EUROPEAN COMMISSION
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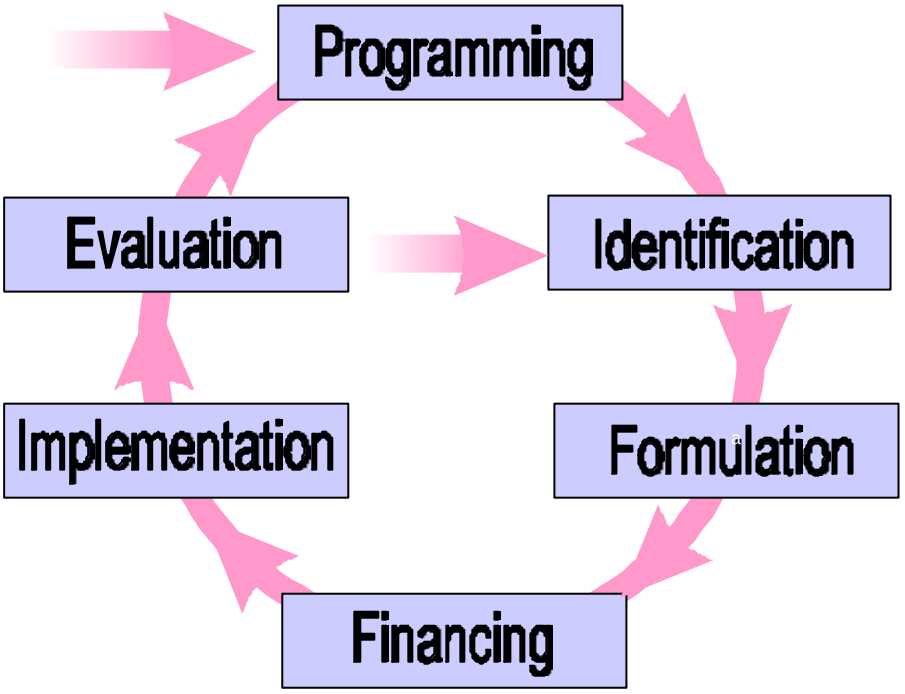
General Aiffairs
**Evaluation**

# Project Cycle Management
# *Training Courses Handbook*

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# Project Cycle Management
# Training Courses Handbook

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# Chapter 1 Introduction

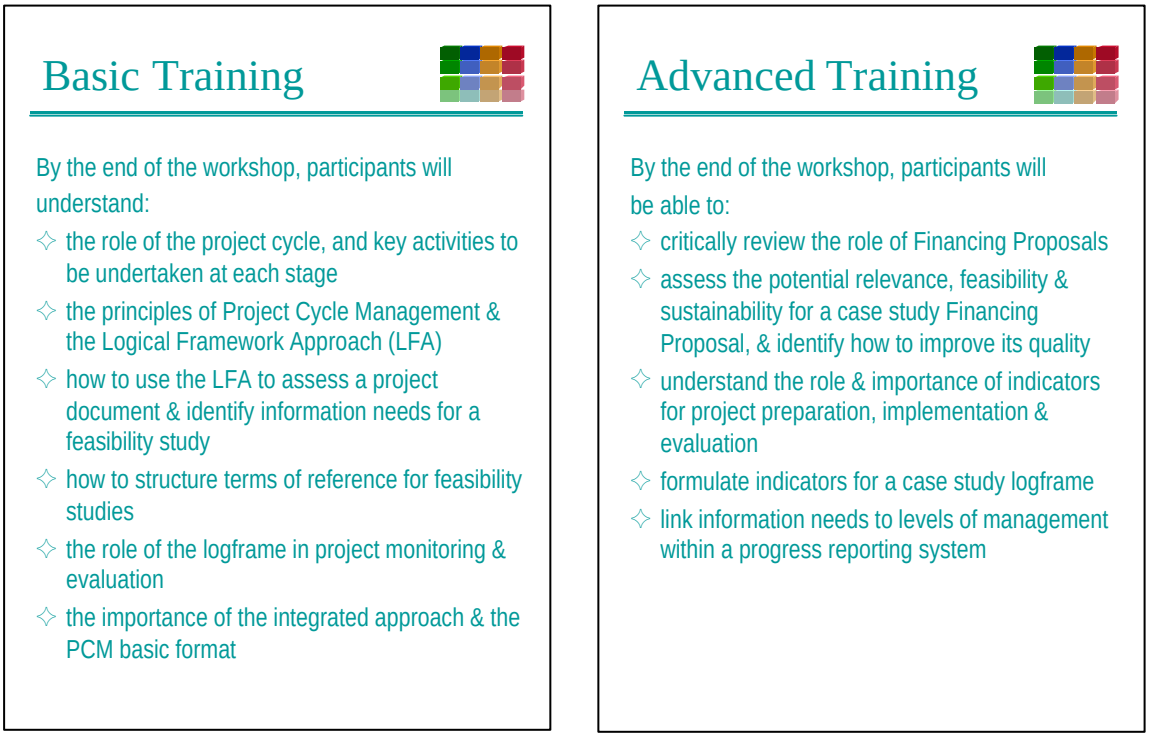
This Chapter introduces the handbook, explaining its role as a support to the PCM training programme, and providing an overview of its contents.

## 1.1 Purpose of the Handbook

Why another handbook?

This handbook is intended as an accompaniment to the Project Cycle Management training programme run by EUROPEAID Evaluation Unit. It also serves as a post-course support to the application of techniques and approaches learnt during training. The objectives of this handbook therefore reflect those of the training programme itself, and in particular the Basic and Advanced modules.

**Figure 1: Training Objectives**




Target group

This handbook is aimed primarily at those of you attending PCM seminars and workshops – which includes Commission staff from all levels of management at headquarters and delegations; project planners and managers from counterpart governments and agencies; and consultants, project managers and others involved in the implementation of EUROPEAID projects.

## 1.2 Quality Management

Process management

At field-level, project preparation, implementation and evaluation are undertaken by consultants or partner governments and organisations. The role of Commission staff is to manage the **process** of preparation, implementation and evaluation. As process managers, you therefore need tools and techniques which help you to support and control the quality of outputs produced during the process – for example, to identify information needs for preparatory studies; to plan appraisal missions; and to check the quality of project proposals.

Figure 2 gives an overview of the tools that are already available in the training programme, and shows how they can be used to manage quality. All of the tools mentioned are covered in more detail later on in the handbook.

## 1.3 Contents

The tools and techniques outlined in the handbook are designed to assist you in preparing and managing your projects. :

- **Chapter 2** introduces you to the project cycle, describing its phases and explaining its role in aid management. It presents an overview of Project Cycle Management.

- **Chapter 3** introduces you to the Logical Framework Approach (LFA), explaining its role in project design with a simple project example. It explains how sustainability factors can influence a project's chances for success, and indicates the range of tools that are available to you to take account of these factors.

- **Chapter 4** explains how you can use the logframe matrix to develop objective-oriented workplans and budgets, and presents a step-by-step approach to the preparation of activity and resource schedules.

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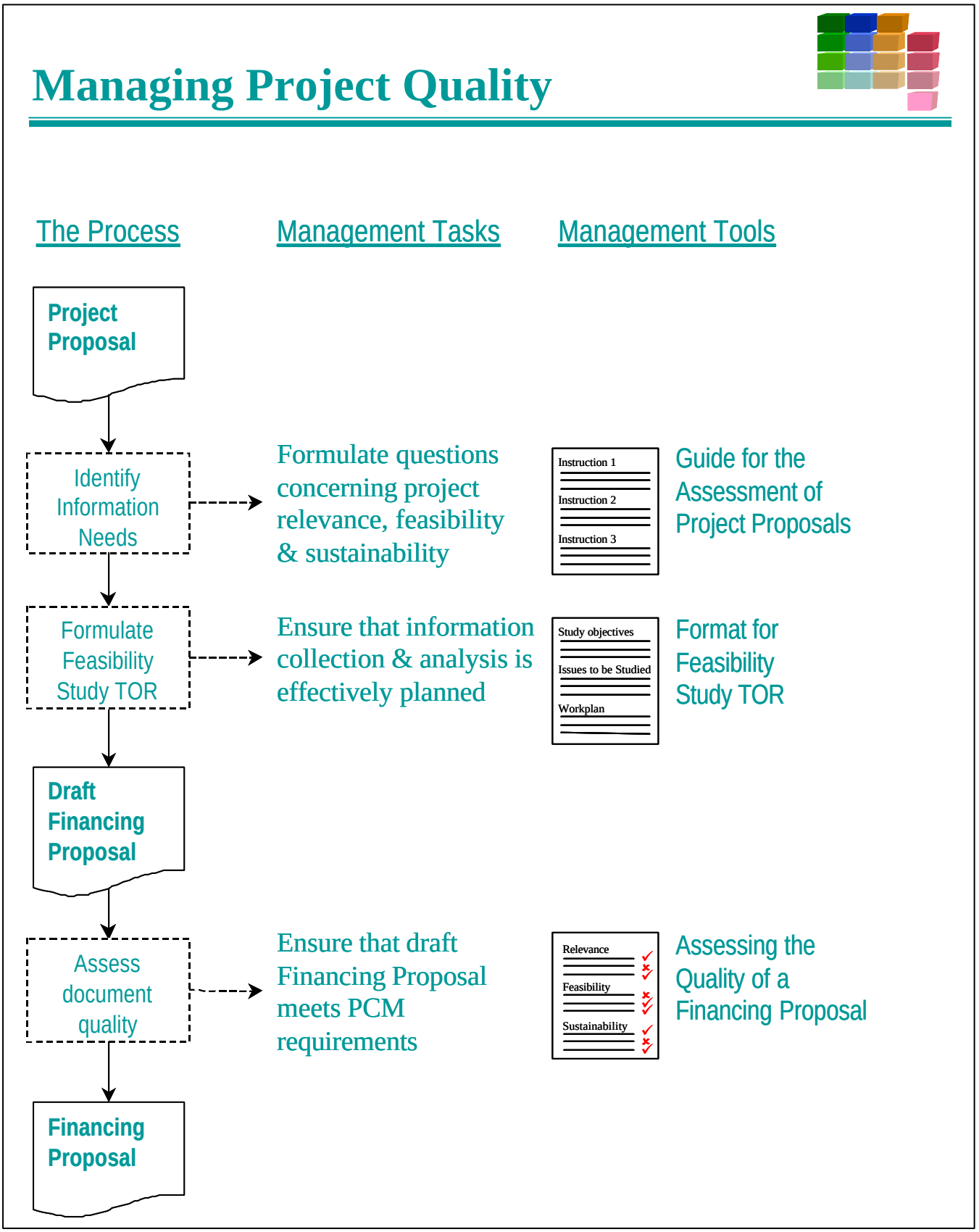
**Figure 2: Managing Project Quality**



- **Chapter 5** explains how you can use the Logical Framework Approach to assess a project document in order to identify weaknesses in project design, and to formulate questions for inclusion in terms of reference for feasibility studies.

- **Chapter 6** defines monitoring and explains its role in project management. It sets out the basic steps involved in design of a monitoring system at project level, highlighting the main benefits of effective monitoring, the key issues to be addressed and the main pitfalls to be avoided.

- **Chapter 7** defines evaluation, and outlines the main criteria against which projects are assessed within the Commission. It links evaluation criteria to the logframe and identifies the usual timing for evaluations.

- **Annex 1** provides you with a glossary of terms and definitions.

- **Annex 2** lists useful references for Project Cycle Management and the Logical Framework Approach.

## 1.4 How to use the Handbook

Training resource

Each chapter has a brief introduction at the beginning explaining its contents, and a summary at the end outlining the main points rose. During training you should use the handbook as a reference to deepen your understanding of the issues raised. Space has been provided to enable you to add your own notes and observations. The handbook will also act as a useful *aide mémoire* after training, helping you to apply what you have learned.

***Add your own notes here...***

Model techniques

This handbook is not a procedures manual and does not address policy issues particular to the RELEX DGs.. It presents model techniques and approaches, and provides tools and techniques that will help you to more effectively apply the principles of PCM. As there are differences between aid programmes in how issues are dealt with, your practice of the PCM methods will have to be modified to suit the particular circumstances of your operating environment.

The handbook is not intended to be a new version of the PCM manual produced by the Commission in 1993[1]. On the contrary, it complements it by providing more detailed guidance on how to use the techniques and tools presented in the PCM Manual.

An evolutionary approach

PCM follows an evolutionary approach, and new tools are developed in response to operational requirements. For example, work is currently ongoing within the EUROPEAID to develop an aggregate system for monitoring of Commission projects and programmes. The project-level monitoring approach presented in this handbook will thus be linked, in the future, to an institution-level monitoring system that will ensure the necessary flow of information between the project and the Commission. Thus the PCM techniques presented here should be seen as flexible and open to linkage with other management tools currently under development within the Commission.

Similarly, the handbook reflects the current training requirements of Commission staff. As these requirements evolve, so the handbook will be modified to meet these needs. The handbook is therefore seen as a resource that will be managed to meet these changing needs. Comments on contents and case studies are welcome, and should be addressed to the EUROPEAID Evaluation Unit (H/6).

