

Green Cities, Infrastructure and Energy Programme

Gate 1 Review: Business Justification

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Gate 1 Review: About this Gate Review Workbook

Gate 1 Review: Overview

This Gate Review Workbook explains how to do the “Gate 1 Review: Business Justification” and should be read in conjunction with the Guidance to Conducting Gateway Reviews. This is the first of the five project gate reviews.

This Review investigates the Early Business Case (EBC) and the overall business justification of the project. It should be conducted before the EBC is presented to the Project Board for approval – and is designed to help the Project Board make its decision. If the EBC is approved by the Project Board, it may then be sent on to any Treasury level spending approval which may be required.

Set out below are a number of criteria or “Lines of Enquiry” which should be used to explore issues in any assurance interview or Business Case review. It is not necessary to explore all of these Lines of Enquiry at interview, especially if the matter appears to have been dealt with in the relevant Business Case; the Review Team should use its discretion to decide what issues to concentrate on, bearing in mind (a) that Interviews should last no more than 45 minutes and (b) the Report Criteria it should use in writing the Report as listed at Schedule F to the Report Template.

Purpose of the Gate 1 Review

This Review concentrates largely on the Strategic and Economic cases and checks that:

- there is a business need for the project;
- the overall scope of the project is clear;
- stakeholders approve of the intended benefits from the project;
- the linkage with any programme and organisational objectives is clear;
- a broad range of project options has been considered and a shortlist of options (including a suggested way forward) have been produced for further investigation;
- the optimum balance of cost, benefits and risk has been identified; and
- adequate resources are in place for the ensuing Intermediate Business Case.

The Review concludes with an assessment of the overall prospects of the project being delivered to time, cost and quality (so far as this can be assessed at this early stage of the Project).

Assessment of the Business Case

1. Strategic Case

1. Describe the project, it's strategic context and strategic aims

1.1 Strategic – Is there a clear description of the project's strategic context and the strategic aims it seeks to achieve?

Evidence:

- Evidence that the project has reviewed relevant policies and strategies at cross-departmental, organisational and system level, and is aligned with national infrastructure plans and wider government priorities.
- Clear articulation of how the project contributes to departmental and cross-government outcomes, and how it fits within any wider programme, portfolio or policy initiative.
- Assessment of alignment with wider government objectives, standards and business change programmes, demonstrating consistency between organisational, departmental and national priorities.

- Statement articulating how strategic aims promote sustainable development, the environmental and social standards that will be applied (e.g. IFC Performance Standards) and target Level of Ambition on the “Gender & Inclusion Framework”.

2. Determine objectives, outputs, existing agreements and needs

1.2 Strategic – Has the project set its objectives and determined the project needs?

Evidence:

- Objectives clearly articulated and stated in a Specific, Measurable, Agreed, Realistic and Timely (SMART) way.
- Critical Success Factors (CSFs) defined for each objective.
- Where appropriate, an early Theory of Change or draft Results Framework outlines how activities lead to outputs, outcomes and impacts (including environmental and social impacts).

1.3 Strategic – Has the project established baseline existing arrangements and identified needs?

Evidence:

- Clear description of existing baseline services, operational arrangements and supporting infrastructure/assets (coverage, capacity, reliability, quality, safety, accessibility, cost, user experience).
- Structured comparison of current arrangements against the project’s aims and service requirements, identifying needs and gaps.
- A clear narrative case for change, including risks associated with maintaining current arrangements.

1.4 Strategic – Has the project considered how existing arrangements (or lack thereof) affect different population groups?

Evidence:

- High-level description of impacts on diverse population groups (e.g. by gender, disability, age, race/ethnicity etc.). If no service exists, include description of how comparable services have improved conditions for vulnerable and/or marginalised groups.
- Evidence of disparities in access, quality or outcomes that contribute to the case for change.
- Early engagement with organisations that represent interests of diverse social groups to validate insights (e.g. Organisations for People with Disabilities, informal traders’ associations, women’s groups etc).
- Identification of gaps in data requiring further work at later stages.

