myriad of project types – including "soft" projects, which is the focus of this study. AS refers to the Information phase as "Build shared knowledge and understanding".
2.	**A 'Gateway' or similar system** should be put in place as one of the first organisational steps in the development journey. This 'peer-reviewed' system will help to ensure that the project is aligned with desired outcomes right from the start, and maintains that alignment throughout the development journey. As has been alluded to earlier in the study, the way the process works is that it has 6 "gates", which are passed during the procurement journey and 7 "success factors" are assessed to ensure the continuing health of the process. Gateway can be regarded as an extension of VM and as a response to institutional framework for sustainability.
3.	**Risk assessment** should be undertaken before a decision to proceed with the project is taken, and a risk management plan should be produced, monitored and regularly updated if and when the project proceeds. The assessment helps to support better decision-making through understanding the risks inherent in a proposal and their likely impact. Where considerations of important features as sustainability and risks are omitted from the dialogue of project processes, there are clear indications the projects yielded less value/ value that was not maximised and their continuity after funding was jeopardised.
4.	Mechanisms to ensure the **Project's financial viability** after funding from an Official Development Assistance (ODA)body ceases. During the VM Workshop stakeholders have an opportunity to see and learn about the various facets of the project and their interconnectivity, where matters of this nature are raised as a matter of significance and are scoped out. Particularly because the cessation of funding is a major contributory factor to the risk of projects being sustainable, the researcher submits that more emphasis must be placed on this issue and the VM Workshop creates an enabling environment for it to be captured in detail.
5.	Networking and collaboration in order to **Promote inter/intra ministerial agency/community /sectoral relations to achieve the best possible project outcomes**. Principle 1, the undertaking of a VM study would have some bearing here as the bringing together of multi stake holders for defining the scope of the value factors would lead to this collaboration. Just as VM encourages an approach that does not deal with programs and projects in isolation but as a whole system, this principle advocates a knowledge sharing among relevant entities, because they are "connected systemically" in order to facilitate an integrated approach to social development projects. The greatest benefit is reducing the risk of social development projects being unsustainable when funding ceases.
6.	The choice of **which Social Development Project should be undertaken**. Those initiatives not rated on the government's priority list as contributing to national development, appeared to be at high risk of becoming unsustainable at the end of funding. It appeared that they were undertaken because an ODA made funding available, but there was no long term thinking to derive value. Choices of projects should therefore be assessed based on a real need for intervention, as opposed to a felt need or simply a response to an ODA offer.
7.	**Introduction of an element of training or mentorship for those who would play integral roles in the entity and would be tasked with sustaining benefit flows.** Particularly in cases where specialist/ technical support was required to provide institutional support, mechanisms must be put in place to ensure that the requisite capacity is strengthened on the project management team, if and when that skill set is required to leave the process, so that implementation can proceed unimpeded, at the end of ODA funding.
8.	Implementation of a **Monitoring framework**. Reference has been made to the application of the Gateway approach as a useful tool in this Strategic Framework and critical questions that must be asked at each "gate". Additionally, seven (7) success criteria (service delivery, affordability - value for money, sustainability, governance, risk management, stakeholder management and change management) are used to assess the progress of projects, undertaken by a reviewer. These indicators guide the process and the key question is kept in mind at each "gate". The sponsor has a responsibility to link the "success factors" to the project.
9.	The use of **Participatory methodologies as an approach in the initiation as well as the management of projects**. In this regard, people are organised, skills are harnessed, singularly and collectively, synergies and creativity promoted and overall performance of the organisation is advocated. This advocacy has a positive impact in enhancing (organisational) performance.

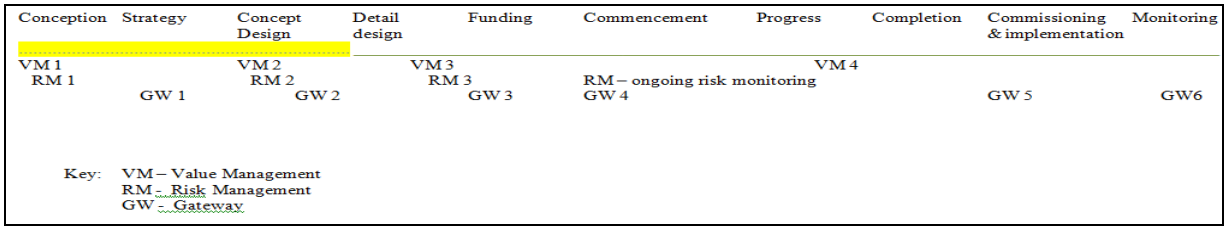

Figure 4. VM, RM and GW Interventions at Various Points in the Building Blocks

The Detailed Design Stage (i.e., Block 4) constitutes an intensification of multiple stakeholders (representing managers, donor, strategic partners, resource owners, regulators, communities, interest groups, and NGO) who