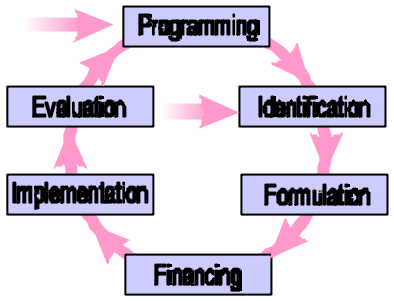
[1] Project Cycle Management Manual, Integrated Approach & Logical Framework, CEC February 1993

# Chapter 2: Project Cycle Management

This Chapter introduces the project cycle, describes its phases and explains its role in aid management. It presents an overview of the rationale and principles of Project Cycle Management, and a brief description of how the project cycle operates.

## 2.1 The Project Cycle

**Figure 3: The Project Cycle**




Structured & informed decision-making

The way in which projects are planned and carried out follows a sequence that has become known as the project cycle. The cycle starts with the identification of an idea and develops that idea into a working plan that can be implemented and evaluated. Ideas are identified in the context of an agreed strategy. The project cycle provides a structure to ensure that stakeholders are consulted and relevant information is available, so that informed decisions can be made at key stages in the life of a project.

The generic project cycle has six phases: Programming; Identification; Formulation; Financing; Implementation; and Evaluation. The details of what occurs during each phase differ between institutions, reflecting differences in procedures. However, within all institutions the cycle shares three common themes:

1. The cycle defines the key decisions, information requirements and responsibilities at each phase.

***Add your own notes here...***

2. The phases in the cycle are progressive – each phase needs to be completed for the next to be tackled with success.
3. The cycle draws on evaluation to build experience from existing projects into the design of future programmes and projects.

The phases of the project cycle can be described as follows:

① During the **Programming** phase, the situation at national and sectoral level is analysed to identify problems, constraints and opportunities which cooperation could address. This involves a review of socio-economic indicators, and of national and donor priorities. The purpose is to identify and agree the main objectives and sectoral priorities for cooperation, and thus to provide a relevant and feasible programming framework within which projects can be identified and prepared. For each of these priorities strategies will be formulated that take account of the lessons of past experience.

② During the **Identification** phase, ideas for projects and other actions are identified and screened for further study. This involves consultation with the intended beneficiaries of each action, an analysis of the problems they face, and the identification of options to address these problems. A decision can then be made on the relevance of each project idea (both to the intended beneficiaries and to the programming framework), and on which ideas should be further studied during the Formulation phase.

③ During the **Formulation** phase, relevant project ideas are developed into operational project plans. Beneficiaries and other stakeholders participate in the detailed specification of the project idea that is then assessed for its feasibility (whether it is likely to succeed) and sustainability (whether it is likely to generate long-term benefits for the beneficiaries). On the basis of this assessment, a decision is made on whether to draw up a formal financing proposal and seek funding for the project.

④ During the **Financing** phase, financing proposals are examined by the competent authority (committee), and a decision is taken on whether to fund the project. The funding agency and partner country agree the modalities of implementation and formalise these in a legal document which sets out the arrangements by which the project will be funded and implemented.

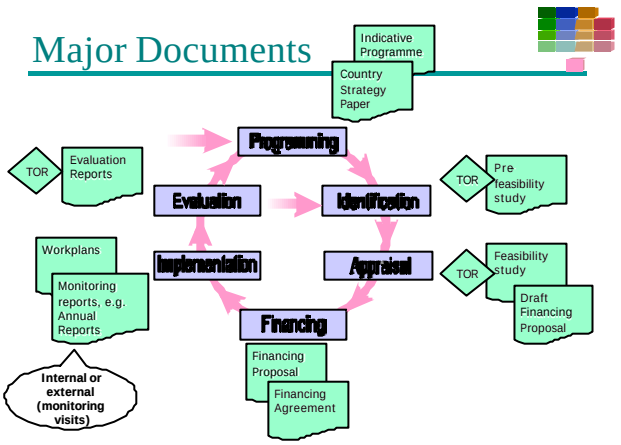
⑤ During the **Implementation** phase, the project is mobilised and executed. This may require the tendering and award of contracts for technical assistance or works and supplies. During implementation, and in consultation with beneficiaries and stakeholders, project management assesses actual progress against planned progress to determine whether the project is on track towards achieving its

objectives. If necessary the project is re-oriented to bring it back on track, or to modify some of its objectives in the light of any significant changes that may have occurred since its formulation.

⑥ During the **Evaluation** phase, the funding agency and partner country assess the project to identify what has been achieved, and to identify lessons that have been learned. Evaluation findings are used to improve the design of future projects or programmes. Although in the generic cycle the evaluation phase comes after implementation, it is common practice also to conduct a mid-term evaluation during implementation, to identify lessons that can be applied during the remaining life of the project.

The following figure shows the major documents to be produced during the life of a project.

**Figure 4: Documents and PCM**




Stakeholder involvement in decision-making

Aid cooperation and partnership programmes with non-member states involve often-complex processes that require the active support of many parties. Experience among the main donors has shown that too many decisions concerning projects have been taken without sufficient consultation with beneficiaries and stakeholders, and

***Add your own notes here...***

without the necessary information. The purpose of the project cycle is to ensure that the stakeholders take the decisions, and that decisions are based on relevant and sufficient information.

The separation of the cycle into six phases provides the minimum basis for effective project preparation, implementation and evaluation. The separation of the Identification and Formulation phases is particularly important. Project preparation takes place in a social and political context, where expectations are raised and often-conflicting demands and aspirations must be reconciled. By adhering to the identification phase, the relevance of project ideas can be systematically established before the preparation process is too far advanced for the idea to be dropped. During the formulation phase, project ideas can then be fully developed in the knowledge that they are based on real beneficiary needs and are sufficiently 'owned' by the main stakeholders.

In practice, the project cycle might differ according to the type of programme being operated. Nevertheless, it is very useful to reconcile the current practice within your area of work with the steps of the project cycle as outlined here.

## 2.2 Project Cycle Management

Improved aid effectiveness

Project Cycle Management (PCM) was introduced by the European Commission in the early 1990's to improve the quality of project design and management and thereby to improve aid effectiveness. PCM developed out of an analysis of the effectiveness of development aid undertaken by the OECD Development Assistance Committee during the late 1980's. Evaluation findings from the DAC members indicated that a significant proportion of development projects had performed poorly, and identified a number of causes:

- ☒ Poor project planning and preparation
- ☒ Many projects not relevant to beneficiaries
- ☒ Risks were insufficiently taken into account
- ☒ Factors affecting the longer-term sustainability of project benefits were ignored
- ☒ Lessons from past experience were rarely incorporated into new policy and practice

## The Project Cycle

Complete the following table to describe the project cycle that operates for the projects with which you are working. How does it differ from the generic cycle presented above? Why do these differences exist?

| **Project Cycle Phases**<br>e.g. Strategy formulation | **Main Activities**<br>e.g. Indicative programming | **Main Outputs**<br>e.g. Country Strategy Paper | **Participants**<br>e.g. DG; Delegation; partner government |
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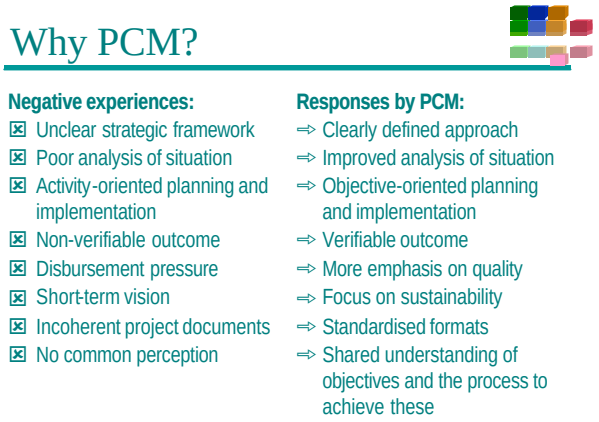
**Figure 5: Rationale for PCM**

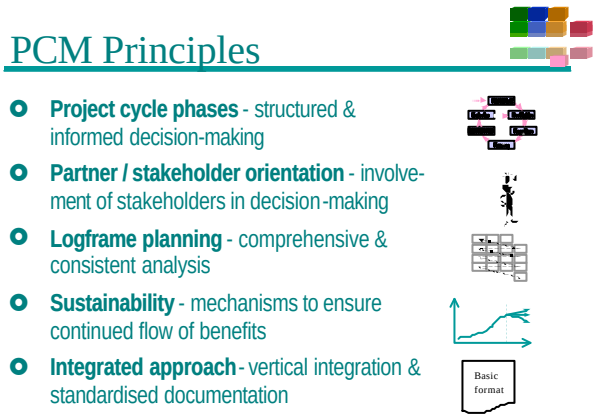



Project cycle management integrates the phases in the project cycle so that issues are examined systematically, by means of an approach and methodology which ensures that objectives and issues of sustainability remain in focus.

Focus on beneficiaries

*"PCM obliges practitioners in project design to focus on the real needs of the beneficiaries by requiring a detailed assessment of the existing situation and by applying the logical framework method……Right from the beginning, aspects assuring sustainability are incorporated in the project design. The strength of PCM is that project documents are structured according to a standardised format dealing with all relevant issues, including the assumptions on which the project is based. At each stage in the project cycle, these issues are examined and revised where necessary and carried forward to the next stage. This system makes the project concept and context in which it operates clear and visible, and enables therefore better monitoring and evaluation."*[2]

**Figure 6: PCM Principles**

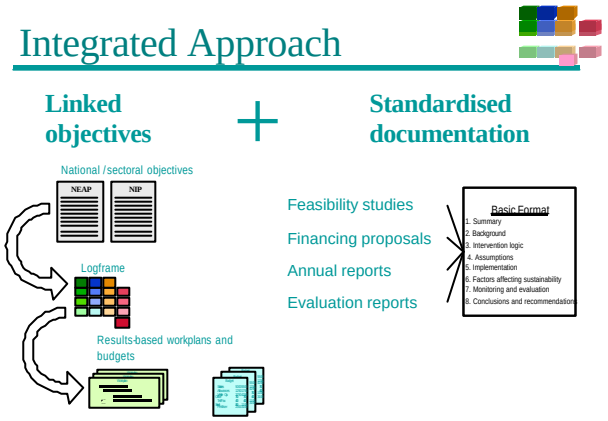



[2] "Project Cycle Management: Yet Another Fad?" PCM Helpdesk, DGVIII, 1993

The principles of PCM can be summarised as follows:

1. **Adherence to the phases of the project cycle** to ensure a structured and well-informed decision-making process.
2. **Client orientation** through the use of participatory planning workshops at key phases of the project cycle, and the formulation of the Project Purpose in terms of sustainable benefits to be delivered to beneficiaries.
3. **Incorporation of aspects of sustainability into project design** to ensure sustainable benefits.
4. **Use of the Logical Framework Approach** to ensure a consistent analytical approach to project design and management.
5. **An integrated approach** which links the objectives of each project into the objectives of the Commission and the national and sectoral objectives within the partner country; ensures that project workplans and budgets are prepared on the basis of the project logframe; and using the basic format to ensure consistent and comprehensive treatment of key issues throughout a project's life.

**Figure 7: The Integrated Approach**




Ensuring:
- Relevance
- Feasibility
- Sustainability

PCM brings together aid management principles, analytical tools and techniques, and applies them within the structured decision-making process of the project cycle to ensure that:

- projects are **relevant** to the agreed strategy and to the real needs of beneficiaries:
  - ⇒ projects are linked to sectoral, national and Commission objectives
  - ⇒ beneficiaries are involved in the planning process from an early stage
  - ⇒ problem analysis is thorough
  - ⇒ objectives are clearly stated in terms of benefits to target groups
- projects are **feasible** in that objectives can be realistically achieved within the constraints of the operating environment and the capabilities of the implementing agencies:
  - ⇒ objectives are logical and measurable
  - ⇒ risks and assumptions, and the implementing agencies capabilities are taken into account
  - ⇒ monitoring concentrates on relevant targets
- projects are **sustainable**
  - ⇒ factors affecting sustainability are addressed as part of project design
  - ⇒ results from evaluation are used to build lessons learned into the design of future projects

## 2.3 PCM Planning and Management Tools

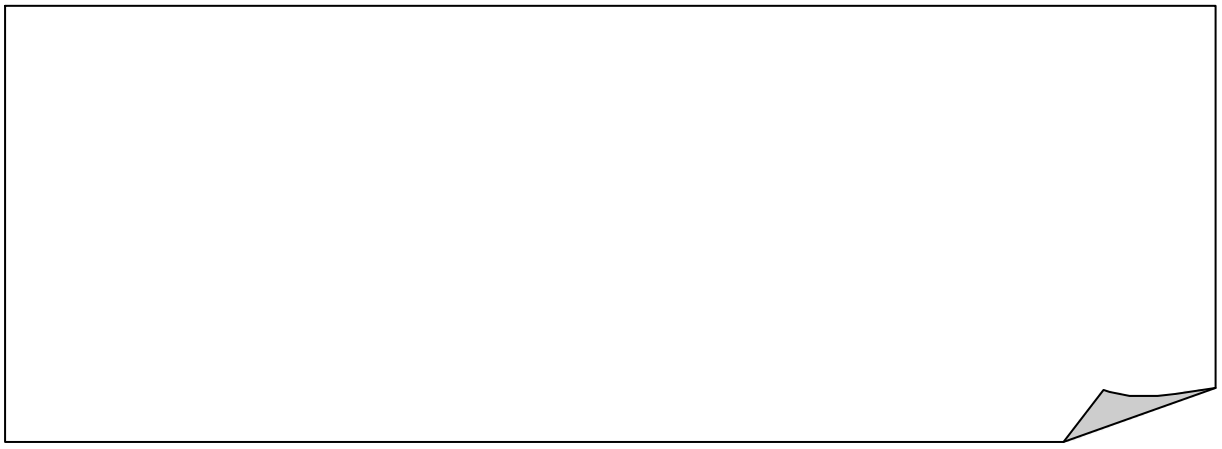
Project planning and management tools provide the practical mechanisms by which relevance, feasibility and sustainability can be achieved. The core tool used within PCM for project planning and management is described **Logical Framework Approach** (LFA).