1.5 Strategic – Are objectives and needs aligned across sectors, tiers and allied organisations?

Evidence:

- Objectives agreed or shared with relevant sectors, tiers of government and allied organisations to clarify interdependencies.
- Evidence that policy and system-level alignment has been considered and is being reviewed.

3. Define potential scope

1.6 Strategic – Has the project defined a clear, realistic and coherent scope?

Evidence:

- Scope and requirements specifications are realistic, proportionate and unambiguous.
- Expected outputs and service requirements are defined at a high level and linked to SDGs (maximum 5).
- Scope reflects user needs, operational needs and wider system-level considerations.

1.7 Strategic – Has the project identified early delivery considerations relevant to the scope?

Evidence:

- High-level description of the delivery approach or mechanisms relevant to the proposed scope (not detailed procurement or options analysis).

- Early understanding of roles of partners, agencies, operators and interfaces with wider systems.
- Evidence that innovation opportunities (e.g., modern construction methods, digital or emerging technologies) have been considered where relevant.

4. Describe project, benefits, risks, constraints and dependencies

1.8 Strategic – Have the expected benefits been identified at a high level?

Evidence:

- Identification of main economic, social, environmental and climate-related benefits and disbenefits.
- Benefits mapped to objectives, outcomes and CSFs.
- Early indicators identified for distributional or inclusion-related outcomes.

1.9 Strategic – Have key risks, constraints and dependencies been identified?

Evidence:

- High-level identification of strategic, operational, regulatory and system-level dependencies.
- Initial identification of constraints (policy, regulatory, legal, financial, system capacity, land, etc.).
- Early risk themes documented, including emerging uncertainties requiring further analysis.

1.10 Strategic – Has the project identified key climate and environmental risks and considered appropriate mitigation, adaptation, and environmental-management measures, where relevant?

Evidence:

- Initial identification of key climate and environmental risks hazards using recognised data sources and captured in a preliminary risk register.
- Evidence that these risks have influenced option development, including siting, alignment, technology, or design choices.
- Consideration of feasible mitigation and adaptation measures – such as low-carbon options, energy-efficient systems, nature-based solutions, or pollution-reduction measures.
- Identification of project alignment with national climate commitments, environmental regulations, and relevant donor safeguard requirements.
- Evidence that climate and environmental considerations have been factored into early feasibility, including permitting and stakeholder implications

2. Economic Case

5. Define critical success factors

2.1 Economic – Have Critical Success Factors (CSFs) been defined and applied to the longlist?

Evidence

- CSFs defined and linked to strategic objectives.
- Options matrix completed, showing each option's performance against CSFs with clear justification.
- Initial filtering of clearly unviable options.

6. Apply 'options framework'

2.2 Economic – Has the project identified a broad and credible range of options, including Business as Usual (BAU)?

Evidence

- A wide range of credible options has been identified, including maintaining existing arrangements, adapting or enhancing current assets, and alternative solutions (e.g., nature-based or lower-cost approaches).
- The 'Business as Usual' (BAU) option is clearly described, including the current scope, service model, delivery arrangements, and funding/financing, forming the reference point for assessing change.
- High-level description of the benefits, disbenefits, costs, risks and opportunities associated with each longlisted option.
- The range of options is sufficiently broad to allow meaningful appraisal at EBC stage.

2.3 Economic – Has the project developed a reasoned shortlist and identified a preferred approach?

Evidence

- Transparent rationale for moving from longlist → shortlist → preferred approach.
- Evidence that representative organisations have been consulted as part of the options appraisal process to determine likely social impacts, both positive and negative on different affected groups
- Explanation of how scope, solution, delivery, implementation and funding considerations inform the shortlist.
- Preferred approach justified using CSFs, alignment with the case for change and early affordability considerations.