are brought together at the VM Workshop. The primary purpose is to determine the value factors of the entity, comprising of the useful purposes fulfilled by the entity, benefits to be delivered, and significant characteristics. Hence, multiple perspectives of each of these, come into focus. Aims and objectives, outputs and activities are being defined and refined. Strategic decisions are made regarding the implementation process.

The VM adoption is to capture these multiple perspectives and build them into project proposals. Any omission could for instance lead to the failure of establishing the value factors of a project, that is, building shared knowledge and understanding amongst stakeholders and project team members, where emphasis is on learning and achieving unity of purpose. In other words, the absence of this building block could result in a poor definition of the entity that would govern the project delivery, the primary purposes, and benefits. The consequence of the absence of this building block would be disastrous, since measures to reduce risks of discontinuity were omitted. This would lead to the projects being placed at risk, and of becoming unsustainable at the end of the stipulated period of funding from an IDP.

With reference to RM, the questions raised pertain to activities, types of risks, description of their impact, internal controls and probability of risks without controls. A wider cross-section of participants is involved and is making inputs hence the use of GW at Block 4 would help to raise essential questions of the robustness of project scope and estimates. In order to reduce the risk of social development projects being discontinued following funding from an IDP, the Funding Application Stage (i.e., Building Block 5) is crucial. At this stage, the work plan has already been prepared. Funding becomes available for the project start up.

The Commencement Stage (i.e., Block 6) is characterised by ongoing RM and GW. GW addresses the state of readiness for commissioning. VM principles and techniques, particularly participatory methodologies in the form of ongoing workshops involving a myriad of stakeholders are kept as tasks are completed and stakeholders' roles in monitoring are deepened. During this period, there is preparedness for handing over or change management.

Progress of project achievements characterises Block 7 as deliverables are monitored and issues of time, quality and cost are kept in focus as far as possible. While progress is being monitored, delivering the best value for money across the whole system is addressed and in the workshops attention is given to details on aspects of the project. It is during this Block, the value factors established at the beginning of the VM journey continue to guide decisions and recommendations.

Block 8 marks the Completion and Close-out of the project activities, while Block 9 indicates commissioning and implementation. In these final steps, attention is on continued monitoring. Both achievements and production of services are outlined, and best practices and lessons learnt are reviewed and documented. This study has established that one major factor puts projects at risk of being discontinued after funding ceases. It was because the critical processes are excluded when VM principles are not included from the earliest stage of the project cycle.

7. Conclusion

Those well-structured and defined situations are seen as "hard" VM, while the "soft" VM suggests the methodology of addressing problem situations that are not easily structured or defined. The nature of a 'soft' problem situation is fundamentally different from that of a "hard" problem situation. Solutions which work well in addressing 'hard' problems might be inadequate in addressing 'soft' problems.

This paper explored the VM approach for managing social development projects and risks of their cessation following the discontinuity of IDP funding in Guyana. The client, specialists, end users, suppliers and other stakeholders put forward suggestions for discussion and investigation, and incorporated how the values contained there could be sustained beyond funding. It concludes that the application and evaluation of the VM framework is so integral, that it be incorporated in the Work Breakdown Structure of projects. The WBS reflects the entire project scope, planning process and assigned responsibilities to persons/ departments. In order to ensure RM/VM and GW implementation, their inclusion on the WBS is seen as the most strategic approach.

Public Private Partnerships (PPPs) and Cooperatives would be able to play critical roles in sustaining social development projects when funding from an ODA source comes to an end (Patterson, 2014). The fact is that the conventional/traditional means of project funding are contracting as many development agencies/ partners are cautiously identifying areas to provide funding. Projects therefore require astute management, considering their sustainability. It is anticipated that greater involvement of PPPs would be fostered for the undertaking of social development projects. Applying VM principles would enhance service delivery and reduce the risk of projects going into cessation with inputs from PPPs. Further work and exploration would be recommended focusing on a paradigm shift in the traditional approach based on the combination of ODA involvement with government.

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