The LFA is an effective technique for enabling stakeholders to identify and analyse problems, and to define objectives and activities which should be undertaken to resolve these problems. Using the logframe structure, planners test the design of a proposed project to ensure its relevance, feasibility and sustainability. In addition to its role during programme and project preparation, the LFA is also a key management tool during implementation and evaluation. It provides the basis for the preparation of action plans and the development of a monitoring system, and a framework for evaluation.

Stakeholders should be involved as fully as possible, which requires teamwork and strong facilitation skills on the part of project planners. To be used effectively, other tools for technical, economic, social and environmental analysis must support the LFA. The tools developed within the Commission include Environmental Impact Assessment, Gender Impact Analysis, and Financial and Economic Analysis. Where appropriate, they are referred to in the text.

## 2.4 Summary

- ☑ The way in which projects are planned and carried out follows a sequence that has become known as the project cycle. It provides a structure to ensure that stakeholders are consulted and relevant information is available, so that informed decisions can be made at key stages in the life of a project.
- ☑ The six phases in the project cycle are progressive. Each phase leads to the next. Information is required at each phase in order that sound decisions are made before progressing to the next phase. The cycle means that lessons from completed projects are used to improve future projects.
- ☑ The separation of the Identification and Formulation phases is particularly important. By adhering to the identification phase, the relevance of project ideas can be systematically established before the preparation process is too far advanced for the idea to be dropped.
- ☑ Project Cycle Management (PCM) was introduced by the European Commission in the early 1990's to improve the quality of project design and management and thereby to improve aid effectiveness. PCM integrates the phases of the cycle so that key issues are examined systematically.
- ☑ PCM brings together aid management principles, analytical tools and techniques, and applies them within the structured decision-making process of the project cycle to ensure that projects are relevant to the real needs of beneficiaries, and are feasible and sustainable.
- ☑ The main design and management tool used within PCM is the Logical Framework Approach. To be used effectively, it must be supported by other tools for technical, economic, social and environmental analysis.



# Chapter 3: The Logical Framework Approach – A Project Design and Analysis Tool

This Chapter introduces the Logical Framework Approach and its role in project design. It follows the design of the project with the use of a simple project example.

## 3.1 Introduction

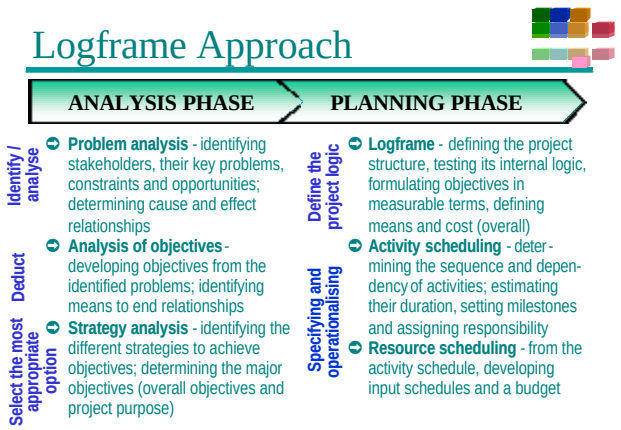
The Logical Framework Approach is the main tool used for project design during the Identification and Formulation phases of the project cycle. Using the LFA during Identification helps to ensure that project ideas are relevant, while during Formulation it helps to ensure feasibility and sustainability.

The approach is split into two phases:

- Phase 1 - the **Analysis Phase** during which the existing situation is analysed to develop a vision of the 'future desired situation' and to select the strategies that will be applied to achieve it
- Phase 2 – the **Planning Phase** during which the project idea will be developed in operational detail

**Figure 8: The Logical Framework Approach**

Comprehensive analysis for sound design




Due to the importance of activity and resource scheduling to the integrated approach, these tools have been described in a separate chapter. They are nonetheless integral parts of the Logical Framework Approach.

## 3.2 The Analysis Phase

Projects are designed to address the problems faced by beneficiaries. A properly planned project addressing the real needs of the beneficiaries cannot be achieved without an analysis of the existing situation. However, the existing situation is likely to be perceived in different ways by different groups of stakeholders. Thus it is important to bring together representatives of all key stakeholders in the Analysis Phase. This is usually done in a workshop environment where problems and issues are discussed openly. There are three stages to the Analysis Phase: Problem Analysis; Analysis of Objectives; Strategy Analysis.

### 3.2.1 Problem Analysis

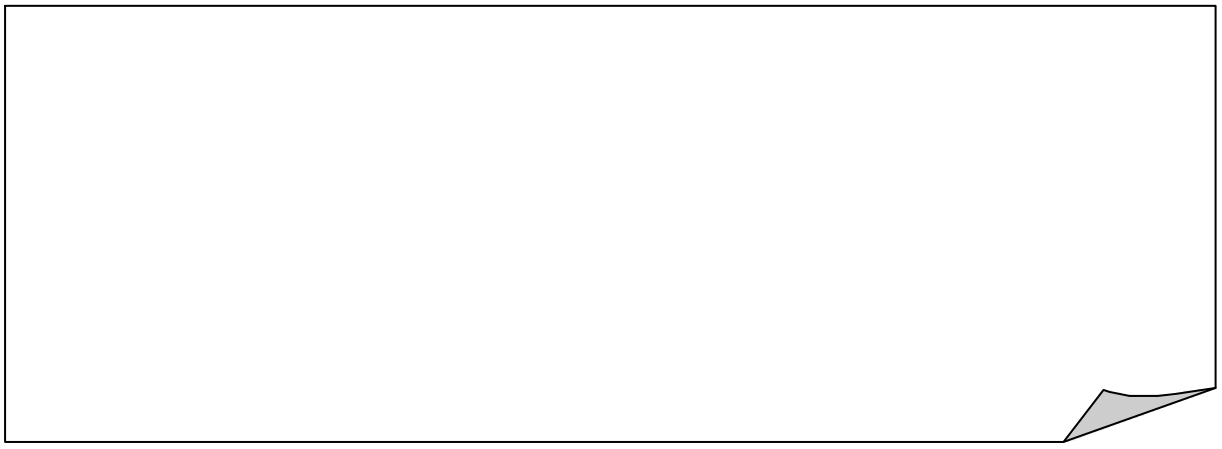
Problem analysis identifies the negative aspects of an existing situation and establishes the 'cause and effect' relationships between the problems that exist. It involves three steps:

1. Identification of the stakeholders affected by the proposed project
2. Identification of the major problems faced by beneficiaries
3. Development of a problem tree to establish causes and effects

**Stakeholder Analysis**

Identifying the real needs of beneficiaries

Stakeholder analysis provides a useful starting point for problem analysis. It involves the identification of all stakeholder groups likely to be affected (either positively or negatively) by the proposed intervention. With the use of interview and discussion techniques, the interest that each stakeholder group has in the project is documented. Using the information gained by stakeholder analysis, project planners are better able to organise the preparation process, and in particular to plan the necessary research required prior to the conduct of a participatory planning workshop.



**Gender Considerations**

Involving the right stakeholders

It is vital that sufficient information collection and analysis is undertaken prior to the conduct of a planning workshop. Information about existing problems comes from a variety of sources including interviews, surveys, reports and statistics. The likely relevance, feasibility and sustainability of an intervention are likely to be much greater if important stakeholders are consulted during situation analysis, and invited to participate in the planning workshop. Certain project objectives are impossible to achieve if both women and men have not been consulted, and have not discussed their respective roles in relation to project activities.

In almost all societies men and women differ in their daily tasks, in access and control over resources, and in participation in decision-making. In fact, discrimination by gender is likely to diminish the efficiency and impact of projects. It is essential therefore to analyse the potential impact of an intervention on men, women and other groups (e.g. children, ethnic minorities, social groups) before important decisions are made on the intervention, its objectives, strategies and resource allocation.

**The Planning Workshop**

Once sufficient information collection and analysis has been undertaken, a participatory planning workshop can be held. On the basis of the available information, stakeholders will identify through such techniques as 'brainstorming' the key problems that exist in a given situation. The main technique used at this stage is the drawing up of a problem tree. A problem tree is simply the problems set out in a hierarchical order. Firstly each identified problem is summarised. From these a starter problem is selected, and a second problem related to it, then:

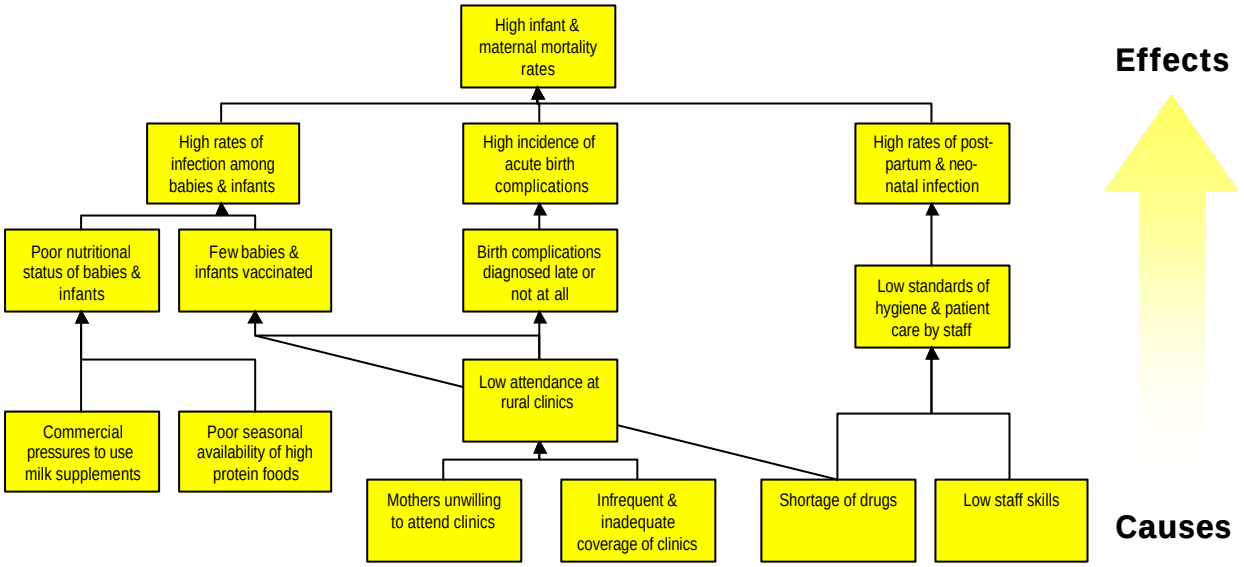
- ♦ if the problem is a cause it goes on the level below
- ♦ if it is an effect it goes above
- ♦ if it is neither a cause nor an effect it goes on the same level

For example, if the formulated problem is "*poor nutritional status of babies and infants*", a cause might be "*poor availability of high protein foods*", while an effect might be "*high rates of infection among babies and infants*".

As the tree develops, the remaining problems are attached to it in the same way. Once the problem tree is complete, a focal problem is selected. The focal problem should be agreed on by the different interest groups as being the central problem to be addressed by the project or intervention. A review of the problem analysis may lead to

the emergence of a different focal problem at a later stage, but this does not affect the validity of the analysis. Once complete, the problem tree represents a comprehensive picture of the **existing negative situation**:

**Figure 9: A Problem Tree**




There are two common difficulties that are experienced during problem identification and analysis: inadequate problem specification, and the statement of 'absent solutions':

What's the problem?

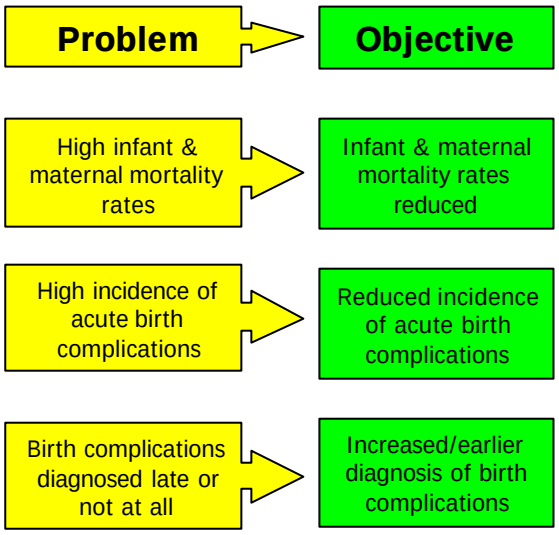
- In adequate problem specification occurs when a problem is specified in insufficient detail so that it does not communicate the true nature of the problem. Statements such as 'Poor management' need to be broken down so that we understand what the problem is, and can therefore analyse the underlying causes - for example, the management problems might include poor financial control, late delivery of key services, etc. Of course, getting the level of detail right is a matter of judgement on the part of the workshop moderator and the participants. It will also depend on the scope and nature of the project.