2.4 Economic – Have key benefits and impacts been identified and mapped for each shortlisted option?

Evidence

- Main economic, social, environmental and climate-related benefits/disbenefits identified for shortlisted options.
- Benefits categorised and linked to early indicators (including distributional or inclusion impacts where relevant).
- Climate/environmental factors and long-term resilience considered at a high level.
- Further technical, environmental, climate or social studies required for later stages identified.

2.5 Economic – Has the project undertaken proportionate early economic evaluation and sensitivity analysis?

Evidence

- High-level cost, benefit and risk estimates provided for each shortlisted option, adjusted for uncertainty and optimism bias.
- Early comparative economic assessment (qualitative and/or monetised) and initial Net Present Value (NPV) estimates where feasible.
- Sensitivity analysis undertaken on key variables, with significant sensitivities reflected in the risk register.
- Clear statement of limitations and areas needing refinement at later stages.
- Evidence that early value for money analysis recognises the long-term benefits of resilience and reduced environmental harm.

7. Scope ESIA, technical and other studies

2.6 Has the project undertaken proportionate early Environmental and Social Impact Assessment (ESIA) work to inform the appraisal of shortlisted options and the development of an Environmental and Social Management Plan (ESMP) for the preferred option?

Evidence:

- Early ESIA work (i.e. environmental and social scoping) has been carried out for each shortlisted option, providing insight into environmental, climate and social risks and potential benefits during construction and operation, and indicating the level of ambition each option could achieve (including gender equality and social inclusion outcomes, SDG contribution, decarbonisation priorities, and climate-risk mitigation/adaptation measures).

- Early ESIA activities draw on site investigations, technical data and engagement with potential beneficiaries, including consultation with women and marginalised groups via representative organisations where appropriate.
- ESIA analysis considers geographical effects, impacts on protected groups (as defined in national frameworks, international standards or financier requirements), and risks/opportunities associated with different construction models.
- Where relevant, early ESIA work is undertaken jointly with development partners or multilateral development banks, including their due-diligence activities.
- Early identification of required environmental, climate, social and technical studies and development of TORs for the next stage.
- An initial Environmental and Social Management Plan (ESMP) for the preferred option is planned or under development, setting out key risks, mitigation measures, monitoring arrangements (including gender-sensitive and inclusive monitoring), institutional roles, and links to project objectives and prioritised SDGs, noting that the ESMP will form part of tender documentation.

3. Commercial Case

8. Consider contractual arrangements

3.1 Commercial – Has the project identified suitable high-level contractual arrangements for the preferred approach, and the associated commercial considerations?

Evidence

- High-level identification of contractual arrangements appropriate for the preferred approach (e.g., single contract, multiple packages, service contract, design–build, framework or equivalent), with early identification of key issues or dependencies.
- Early reasoning for why these contractual arrangements are likely to be suitable for delivering the intended outputs and outcomes.
- Early identification of delivery-side considerations, including:
 - capability required to oversee suppliers
 - implications of managing single vs multiple suppliers
 - initial plans for interface management
 - early views on contract-management challenges
- Where relevant, early considerations relating to incumbent suppliers (continuity, due diligence, role separation, transitions, workforce protections) without requiring firm decisions at this stage.

9. Consider bidder market and procurement options

3.2 Commercial – Has the project assessed market interest and identified high-level procurement options that support a fair, transparent and competitive process?

Evidence:

- Summary of market sounding undertaken, including examination of similar procurements and initial insights on supplier capability, capacity and interest, including in relation to management of social risks and delivery of social benefits.
- Early supplier engagement (where appropriate) to help validate the project's needs, outputs or outcomes.
- Evidence of whether the market can support meaningful competition.
- High-level description of procurement options (e.g., open competition, two-stage, frameworks, negotiated approaches) appropriate to the context.
- Evidence of how procurement will ensure meaningful competition, fairness, transparency, equal treatment and conflict-of-interest management, consistent with international good practice (e.g., G20 Principles).