- Absent solutions are problem statements that do not describe the current negative situation, but describe the absence of a desired situation. For example, 'Lack of trained staff' does not describe the specific problem (staff have insufficient or inappropriate skills), and risks biasing the intervention towards the absent solution ('training') when in fact it might be an issue of recruitment or personnel management. You should always be careful therefore if you specify statements starting with 'lack of…'.

### 3.2.2 Analysis of Objectives

While problem analysis presents the negative aspects of an existing situation, analysis of objectives presents the positive aspects of a desired future situation. This involves the reformulation of problems into objectives.

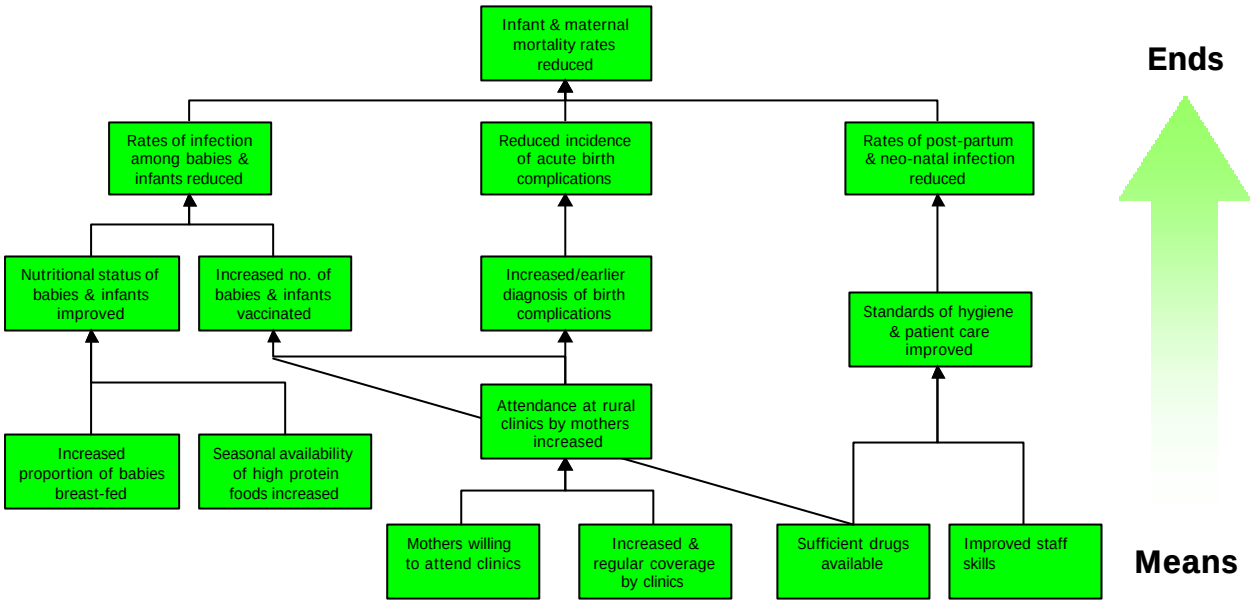
**Figure 10: Transforming Problems into Objectives**




Needs-driven objectives

The objective tree can therefore be conceptualised as the positive mirror image of the problem tree, and the 'cause and effect' relationships become 'means to end' relationships. It may be found that there are gaps in the logic of the initial objective tree that were not apparent in the problem tree, therefore the 'means-ends' linkages between objectives should be reviewed and reorganised as necessary. Finally, objectives dealing with a similar topic can be grouped together in clusters, which will provide the basis for Strategy Analysis. Once complete, the objective tree provides a comprehensive picture of the **future desired situation**:

**Figure 11: An Objective Tree**



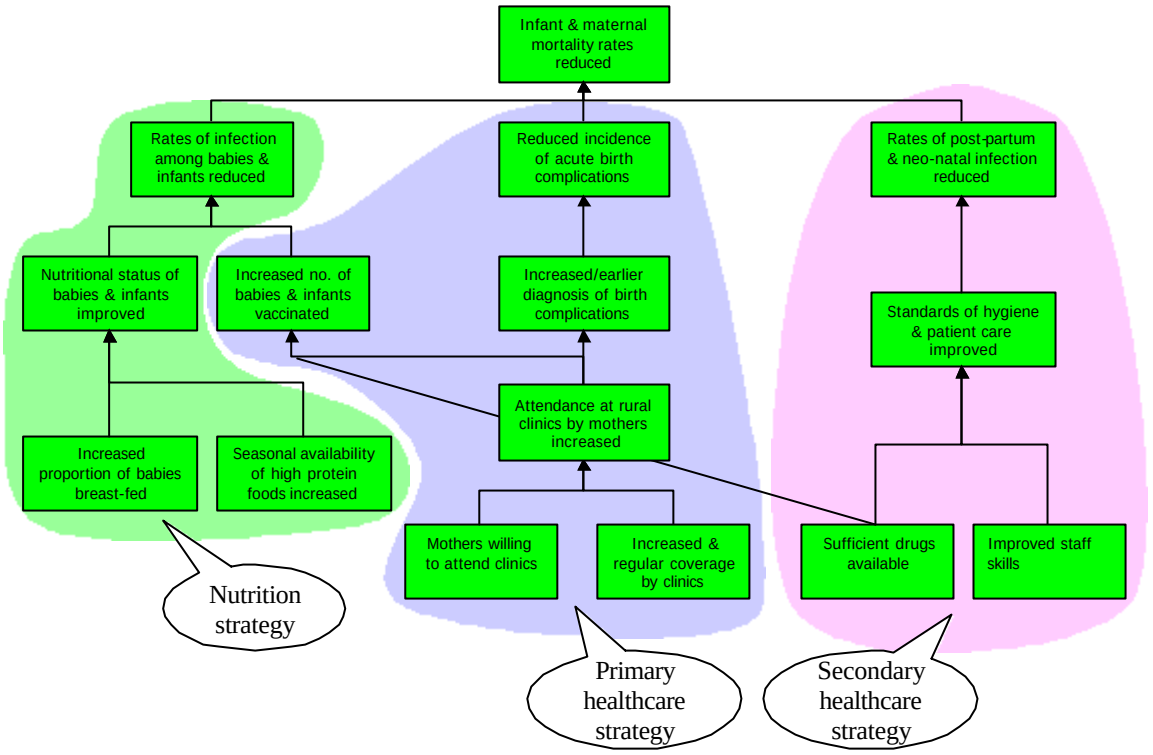

### 3.2.3 Strategy Analysis

Considering alternatives

The final stage of the analysis phase involves the selection of the strategy(ies) which will be used to achieve the desired objectives. Strategy analysis involves deciding what objectives will be included **IN** the project, and what objectives will remain **OUT**, and what the project purpose and overall objectives will be. In addition to examining the logic, strategy analysis also looks at the feasibility of different interventions.

Depending on the scope and amount of work entailed, the selected clusters or strategy may form a 'project-sized' intervention, or a programme consisting of a number of projects. In the example above, our project will address the primary and secondary healthcare strategies, but not the nutritional awareness strategy that is dealt with by another project.

**Figure 12: Strategy Selection**




## 3.3 The Planning Phase

The main output of the LFA is the logframe matrix. The logframe sets out the intervention logic of the project (if activities are undertaken, then results will be achieved, then project purpose, etc.) and describes the important assumptions and risks that underlie this logic. This provides the basis for checking the feasibility of the project. For management and supervision of projects, the logframe defines the tasks to be undertaken, the resources required, and the responsibilities of management. In the second and third columns (objectively verifiable indicators, and sources of verification), the logframe provides the framework against which progress will be monitored and evaluated.

### 3.3.1 The Logframe Matrix

The logframe is the main output of the LFA. Before describing the logframe in detail, however, it is worth making a cautionary note. The logframe, for all its advantages when clearly understood and professionally applied, provides no magic solution to identifying or designing good projects. The principle of 'garbage in, garbage out' can apply to the logframe if it is used mechanistically. When used properly the logframe helps to make the logical relationships between activities, results, purpose and objectives more transparent, at least to the informed user.

An aid to thinking

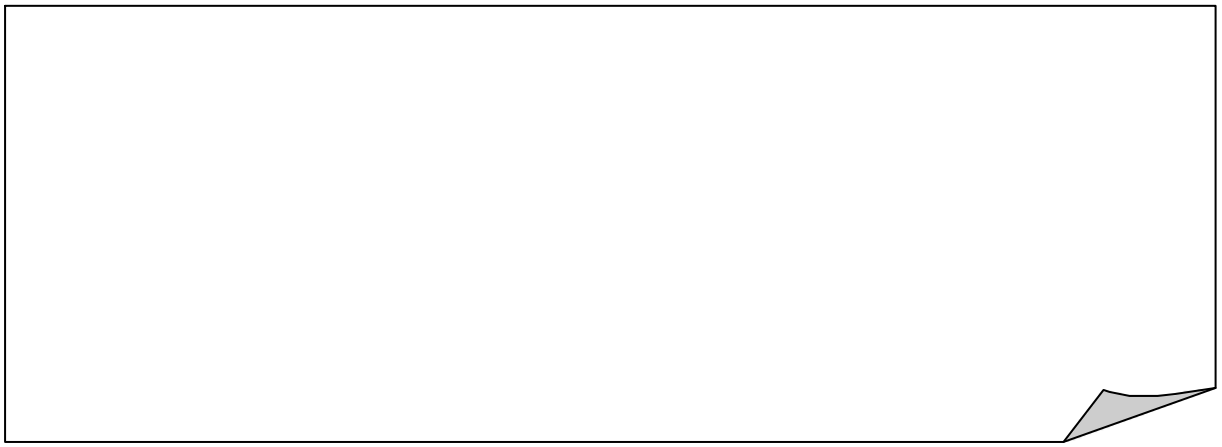
The logframe should thus not be seen as simply a set of mechanistic procedures, but as an aid to thinking. The logframe must also be seen as a dynamic tool, which should be re-assessed and revised as the project itself develops and circumstances change. It should be used to provide structure and purpose to project planning and budgeting without being perceived as an inflexible and constraining blueprint.

By bringing stakeholders together during the analysis phase, to discuss problems, objectives and strategies, the LFA encourages people to consider what are their own expectations, and how these might be achieved. By stating objectives clearly and setting them out in a 'hierarchy of objectives', it then provides a means of checking the internal logic of the project plan, ensuring that activities, results and objectives are linked. Planners are forced to identify the critical assumptions and risks that may affect project feasibility, and to specify the indicators and sources of information that will be used to monitor and evaluate the project. All of this key information is brought together in one document that provides a useful summary.

Garbage-in; garbage-out!

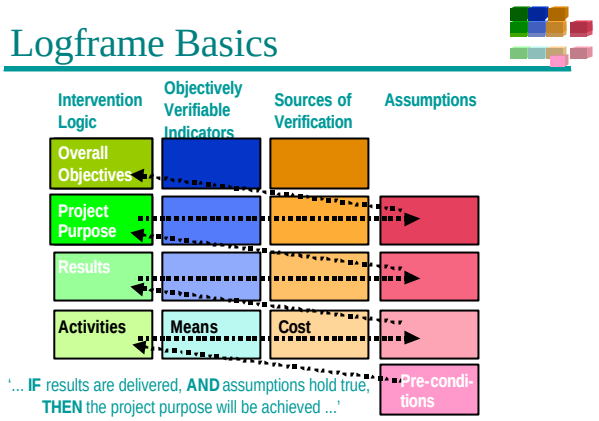
While the LFA has proven to be a useful planning and management tool, it is not a comprehensive tool and does not guarantee project success. The process is time-consuming and requires considerable training in the concepts and logic of the approach. Planners are required to summarise complex ideas and relationships into simple phrases that may be unclear or meaningless. All too often the caricature "fill-in-the-boxes" approach is used to complete the logframe matrix during project design, leading to a poorly prepared project with unclear objectives and a lack of ownership of the project among stakeholders.

The Logframe itself consists of a table, or matrix, which has four columns and (in its most basic form) four rows. The vertical logic identifies what the project intends to do, clarifies the causal relationships and specifies the important assumptions and uncertainties beyond the project manager's control. The horizontal logic relates to the measurement of the effects of, and resources used



by, the project through the specification of key indicators of measurement, and the means by which the measurement will be verified.

**Figure 13: Logframe Basics**




### 3.3.2 Levels of Objectives

The objectives selected for inclusion in the project are transposed into the first column of the Logframe, and set out the intervention logic of the project. During this stage it is important to ensure that the levels of objectives are correct:

① The **Overall Objectives** of the programme should explain why the programme is important to society, in terms of the longer-term benefits to beneficiaries and the wider benefits to other groups. It should also show how the programme fits into the regional/sectoral policies of the EU and the regional government/organisations concerned. The OO will not be achieved by the project alone, but will require the impacts of other programmes and projects as well.

Only one Project Purpose!

② The **Project Purpose** should address the core problem, and be defined in terms of the benefits to be received by the project beneficiaries or target group as a result of utilising the services provided by the programme.

③ **Results** describe the services to be delivered to the intended beneficiaries or target group, and it should be possible for project management to be held accountable for their delivery. The results should address the main causes of the problems the target group faces. To ensure relevance of results, the problem analysis should therefore have identified a beneficiary demand for project services.

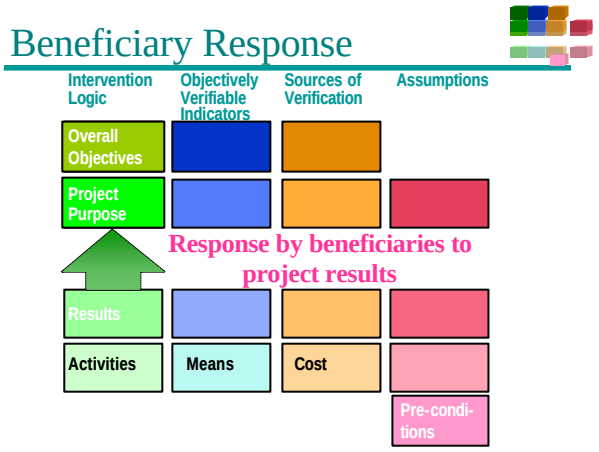
④ **Activities** - how the project's goods and services will be delivered.

One of the keys to using the logframe successfully is understanding what the definitions mean in operational terms, and in particular the relationship between Results and Project Purpose.

Achieving accountability for project results

Although managers are accountable for delivering the Results, they cannot control the behaviour of the target group. Achievement of the Project Purpose requires a 'beneficiary response' whereby the target group uses project services and in doing so derives a benefit for themselves. However, this does not mean that project managers are not responsible for achieving the Project Purpose. In fact they have a clear responsibility for ensuring that the services provided by the project meet beneficiary needs and preferences.

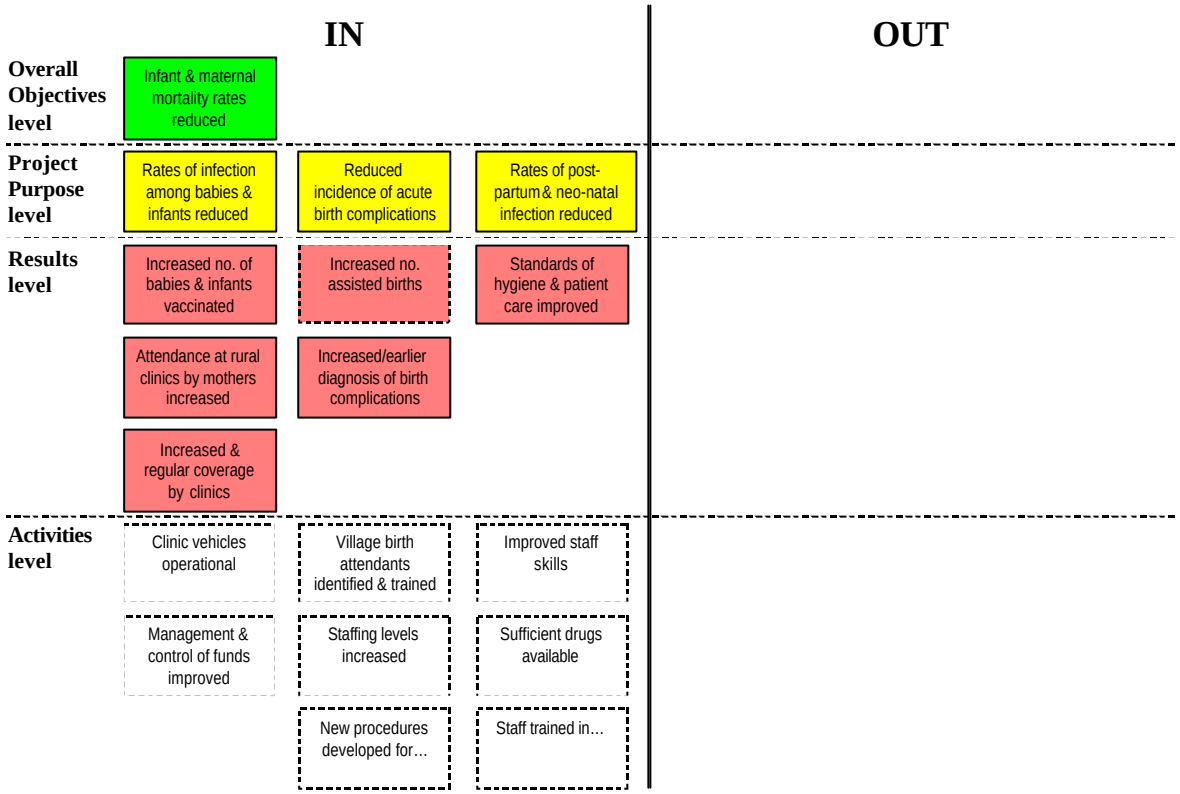
**Figure 14: The Relationship between Results and Project Purpose**




A PCM convention that often causes particular problems is that there should be only one Project Purpose. The reason for this convention is that more than one Project Purpose would imply an overly complex project, and possible management problems. Multiple Project Purposes may also indicate unclear or conflicting objectives. Clarifying and agreeing precisely what will define the project's success is therefore a critical step in project design.

Once agreement can be reached among stakeholders on what should be the Project Purpose, then the objectives that lie within the scope of the project can be transposed from the objective tree into the matrix. The means-ends relationships are again analysed, and additional results and activities may be incorporated, as denoted here by the boxes with dotted lines.

**Figure 15: Transposing Objectives into the Logframe**[3]

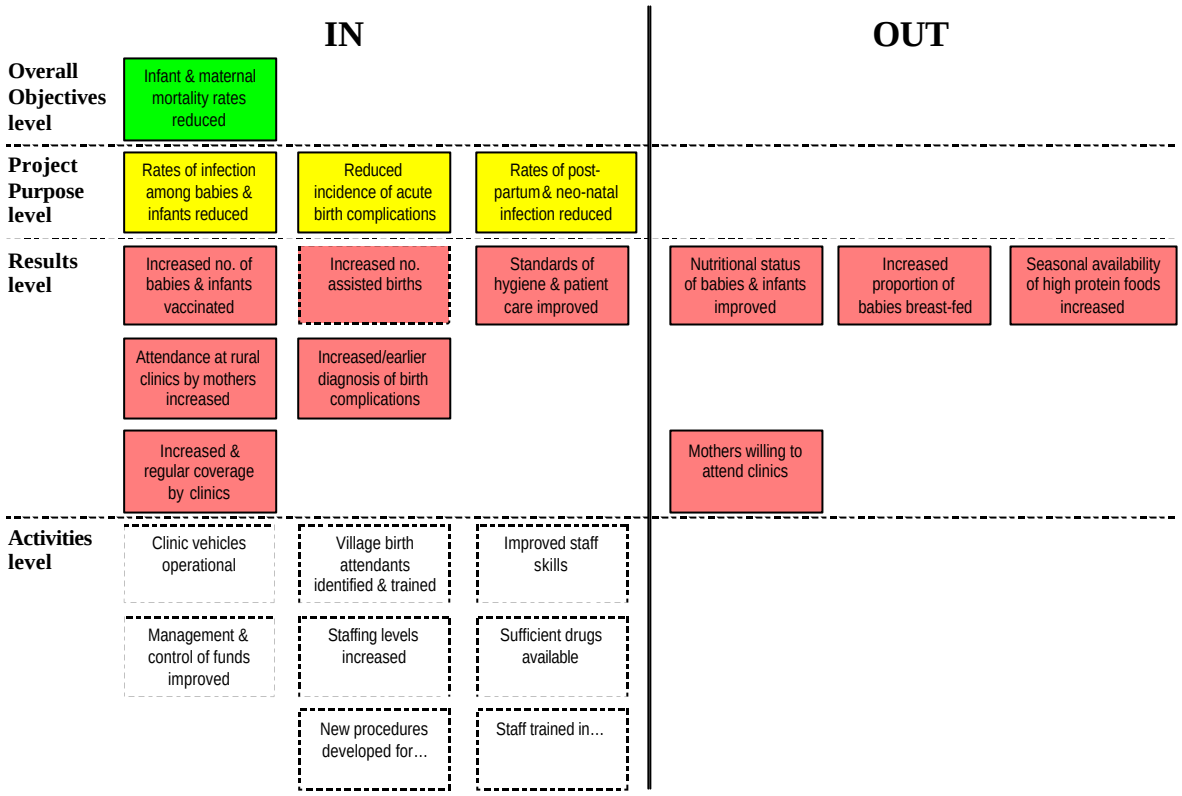



### 3.3.3 Assumptions

It will have become apparent during the Analysis Phase that the project alone cannot achieve all objectives identified in the objective tree. Once a strategy has been selected, objectives not included in the intervention logic and other external factors remain. These will affect the project's implementation and long-term sustainability but lie outside its control. These conditions must be met if the project is to succeed, and are included as assumptions in the fourth column of the Logframe.

[3] Although there are apparently three Project Purposes in this diagram, they will be reformulated into one coherent statement in the finalised logframe to ensure conformity with the PCM convention that there be only one Project Purpose.

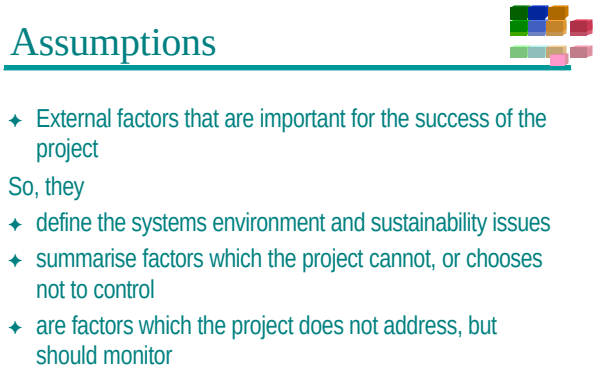
**Figure 16: Specifying Assumptions**




Pre-conditions differ from assumptions in that they must be met before a project can commence. For example, without the implementation of certain policy measures by the partner, the project rationale may be undermined.

The probability and significance of these conditions being met should be estimated as part of assessing the riskiness of the project. Some will be critical to project success, and others of marginal importance.

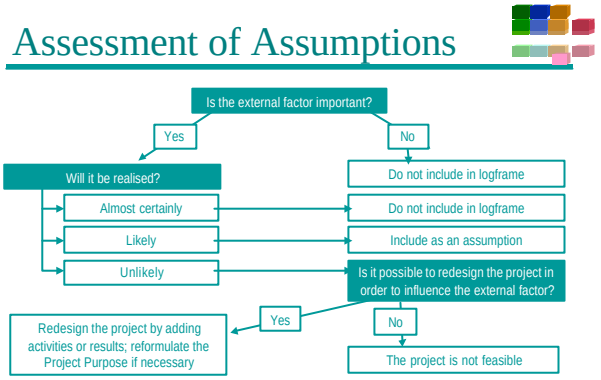
**Figure 17: The Role of Assumptions**




Beware of 'killer' assumptions!

A useful way of assessing the importance of assumptions is with the algorithm in Figure 17. Once assumptions have been identified, they are stated in terms of the desired situation. In this way they can be verified and assessed.

**Figure 18: Assessment of Assumptions**




### 3.3.4 Factors Ensuring Sustainability

A project can be said to be sustainable when it continues to deliver benefits to the project beneficiaries for an extended period after the main part of the donor assistance has been completed. Too often in the past it has been found that projects have failed to deliver sustainable benefits because they did not take sufficient account of a number of critical success factors. Experience has demonstrated that the longer-term sustainability of project benefits depends on the following factors:

- **Policy support** – the extent to which the partner government have demonstrated support for the continuation of project services beyond the period of donor support.

- **Appropriate technology** – whether the technologies applied by the project can or should continue to operate in the longer run (e.g. availability of spare parts; sufficiency of safety regulations; appropriateness to local capabilities for operation and maintenance).
- **Institutional and management capacity** – the ability and willingness of the implementing agencies to continue to deliver project services beyond the period of donor support.
- **Economic and financial viability** – whether the incremental benefits of the project outweigh its costs, and the project represents a viable long-term investment.[4]
- **Socio-cultural and gender issues** affecting motivation and participation – the extent to which the needs of all beneficiary groups will be addressed by the project and the effect this will have on the distribution of benefits in the longer term.[5]
- **Environmental protection** – the extent to which the project will preserve or damage the ecological environment and therefore support or undermine achievement of longer term benefits.[6]

These factors are assessed in terms of their probability and significance in the same way as external factors (using the algorithm), either being discarded as unimportant, included as assumptions in the logframe, or leading to redesign of the project. This is an important part of project design, and not taking them into account could undermine both the feasibility and the sustainability of the project.

Sustainability starts with project design

Take, for example, a project with the purpose of improving people's health through increased food production obtained via activities such as irrigation and use of pesticides. Such a project will not be sustainable if water is extracted at a faster rate than it is replenished.

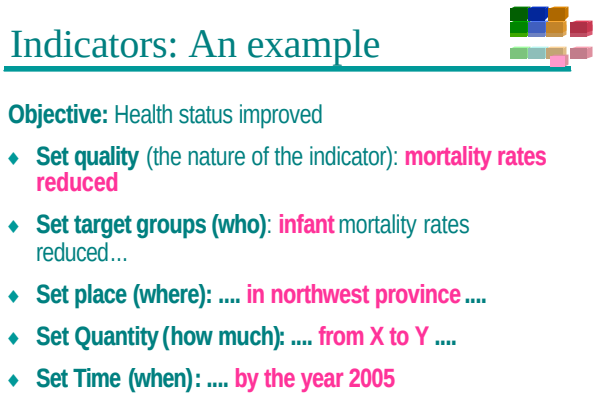
[4] The Financial and Economic Analysis Manual (EC 1997) provides a comprehensive methodology to be used at the different phases of the project cycle.
[5] The most common tool for integrating environment into the different phases of the project cycle is the Environment Impact Assessment (EIA), see e.g. DG DEV's Environment Manual.
[6] Further materials can be requested from the Gender & Development Desks in DG DEV.