- Early view on the feasibility of the preferred procurement approach given the structure of the market and the likely level of supplier interest.

4. Financial Case

10. Estimate costs, affordability and ability to raise finance

4.1 Finance – Has the project set out high-level affordability and initial funding/financing approaches?

Evidence

- A high-level view of expected costs vs available funding, indicating whether the requirement is affordable at this stage and highlighting any affordability gap.
- A brief summary of the research/analysis undertaken to reach the view above, with assumptions, caveats and limitations clearly stated.
- A high-level description of how the project might be financed, noting any potential finance issues/risks¹ and an initial view of market appetite, including potential sources (public budgets, development partners/development banks, private finance), as appropriate.

4.2 Financial – How has the project approached cost baselining?

Evidence

- The project should demonstrate that cost estimates have been built up using a number of planning and estimating techniques and cost benchmarking.
- Evidence that prospective costs have been benchmarked against comparable projects and/or reference class forecasting (where appropriate).
- Where disparity exists (either positive or negative) between benchmarks and the project's estimates, there is a clear evidence-based explanation as to why.
- Caveats/limitations associated with current estimates and benchmarking are noted, with plans to refine at later stages.

4.3 Financial – Are the cost and time implications of managing the risks included in the cost and time estimate or treated as a separate risk allocation?

Evidence

- Costs and time for managing risks separately identified.
- Costs and time estimated for risk countermeasures (including for social safeguarding risks linked to construction phase) and, where appropriate, contingency and business continuity plans.
- Where risks cannot be reduced, the costs of managing these risks separately identified and included as a risk allocation provision.
- Analysis undertaken of the effects of slippage in time, cost, scope or quality at each phase of delivery.
- Decisions on how residual risks are being managed.

4.4 Financial – Has the project included appropriate reserves/contingencies in its initial cost estimates, and has it made a proportionate allowance for optimism bias at this early stage?

- Evidence
- Indicative cost estimates include early allowances for uncertainty and initial contingency.

¹ In recent years, climate finance investors and lenders have paid increasing consideration for the needs of local communities when designing and delivering infrastructure projects. Leading investors have adopted the prevention and remediation of negative project impacts on local communities as standard practice, reflected in safeguards policy updates, and many have taken further actions aimed at supporting social inclusion and empowerment of local communities. Adopting a social inclusion lens based on the needs of local communities can lead to smoother implementation and reduced opposition, thus lowering the risk of litigation or costly adaptation, while ensuring that the potential social development benefits of the project are fully realised.

- Clear explanation of how contingency levels have been derived, based on known risks and information gaps at this stage.
- Proportionate allowance for optimism bias has been applied, informed by early benchmarks or experience.
- Key cost risks and uncertainties requiring further analysis at later stages are identified.
- Early financial model or cost summary shows how contingency and optimism bias have been incorporated into initial affordability considerations.

4.5 Financial – Is budgetary provision confirmed?

Evidence

- EBC contains an analysis of the indicative Whole of Life Costs to get to the next stage against budget. The Whole of Life Costs should be shown as a range.

5. Management Case

11. Identify project team (including advisors)

5.1 Management – Has the project established the core team, governance structure, leadership roles and required advisory support?

Evidence

- A defined governance structure is in place, including a named sponsor for the project (i.e someone who can champion the project at senior management level) and appropriate Programme/Project Directors for the scale and complexity of the work.
- An appointment letter for the project champion must be in place, and governance roles and responsibilities are clear and documented.
- The project team includes, or has plans to secure, all required expertise – including technical, commercial, legal, financial, and specialist advisory support – along with access to expertise relevant to identified social risks and benefits (e.g., resettlement, gender-based violence), as appropriate to the project's context.
- Where the project forms part of a wider programme, the governance structure shows how the project business case fits within the Programme Business Case, including alignment of scope, responsibilities, costs and benefits.
- Initial project organisation shows how delivery partners, agencies and other organisations will work together, with accountabilities outlined at a high level.
- An early description of how key project information, decisions, risks and issues will be documented and escalated.
- High-level indication of how the project team may need to be strengthened for subsequent business-case stages (e.g., additional advisory, technical, or analytical capability).
- Initial budget for business-case development, including indicative estimates for external advisory support.

12. Develop and initial project plan and assurance and approvals plan

5.2 Management – Is there a realistic plan to reach the next phase, supported by an initial integrated assurance and approvals plan (IAAP)?

Evidence

- A high-level timeline showing key stages in the business-case development process and the actions required to meet them.
- An initial integrated assurance and approvals plan (IAAP) that sets out the assurance and approvals that will be needed, (including gateways) when they will happen, and in what order, to support key decisions and transition points – proportionate to the project's scale and complexity, and focused where it adds most value.

- The IAAP should provide for the assurance activities to be scheduled and coordinated and that resources will be made available.
- Where a Project Development Routemap has been undertaken, a summary of its key findings and recommendations relevant to the next phase of development.
- High-level objectives, planning assumptions, activities, deliverables and milestones for the next phase are defined and realistic.
- Planning, consenting and regulatory requirements have been identified and reflected appropriately in the early schedule.
- Key environmental, social, technical and other assessments required for the next phase are identified at a high level, including indicative timing and responsibilities (terms of reference developed for each study needed).
- Major dependencies relevant to progressing the project are identified.

13. Identify stakeholder engagement and change management

5.3 Management – Have stakeholders and end-users been identified, and is there a clear early plan for engagement and change management?

Evidence:

- Internal and external stakeholders are identified and documented, including organisations representing diverse project-affected people and end-users.
- High-level roles, responsibilities and anticipated influence on the project are understood.
- Summary of any early engagement exercises completed to date and any key issues emerging that the project board should be aware of.
- Initial stakeholder engagement and communication plans are in place, including planned consultation activities.
- Evidence that the decision-making process includes relevant stakeholders (including those representing project-affected populations), and governance arrangements are designed to manage joint working or potential conflicts where the project interacts with other programmes or projects.
- Early outline of how organisational changes and impacts to and user and project-affected people impacts will be managed as the project develops.

14. Draft an initial benefits realisation plan

5.4 Management – Is there an initial benefits realisation plan that supports early delivery planning?

Evidence:

- An initial benefits realisation plan is in place with named benefit owners, baseline measures, intended outcomes and a high-level approach to tracking and reporting benefits.
- Benefits are categorised appropriately (e.g., economic, social, environmental), including gender equality, disability and social inclusion-related outcomes where relevant.
- The benefits plan sets out how benefits will be monitored through delivery and into operations and is aligned with the project's strategic aims and CSFs.

15. Draft initial risk management strategy and plan

5.5 – Has the project identified key risks, responsibilities and early risk-handling plans?

Evidence:

- An initial risk register is in place, capturing key risks and issues across strategic, political/reputational, legislative, implementation and operational/service areas, including technical, environmental and social, commercial, financial and contractual risks.
- For construction or physical infrastructure projects, community-level and occupational health and safety risks are identified.
- Risks are informed by stakeholder engagement and described in terms of severity, proximity and likelihood, with initial mitigating actions and residual risks recorded.
- The risk register reflects risks relevant to all five cases (strategic, economic, commercial, financial and management) and focuses on deliverability.
- A high-level risk-management strategy exists, setting out responsibilities, early escalation routes and the process for maintaining and updating the register as the project develops.

Glossary

Appraisal as regards:

- options, is a process of comparing different options; and
- projects, is a process of considering the overall state of a project (considering objectives, options, costs, benefits, risks and uncertainty) before reaching a decision.