Furthermore, if the increased food production is made at the expense of pesticide residues in the drinking water, then the project purpose may be undermined by health problems among the villagers. In such a case the project cannot be called sustainable, even if the increased food production is sustained after the end of the project.

### 3.3.5 Objectively Verifiable Indicators (OVIs)

Objectively Verifiable Indicators describe the project's objectives in operationally measurable terms, & provide the basis for performance measurement. The specification of OVIs acts as a check on the viability of objectives and forms the basis of the project monitoring system. Once the indicator has been identified, it should then be developed to include brief details of quantity, quality and time (QQT), and location.

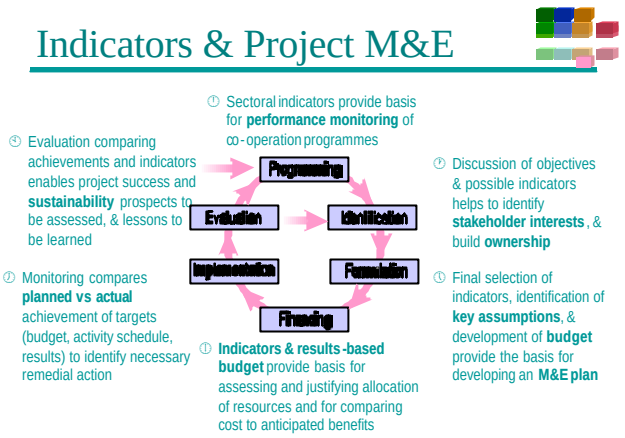
**Figure 19: Ensuring that OVIs are Specific**




Objectively verifiable means that different persons using the indicator would obtain the same measurements. This is more easily done for quantitative measures than for those that aim to measure qualitative change. It is often useful to include more than one indicator if the single indicator does not provide a full picture of the change expected. At the same time, the trap of including too many indicators should be avoided, as this will add to the work and the cost of collecting, recording and analysing the data. OVIs often need to be specified in greater detail during implementation when additional information is available and to allow for effective monitoring.

In fact, as Figure 19 shows the role of indicators is not limited to project monitoring and evaluation. They also play a vital role in all phases of the project cycle.

**Figure 20: Indicators and Aid Management**




### 3.3.6 Sources of Verification (SOVs)

When indicators are formulated, the source of information and means of collection should be specified. This will help to test whether or not the indicator can be realistically measured at the expense of a reasonable amount of time, money and effort. The SOV should specify:

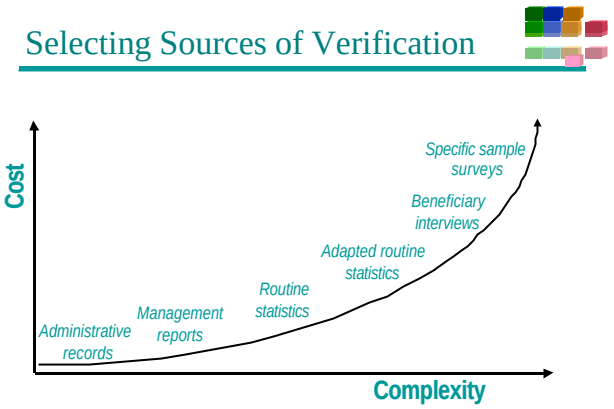
- the **format** in which the information should be made available (e.g. progress reports, project accounts, project records, official statistics etc.)
- **who** should provide the information
- **how regularly** it should be provided. (e.g. monthly, quarterly, annually etc.)

How will we know what is being achieved?

Sources outside the project should be assessed for accessibility, reliability and relevance. The work and costs of collecting information to be produced by the project itself should also be assessed, and adequate means provided. There is often a direct relationship between the complexity of the SOV (i.e. ease of data collection and analysis) and its cost, as illustrated in Figure 20 below.

Other indicators should replace those for which suitable SOVs cannot be found. If an OVI is found too expensive or complicated to collect, it should be replaced by a simpler, cheaper OVI.

**Figure 21: The Relationship Between Cost and Complexity in the Collection of Data**




### 3.3.7 Means and Costs

'Means' are the human, material and financial resources required to undertake the planned activities and manage the project. In order to provide an accurate estimate of the means and costs required for a project, planned activities and management support activities must be specified in sufficient detail. An area for particular attention is the cost of collecting data on OVIs.

### 3.3.8 The Logframe – An Example

Figure 21 shows what a completed logframe for our example project might look like. Particular points to note are:

- The reformulation of the three elements of the project purpose (*"Rates of infection among babies and infants reduced", "Reduced incidence of birth complications" and "Rates of post-partum and neo-natal infection reduced"*) into a single statement.
- The inclusion as assumptions of the objectives relating to nutrition, which will be dealt with by another project.
- The addition of an activity to train staff in data collection and analysis to build institutional capacity for monitoring and evaluation.
- The inclusion of a pre-condition which must be met before funding is approved.

A presentation tool

Now that the logframe is complete, it provides a concise summary of project objectives, the indicators and sources of information by which progress will be measured, and the key risks and assumptions which may affect achievement of objectives. The logframe will be appended to a comprehensive project plan, which explains in detail how it will be implemented.

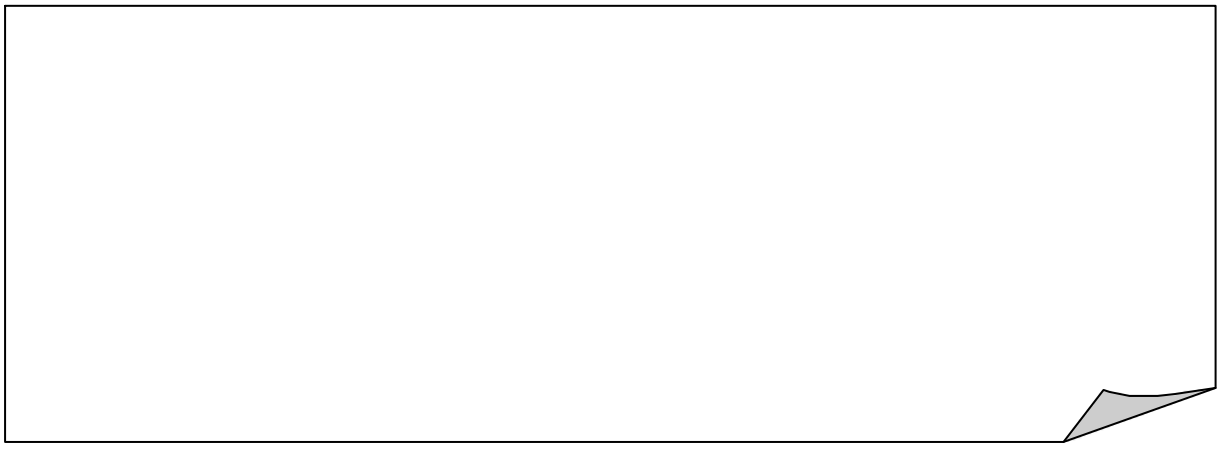


**Figure 22: An Example of a Completed Logframe**

| | Intervention Logic | Objectively Verifiable Indicators | Sources of Verification | Assumptions |
|---|---|---|---|---|
| **Overall Objective** | Infant & maternal mortality rates reduced | • Mortality rates reduced for under-1s, under-5s & pregnant & nursing mothers from X to Y by 19xx | Dept of Health statistics, analysed ex-ante, mid-term & ex-post | |
| **Project Purpose** | Health status of pregnant & nursing mothers, infants & babies improved. | • Incidence of post-partum & neo-natal infection within health centres reduced from X to Y by 19xx<br>• Rates of infectious diseases (polio, measles, tetanus) among under-5s reduced from X to Y by 19xx<br>• Incidence of acute birth complications reduced from X to Y by 19xx | Hospital & clinic records, analysed ex-ante, mid-term & ex-post<br>Sample survey of target group conducted & analysed in years 1, 3 & 5 | Incidence of infectious diseases in the household reduced. |
| **Results** | 1. Functioning primary healthcare service established at district level. | • Number of villages provided with regular PHC services increased from X to Y by 19xx<br>• Proportion of under-5s vaccinated against polio, measles & tetanus increased from X to Y by 19xx<br>• No. birth complications diagnosed & successfully assisted increased from X to Y by 19xx<br>• Increased patient satisfaction with quality of services provided | Clinic attendance records, analysed quarterly<br>Clinic vaccination records, analysed quarterly<br>Client satisfaction survey, conducted annually | Mothers willing to attend clinics<br>Household nutrition improved through increased seasonal availability of high protein foods, & increased proportion obreast-fed babies.<br>Pregnant & nursing mothers able to access cash to pay for treatment. |
| | 2. Quality & efficiency of secondary healthcare improved. | • Number of patients treated increased from X to Y by 19xx<br>• Average cost of treatment per patient reduced from X to Y by 19xx<br>• Increased patient satisfaction with standards of care | Hospital records, analysed quarterly<br>Client satisfaction survey, conducted annually | |
| **Activities** | 1.1 Rehabilitate/replace mobile clinic vehicles & equipment.<br>1.2 Design & implement mobile clinic programme.<br>1.3 Recruit & train village birth attendants.<br>2.1 Rehabilitate staff housing.<br>2.2 Recruit new staff.<br>2.3 Design & implement new procedures for:<br>• Personnel management<br>• Vehicle & equipment maintenance<br>• Drug storage & control<br>• Financial control & cost recovery<br>2.4 Design & implement staff training programme for:<br>• Patient care<br>• Hygiene maintenance<br>• Basic accounting<br>• Data collection & analysis | **Means:**<br>• Technical Assistance<br>• Equipment<br>• Medical supplies<br>(See activity and resource schedules) | **Costs:**<br>• Lump sum costs<br>• Reimbursables<br>(See budget) | Department of Health maintains level of funding at pre-project levels in real terms.<br>Suitably qualified staff willing to work in rural areas. |
| | | | | Pre-condition:<br>Department of Health implements Decentralisation Act to enable Provincial Health Office to rationalise staffing levels. |

## 3.4 Summary

- ☑ To properly assess the real needs of the beneficiaries and to take account of the differing views of different groups of stakeholders it is important to bring together representatives of all key stakeholders in the Analysis Phase. A gender-integrated approach is necessary to ensure that project design is consistent with the differing roles and needs of men and women.
- ☑ The main output of the LFA is the logframe matrix. The logframe sets out the intervention logic of the project (if activities are undertaken, then results will be achieved, then project purpose, etc.) and describes the important assumptions and risks that underlie this logic. With objectively verifiable indicators and sources of verification, the logframe provides the framework against which progress will be monitored and evaluated.
- ☑ The LFA is not a comprehensive tool and does not guarantee project success. All too often the caricature "fill-in-the-boxes" approach is used to complete the logframe matrix during project design, leading to a poorly prepared project with unclear objectives and a lack of ownership by project stakeholders.
- ☑ It is important to ensure that the levels of objectives are correct:
  - **Overall Objectives** - the wider sectoral or national programme objectives to which the project is designed to contribute.
  - **Project Purpose** - the sustainable benefits to be delivered to the project beneficiaries, institution or system.
  - **Results** - the services to be provided by the project.
  - **Activities** - how the project's goods and services will be delivered.

***Add your own notes here...***

- ☑ External factors, which will affect the project's implementation and long-term sustainability but lie outside its control, are included as assumptions in the fourth column of the Logframe. The probability and significance of these assumptions being met should be estimated as part of assessing the riskiness of the project.
- ☑ Experience demonstrates that the longer-term sustainability of project benefits depends on factors such as: policy support; appropriate technology; institutional and management capacity; economic and financial viability; gender and socio-cultural factors; and environmental protection.
- ☑ The role of Objectively Verifiable Indicators is to describe the overall objective(s), project purpose and results in operationally measurable terms. The specification of OVIs acts as a check on the viability of objectives and forms the basis of the project monitoring system.

# Chapter 4 Using the Logical Framework to Develop Activity and Resource Schedules

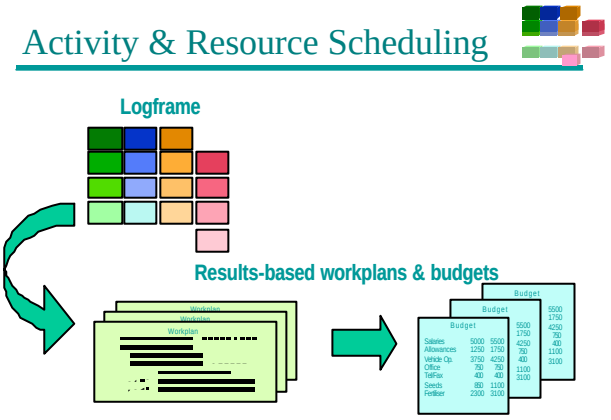
This Chapter explains how the logframe is used to develop results-based workplans and budgets, and presents a step-by-step approach to the preparation of activity and resource schedules.