Assurance is a review process designed to produce:

- an assessment for its sponsor and approver that shows the assurance team's confidence in the project's ability to meet its aims and objectives; and
- advice as to whether it has reached a sufficient stage of maturity to proceed to the next stage.

Integrated Assurance and approvals plan (IAAP) is a plan setting out the planning, co-ordination and provision of assurance activities and approval points throughout its life.

Authority is a local or central public sector body, which may commission a project.

Business as Usual is the project option that provides for a continuation of the current arrangements. This provides a benchmark against which to compare other options. Sometimes this is referred to as the 'Do Nothing' option.

Change management means the different plans/approaches needed to help manage organisational change. This should be supported by an overall strategy that explains the goals and aims, and a plan that explains how these will be achieved.

Contingency is an allowance of cash or resource to cover the cost of risks that may arise.

Cost benefit analysis is a type of socio-economic analysis used to compare different project options and their effect on social welfare, quantifying as many of the costs and the benefits as feasible, including costs/benefits for which there are no satisfactory measures of economic value.

Critical success factors (CSFs) are the high priority objectives for a project, against which the success of the project may be judged.

Delivery confidence is the likelihood of a project delivering the agreed outputs to time, cost and quality.

Discounting is a method used to convert future costs and benefits to present values using a discount rate.

Early Business Case is the first stage in developing a project's business case. It focuses primarily on the Strategic and Economic Cases, establishing the 'strategic need' for the project, and a shortlist of options. High-level costs, benefits and risks are also developed.

Economic analysis is a means of assessing the costs and benefits of options to society as a whole, using cost benefit analysis, and an assessment of qualitative benefits and risks.

Environmental and social impact assessment is an assessment of the potential environmental and social impacts of a proposed project prior to the decision to move forward with the project.

Environmental and social impact risks are risks of potential negative consequences that result from impacts (or perceived impacts) on the natural environment or communities of people.

Financing, for a project, is the up-front borrowing and/or investment used to pay for capital costs.

Five Case Model (5CM) is a framework for the development and presentation of a business case, comprising the strategic, economic, commercial, financial and management – the five dimensions of the case. It is the methodology described in this Guidance.

Full Business Case is the third stage in developing a project business case. It focuses primarily on the procurement process, and updates the Economic, Commercial, Financial and Management Cases to reflect the negotiated deal.

Funding is the source of income used to repay the up-front finance for a project over its life.

G20 Principles refers to the “G20 Principles for the Infrastructure Project Preparation Phase” issued in July 2018 by the G20 Finance Ministers and Central Bank Governors at the Buenos Aires summit.

Gateway approach involves a project passing through ‘gates’ or assurance review points before it is put forward for relevant central government approval. Each gateway requires the assurance team to develop an assessment report of the project and its business case.

Gender and Inclusion where ‘gender’ refers to gender equality and women’s economic empowerment, and ‘inclusion’ refers to the reduction of poverty and delivery of inclusive growth among excluded groups, such as women, youth, people with disabilities, and rural communities. Greater inclusion can be achieved through empowerment (through building assets, capabilities and opportunities) and transformation (addressing systemic barriers to economic empowerment).

- **Disability:** Long-term mental, intellectual or sensory impairments which, in interaction with various attitudinal, informational and environmental barriers, may hinder full and effective participation in society on an equal basis with others.
- **Disability inclusion:** A process that actively seeks to ensure the full participation of persons with disabilities as empowered self-advocates in all development processes and emergency responses. Specifically, disability inclusion addresses barriers that hinder access to key services and employment opportunities, and highlights ways to improve health and social wellbeing outcomes.
- **Gender:** Socially constructed roles, attributes, opportunities and relationships that a given society considers appropriate for men and women. While many societies recognise that there are more than two genders, for the purposes of this analysis we focus on men and women. Expectations relating to gender differ from society to society and change over time.
- **Gender equality:** Women having the same opportunities in life as men, including equal access to services, equal pay for equal work, equal participation in decision-making, etc.
- **Social inclusion:** The process of improving the terms on which individuals and groups take part in society – improving the ability, opportunity, and dignity of those disadvantaged on the basis of their identity.