## 4.1 Activity and Resource Schedules

Activities are linked to project objectives

After the logframe matrix has been completed, further planning can take place to add operational detail to the plan. An activity schedule is a method of presenting the activities of a project, which identifies their logical sequence and any dependencies that exist between them, and provides a basis for allocating management responsibility for completing each activity. With the activity schedule prepared, the job of further specifying inputs and scheduling costs can be started. Because both tools are derived from the logframe activities, they provide a direct link between the detail of project planning and the project's objectives.

**Figure 23: Activity and Resource Schedules**




***Add your own notes here...***

### 4.1.1 A Checklist for Preparing an Activity Schedule

Once the logframe itself is complete, it is then possible to copy the activities from the left-hand column into an activity-scheduling format. The format can be adapted to fit with the expected duration of the project in question. The first year's activities may be specified in more detail (showing the start and finish of activities to within a week of their expected timing) while subsequent years scheduling should usually be more indicative (to within a month). These are just preliminary estimates that will subsequently be revised by project management in the light of actual implementation performance. They nevertheless provide an important initial benchmark, and aid the preparation of input and cost schedules. A step-by-step approach can be followed:

**Step 1 – List Main Activities**

The main activities in the logframe are a summary of what the project must do in order to achieve project objectives. These can now be used as the basis for preparation of the activity schedule that will specify activities in operational detail.

**Step 2 – Break Activities Down into Manageable Tasks**

The purpose of breaking activities down into sub-activities or tasks, is to make them sufficiently simple to be organised and managed easily. The technique is to break an activity down into its component sub-activities, and then to take each sub-activity and break it down into its component tasks. Each task can then be assigned to an individual, and becomes their short-term goal.

Getting the level of detail right!

The main skill is in getting the level of detail right. The most common mistake is to break the activities down into too much detail. The breakdown should stop as soon as the planner has sufficient detail to estimate the time and resources required, and the person responsible for actually doing the work has sufficient instructions on what has to be done.

**Step 3 – Clarify Sequence and Dependencies**

Once the activities have been broken down into sufficient detail, they must be related to each other to determine their:

- **sequence** - in what order should related activities be undertaken?
- **dependencies** - is the activity dependent on the start-up or completion of any other activity?

This can best be described with an example. Building a house consists of a number of separate, but inter-related activities: digging and laying the foundations; building the walls; installing the doors and windows; plastering the walls; constructing the roof; installing the plumbing. The sequence dictates that digging the foundations comes before building the walls; while dependencies include the fact that you cannot start installing doors and windows until the walls have reached a certain height; or you cannot finish plastering until the plumbing has been fully installed. Dependencies may also occur between otherwise unrelated activities that will be undertaken by the same person.

**Step 4 – Estimate Start-up, Duration and Completion of Activities**

Be realistic!

Specifying the timing means making a realistic estimate of the duration of each task, and then building it into the activity schedule to establish likely start-up and completion dates. Often though it is not possible to estimate timing with complete confidence. To ensure that the estimates are at least realistic, those who have the necessary technical knowledge or experience should be consulted.

Inaccuracy is a common mistake, usually resulting in an underestimate of the time required, and can arise for a number of reasons:

- omission of essential activities and tasks
- failure to allow sufficiently for interdependence of activities
- failure to allow for resource competition (i.e. scheduling the same person or piece of equipment to do two or more things at once)
- a desire to impress with the promise of rapid results

**Step 5 – Summarise Scheduling of Main Activities**

Having specified the timing of the individual tasks that make up the main activities, it is useful to provide an overall summary of the start-up, duration and completion of the main activity itself.

***Add your own notes here...***

**Step 6 – Define Milestones**

Milestones provide the basis by which project implementation is monitored and managed. They are key events that provide a measure of progress and a target for the project team to aim at. The simplest milestones are the dates estimated for completion of each activity - e.g. *training needs assessment completed by 2005*.

**Step 7 – Define Expertise**

When the tasks are known, it is possible to specify the type of expertise required. Often the available expertise is known in advance. Nonetheless, this provides a good opportunity to check whether the action plan is feasible given the human resources available.

**Step 8 – Allocate Tasks Among Team**

Ensuring accountability

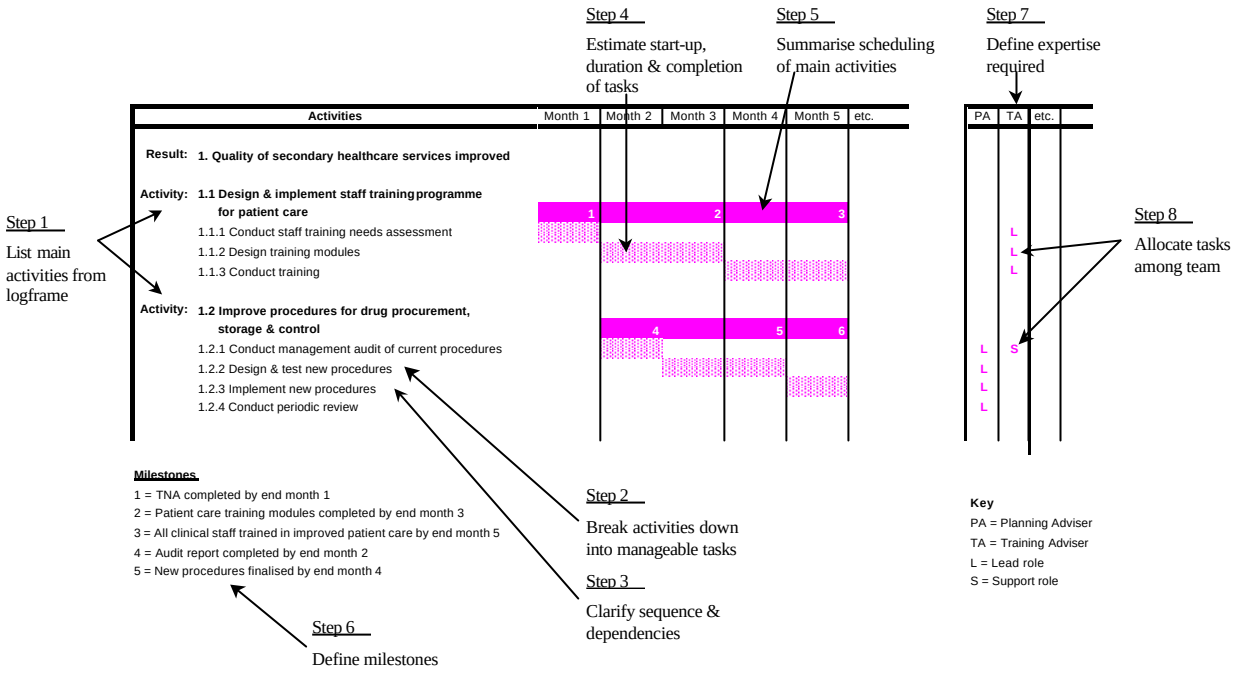
This involves more than just saying who does what. With task allocation comes responsibility for achievement of milestones. In other words, it is a means of defining each team member's accountability - to the project manager and to other team members.

Task allocation must therefore take into account the capability, skills and experience of each member of the team. When delegating tasks to team members, it is important to ensure that they understand what is required of them. If not, the level of detail with which the relevant tasks are specified may have to be increased.

### 4.1.2 Presenting an Activity Schedule

All of the information in an activity schedule can be summarised in graphical format. This is called a **Gantt Chart**. An example is shown in figure 23. The format can be adapted to fit with the expected duration of the project. An overall project schedule may only specify activities on a quarterly or monthly basis, while an individual's quarterly workplan may use a weekly format.

**Figure 24: Example of an Activity Schedule**




## 4.2 Preparing Resource Schedules

Cost estimates must be based on careful and thorough budgeting. They will have significant influence over the investment decision at project appraisal and subsequently on the smooth implementation of the project if the go-ahead is given. Again, the list of activities should be copied into an input and cost schedule pro-forma. Each activity should then be used as a checklist to ensure that all necessary means under that activity are provided for.

### 4.2.1 A Checklist for Specifying Means and Scheduling Costs

Once the activities have been entered into the schedule, the means necessary to undertake the activities must be specified. As there will be a need to aggregate or summarise the cost information, the means should be allocated to established cost categories.

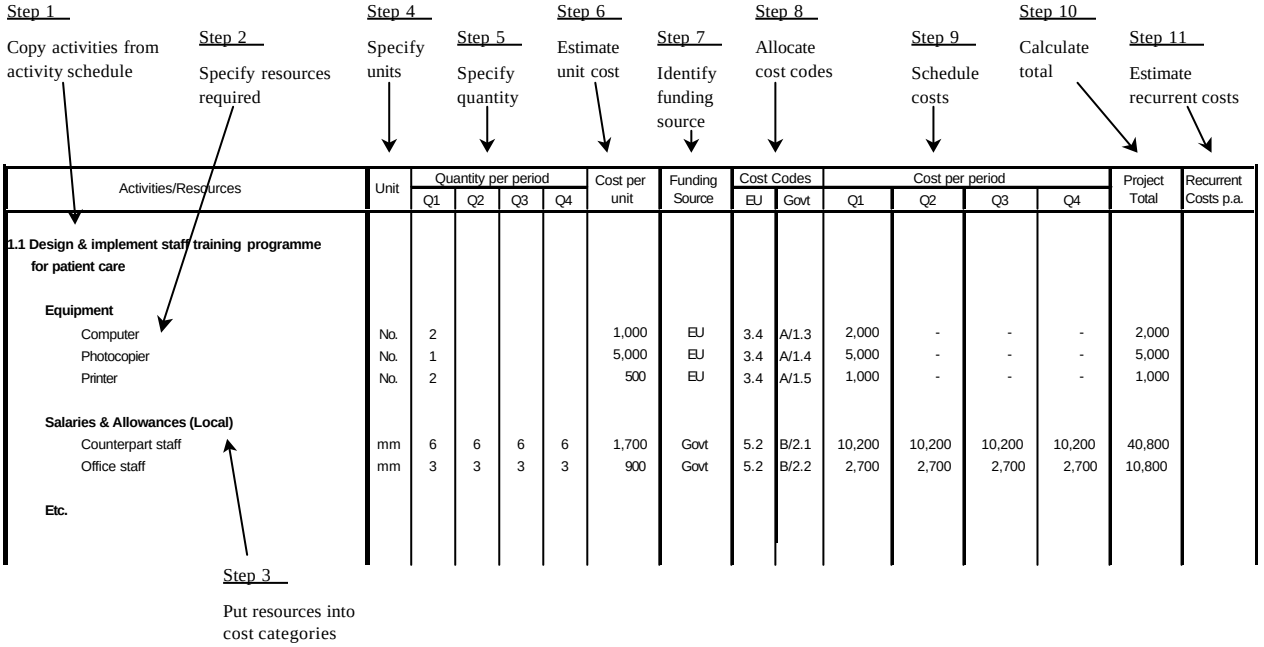
***Add your own notes here...***

For example, in Figure 24 the activity of establishing a Planning Unit requires Equipment and Salaries and Allowances. The **Units**, **Quantity Per Period**, and estimated **Unit Costs** should then be specified. If entered on a spreadsheet, **Costs per Period** and **Total Project Costs** can be calculated using simple formulae.

Project costings should allow the allocation of costs between the different funding sources so that each party is clear about their respective contributions. The code for **Funding Source** can then be used to sort all costs and to determine respective totals. Those providing funding for the project are likely to have cost codes for each established cost category. By specifying the **Cost Code**, costs can again be sorted to determine total costs by cost category.

It is now possible to **Schedule Costs** using simple formulae to multiply the annual quantity by the unit cost. Once **Total Costs** have been calculated, it is important to remember that the implementing agency will be required to meet any recurrent costs of maintaining service provision beyond the life of the project. **Recurrent Costs** may be covered (fully or partly) through increased revenue that has been generated through project activities. Whether or not this is the case, it is important that the net recurrent cost implications of the project are clearly specified so that the future impact on the implementing agency's budget can be determined.

**Figure 25: Example of a Resource Schedule**




| Activities/Resources | Unit | Quantity per period Q1 | Q2 | Q3 | Q4 | Cost per unit | Funding Source | Cost Codes EU | Govt | Cost per period Q1 | Q2 | Q3 | Q4 | Project Total | Recurrent Costs p.a. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **1.1 Design & implement staff training programme for patient care** | | | | | | | | | | | | | | | |
| **Equipment** | | | | | | | | | | | | | | | |
| Computer | No. | 2 | | | | 1,000 | EU | 3.4 | A/1.3 | 2,000 | - | - | - | 2,000 | |
| Photocopier | No. | 1 | | | | 5,000 | EU | 3.4 | A/1.4 | 5,000 | - | - | - | 5,000 | |
| Printer | No. | 2 | | | | 500 | EU | 3.4 | A/1.5 | 1,000 | - | - | - | 1,000 | |
| **Salaries & Allowances (Local)** | | | | | | | | | | | | | | | |
| Counterpart staff | mm | 6 | 6 | 6 | 6 | 1,700 | Govt | 5.2 | B/2.1 | 10,200 | 10,200 | 10,200 | 10,200 | 40,800 | |
| Office staff | mm | 3 | 3 | 3 | 3 | 900 | Govt | 5.2 | B/2.2 | 2,700 | 2,700 | 2,700 | 2,700 | 10,800 | |
| **Etc.** | | | | | | | | | | | | | | | |

## 4.3 Summary

- ☑ An activity schedule is a method of presenting the activities of a project, which identifies their logical sequence and any dependencies that exist between them. It is also used as a means of identifying who will be responsible for implementing an activity.
- ☑ Once the logframe itself is complete, it is then possible to copy the activities from the left-hand column into an activity-scheduling format. The activity schedule provides preliminary estimates that will subsequently be revised by project management in the light of actual implementation performance.
- ☑ With the activity schedule prepared, the job of further specifying inputs and scheduling costs can be started. Cost estimates must be based on careful and thorough budgeting. They will have significant influence over the investment decision at project appraisal and subsequently on the smooth implementation of the project if the go-ahead is given.
- ☑ The list of activities should be copied into an input and cost schedule pro-forma. Each activity should then be used as a checklist to ensure that all necessary means under that activity are provided for.