Intermediate Business Case is the second, and most substantial, stage in developing a project business case. It focuses on the Economic, Commercial, Financial and Management Cases, assessing the shortlist of options through cost benefit analysis to determine a ‘preferred option’, considering the affordability and commercial viability of the ‘preferred option’, and identifying the expected resources and management arrangements for the project.

Life cycle costs are the costs of an asset over its useful life, including dismantling costs (sometimes known as Whole-Life Costs).

MDB is a Multilateral Development Bank.

Objectives are the ‘targeted’ outcomes for a project, which reflect its overall rationale, and which must be made SMART for the purposes of evaluation – sometimes also referred to as project objectives, investment objectives or spending objectives.

Optimism bias is the demonstrated tendency for the writers of business cases to be over-optimistic about costs, benefits and time taken to complete a proposal.

Option appraisal is the process of examining options and weighing up the costs, benefits, risks and uncertainties of those options before a decision is made.

Outcomes refers to the consequences to society as a whole of a project.

Outputs refers to the change in the level or quality of a service delivered.

Preferred approach is the best ranking solution emerging from the options analysis at the Early Business Case stage. It is not the preferred option, which only emerges after full economic appraisal in the Intermediate Business Case stage.

Preferred option is the option selected, as offering best value, after a detailed analysis of the shortlist of options in the Economic Case at the Intermediate Business Case stage.

Programme is a series of coordinated activities designed to pursue a long-term goal. In the infrastructure area, it is normally seen as an overarching structure under which a number of related individual projects can be coordinated and delivered. A programme business case can also be produced using the Five Case Model.

Project Owner is the senior person who represents and champions the Project within the relevant Ministry or Local Authority and who has overall responsibility for the success of the Project. The Project Owner is not part of the project executive team, but will chair the supervisory board overseeing the Project. In the UK this person is known as the “Senior Responsible Officer”. Guidance setting out the responsibilities of the Project Owner/SRO can be found at <https://projectdelivery.gov.uk/library-product/the-role-of-the-senior-responsible-owner/>

Public Value is the net measure of social welfare resulting from an option or project looking at the ‘whole of society’, or more particularly, it is the sum of total benefits and total costs, including private and social costs and benefits. It is sometimes referred to as ‘net present social value’.

Qualitative risk/benefits are risks/benefits that are not easily measurable in financial terms.

Quantitative risk/benefits are risks/benefits that are easily measurable in financial terms.

Risk is the possibility of a negative event arising that could adversely affect the project.

Sensitivity analysis is an analysis tool used in the cost benefit analysis of the Economic Case; it is a process of changing key variables and modelling their impact on the preferred options.

Shortlist refers to the shortlist of project options to be taken forward to detailed economic analysis in order to find a single preferred option.

SMART Objectives are objectives that are specific, measurable, achievable, realistic and time-bound.

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.¹⁰⁷

The UN Sustainable Development Goals (SDGs) are a collection of 17 global goals set by the United Nations General Assembly in 2015 for the year 2030. They address global challenges, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice.

Value for money (VfM) is the optimum combination of whole-of-life costs and quality, or fitness for purpose, of a good or service that meets the user’s requirements (though there are many different possible definitions).

Report criteria – Lines of Enquiry

Objective

Review of the Project and its Early Business Case to see if the Project is ready to progress to its detailed planning and development stage

Timing

On completion of the Early Business Case

#	Criteria	Definition
1	Strategic Context, Aim and Scope	<p>Assessment and recommendations related to: (a) the overall strategic context and the alignment of the Project to overall government/local aims and policies (b) the existing arrangements “on the ground” and the strategic needs that the Project should meet (c) the overall scope of the Project , and (d) the high level benefits, risks, constraints and dependencies of the Project.</p> <p>Hints:</p> <ul style="list-style-type: none"> • Is there a clear vision and justification for the Project? • Is there a “golden thread” connecting the Project’s aims to local, regional, and national priorities? • Are the overall aims of the Project clear? • Are the objectives SMART? • Is it clear: <ul style="list-style-type: none"> - what constraints apply to the Project? - what other things have to happen in order for the Project to be successful? - What are the benefits, including environmental and social benefits, the Project should bring? - what the main risks the Project faces, including environmental and social risks, the Project faces are?
2	Economic Options Development	<p>Assessment and recommendations related to: options development, establishment of the options shortlist and a preferred approach</p> <p>Hints:</p> <ul style="list-style-type: none"> • Has an ‘Options Development’ workshop been held, with relevant experts attending? • Were appropriate critical success factors developed and applied? • Has a shortlist of options been developed with a clear explanation of the strengths/weaknesses of each recorded? • Has an overall preferred approach been put forward. Is it clear why it is preferred?
3	ESIA	<p>Assessment and recommendations related to the scoping of the Environmental and Social Impact Assessment/ studies and Management Plan</p> <p>Hints:</p> <ul style="list-style-type: none"> • Has the Project included environmental and social considerations into its objectives • Have Terms of Reference for identified E&S studies/ ESIA and the process for selecting suitable experts been developed • Is it clear that negative and positive E&S impacts have been considered for all project options on the shortlist • Have the lender/ investor ESIA requirements and those required by law been identified and taken into consideration? • Are the climate change and environmental requirements proportionate to the project type and sector
4	Commercial and Financial	<p>Assessment and recommendations in respect of: (a) market testing, (b) high level contract and procurement plans, (c) high level costs and affordability assessments.</p>

		<p>Hints:</p> <ul style="list-style-type: none"> • Is it clear that there is market interest in the project ? • Has a clear and transparent record been kept of all discussions with the market? • Has a “market open day” been held? • Is it likely that international contractors/lenders could be interested in the Project? • Has the possibility of Multi-lateral Development Bank finance/support been investigated? • Is it clear what sort of contract structure is likely to be best? • Has consideration been given to a possible PPP structure? • Has a high-level cost estimate been made and is this likely to be affordable? If not, what steps are planned to cover the affordability gap? Are they realistic?
5	Management	<p>Assessment and recommendations in respect of: high level plans for (a) project team and advisory team, (b) project plan, (c) project assurance and approvals plan, (d) stakeholder management plan, (e) benefits plan, and (d) risk management plan.</p> <p>Hints:</p> <ul style="list-style-type: none"> • Do you consider that the proposed project team is competent to take forward the development of the project business case, bearing in mind the size, novelty and complexity of the project. If not, does the business plan contain realistic recommendations as to how deficiencies may be filled? • If the project is a PPP, has the project team ever been engaged in a PPP before? • Is it clear what sort of advisers will be needed for the project and is there a budget set aside to cover their costs? Will international expertise be needed for the project? • Has a governance structure been proposed? Is it clear what people will be part of this and that they have an appropriate level of authority? • Is there an assurance and approval plan charting the journey of the project through the regulatory regime. Has this been agreed with any regulatory authority? • Is there an outline timetable for the project? Is this realistic? Has this been adjusted for optimism bias? • Have risk registers and benefit registers been produced and populated (at a high level)? • Is there a stakeholder management plan? Do you consider that this covers the principal stakeholders in the project, including representative organisations for project-affected people?
6	Compliance with 5 case methodology	<p>Assessment of degree of compliance with the overall business case regulatory requirements, and recommendations as to how any areas of weakness or omission should be dealt with.</p> <p>Hints:</p> <ul style="list-style-type: none"> • Rank each of the cases as (a) good (b) adequate (c) inadequate
7	Delivery confidence	<p>Is there any other matter which should be flagged which could have an effect on overall Delivery Confidence?</p>