***Add your own notes here...***

# Chapter 5 Using the LFA to Assess Project Proposals

This Chapter explains how the Logical Framework Approach can be used to assess a project proposal in order to identify weaknesses in project design, and to formulate questions for preparatory studies. It also provides guidance for assessing the quality of a Financing Proposal.

## 5.1 Introduction

During the preparatory phases of the project cycle, the Logical Framework Approach is primarily intended as a participatory planning tool. However, it is also a powerful tool for *ex-post* analysis of project proposals, the only difference being that the source of information for problems is the project proposal rather than primary data sources such as interviews, surveys, reports and statistics.

Has the right information been provided?

The purpose of applying the LFA to a proposal is to identify weaknesses or gaps in the project's design. These gaps will relate to the **RELEVANCE**, **FEASIBILITY** or **SUSTAINABILITY** of the project, and will have to be addressed through the conduct of additional studies, or from existing sources. It is important to note though that the technique merely assists in the desk study of an existing proposal, and in no way substitutes for the participatory planning approach that is central to the sound application of the LFA.

The PCM training programme offers two tools for assessing project proposals:

① The **Guide for Assessment of Project Proposals**, which is intended for in-depth analysis of project proposals prior to the formulation phase. Its purpose is to assist in the identification of key questions and issues for inclusion in terms of reference for feasibility studies.

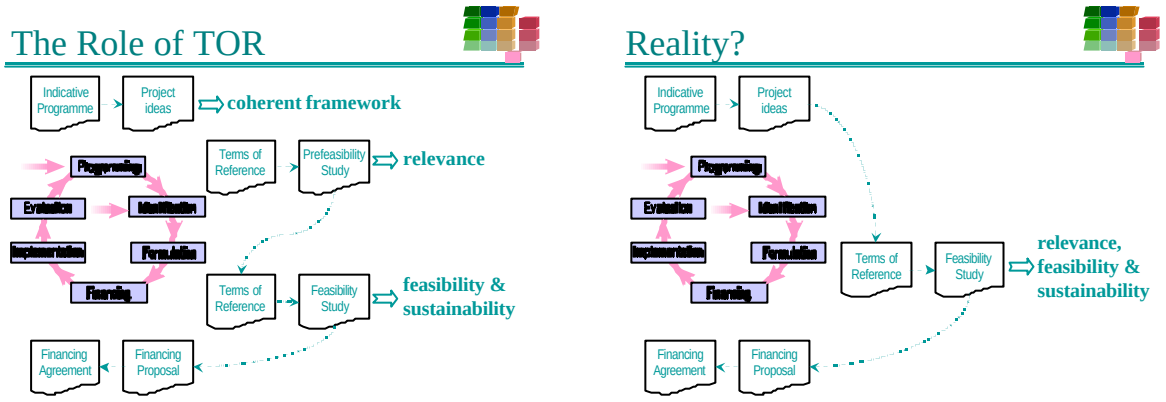
② The **Quality Assessment Tool ("Assessing the Quality of a Financing Proposal")**, which is intended for quality checking of draft financing proposals prior to their submission to the relevant financing committee.

## 5.2 Guide for Assessment of a Project Proposal

The importance of Feasibility Study TOR!

Ideally, issues of relevance, feasibility and sustainability are addressed twice during project preparation – once during the Identification phase (as part of a pre-feasibility study[7]) and then more comprehensively during the formulation phase (as part of a feasibility study). However, project proposals are often received 'ready-made' from partner governments and institutions, and for this and other reasons a significant proportion of projects in fact undergo only one study. In the absence of a two-study approach to project preparation, it is vital that process managers are able to ensure the quality of terms of reference for what is usually a 'one-shot' exercise.

**Figure 26: The Role of Terms of Reference in Project Preparation**




The Guide to Assessment contains six instructions that provide a framework for analysing the coherence and comprehensiveness of a project proposal. The approach can be likened to deconstructing and reconstructing the project design, in order to identify the gaps and inconsistencies, and thereby to identify questions for inclusion in terms of reference for a feasibility study. It also provides a useful

7 A **Pre-feasibility Study** examines the options for addressing priorities identified during the Programming stage. Alternative viable interventions are identified, and the study determines whether it is worth going ahead with a **Feasibility Study** to define the project in more detail.

***Add your own notes here...***

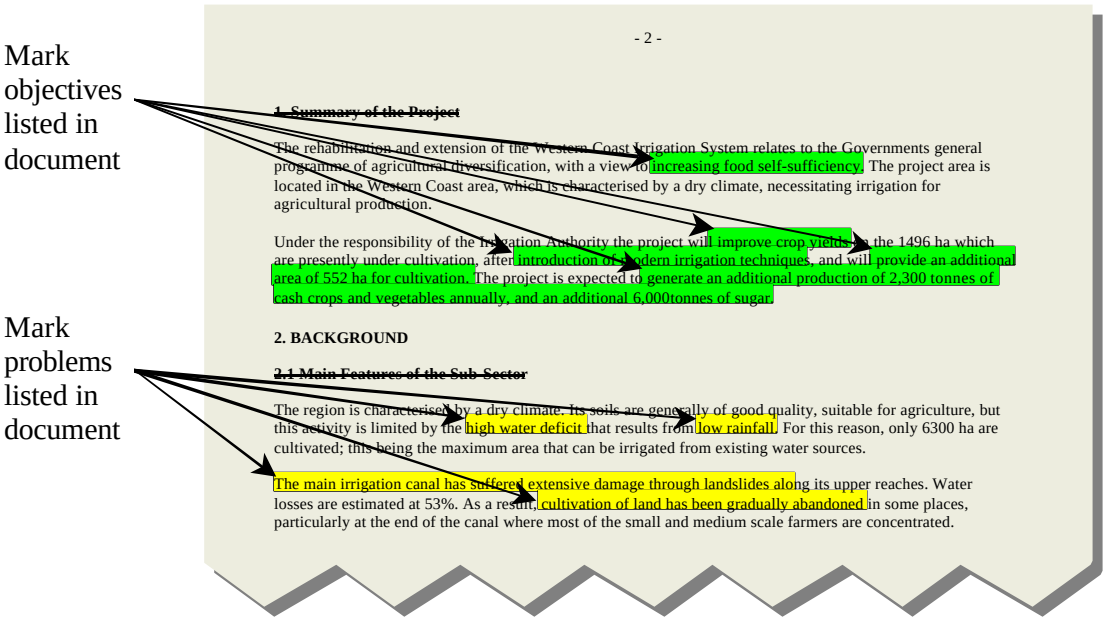
means of editing the proposal into a logframe format if the LFA has not been used by the proposing institution.

### Instruction 1: Analyse problems & objectives

- Identify and list problems & objectives in the document
- Prepare an objective tree
- Compare objective tree with problem analysis
- Formulate questions on adequacy of problem analysis, and logical gaps or inconsistencies in the objective tree

Statements of problems and objectives contained in the proposal are marked with yellow and green highlighter pens, and then transcribed onto yellow and green cards.

**Figure 27: Marking Problems & Objectives in a Project Proposal**



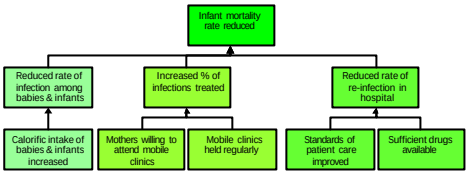

The green 'objective' cards can then be used to construct an objective tree, in order to clarify the means-ends relationships contained in the proposal. Although this use of a colour coding system may at first seem strange, it is in fact very useful in visualising the assessment process.

Has the need for the project been demonstrated?

Particular attention should be paid to how comprehensively the problems and constraints of the target group and other key stakeholders have been described and analysed in the document. The extent to which the problem analysis supports the project's stated objectives will then provide a sound basis for determining whether the project's objectives address well-identified needs. If this is not the

case, then questions should be formulated for inclusion in the feasibility study terms of reference.

**Output ⇨** Objective tree Questions




**Relevance**
_____?
_____?
_____?
_____?

**Instruction 2: Identify the intervention logic**

- Identify the Project Purpose from the objective tree
- Formulate the Overall Objective(s), Project Purpose, Results & Activities
- Assess the logical coherence of the intervention logic
- Formulate questions on logic & coherence of objectives

The proposal may not have been prepared using the Logical Framework Approach, or the stated objectives may not obey PCM definitions. In either case, it is important to clarify the project's intervention logic.

Using the objective tree prepared during instruction 1, objective cards are transposed into a logframe matrix, ensuring that they do obey the PCM definitions for Overall Objective(s), Project Purpose, Results and Activities. Although some questions on logical coherence may already have been identified, the development of the intervention logic enables the project's relevance to be more clearly examined. For example:

***Add your own notes here...***

- The Overall Objective should explain how the project fits into the national or sectoral objectives of the Commission and the partner government or institution. If there is not a clear linkage to higher-level objectives, then further information may be required to justify the project's relevance to the sector or country programme.
- On the basis of the information in the project proposal, it should be possible to formulate a Project Purpose that describes the benefits to be derived by the target group through use of the services provided by the project (the Results). If this is not the case, then further information is required to justify the project's relevance to target group needs.

Never hesitate to demand the right information

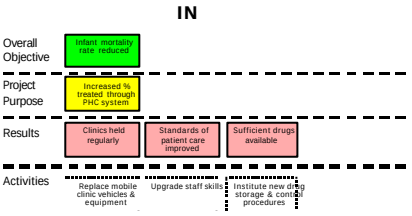
- If a Project Purpose can be formulated correctly on the basis of information contained in the proposal, but the Results to be provided by the project may seem logically insufficient to achieve the anticipated benefits, then further information may be required on where any additionally-required services will come from.
- The stated actions or Activities of the project may not be logically sufficient to achieve its Results. Further information will be required on precisely how the delivery of Results can be assured.

Build on evidence of past success!

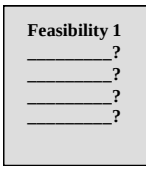
In addition to an assessment of the project's logical coherence, it is of course important always to look for past evidence of success or failure, which may ensure that the project's design will build on the lessons of experience.

**Output ⇨**

Intervention logic




Questions




**Instruction 3: Analyse the project's feasibility (part 1)**

The proposal may include a description of external factors that lie outside the scope of the project but will nonetheless influence the likelihood that project objectives will be achieved. You may identify other factors not mentioned in the document, but based on your own experience of this or similar projects, and of the sector or country involved. All of these factors should be included in the logframe, and stated in positive terms, as if they had been realised. The sequence is as follows:

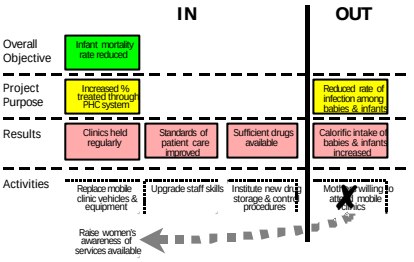
- Assess the role of assumptions using the assumptions algorithm
- Suggest modifications to project design
- Formulate questions on external factors

How risky is the project?

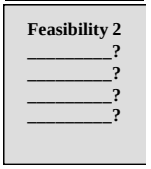
The purpose of assessing the external factors is to determine their influence on the project's feasibility. This requires an understanding of the relative importance of each factor to project success, and the probability that it will be realised. If there is insufficient evidence in the proposal on the importance and probability of assumptions, then questions should be formulated that will ensure such issues are sufficiently researched during the feasibility study. However, there may already be information in the proposal that will lead you to suggest possible modifications to project design. Questions about the validity of these modifications should also be included in the feasibility study terms of reference to ensure that they too are adequately researched.

**Output ⇨**

Feasible intervention logic




Questions




**Instruction 4: Assess sustainability**

- Identify results & activities to continue after project completion
- Assess prospects for sustainability
- Formulate questions on sustainability of results & activities

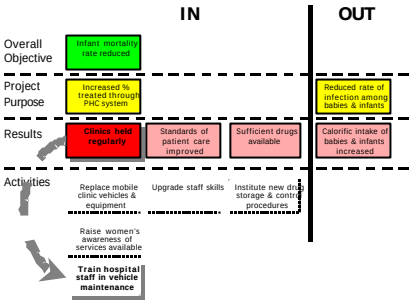
Design for the long-term

If benefits are to be sustainable, then it is likely that some of the services to be provided during project implementation will also have to be provided beyond the lifetime of the project. The purpose of assessing sustainability is to identify which services (Results) will have to continue, and to determine whether sufficient mechanisms have been incorporated into the project's design to ensure their continuation.

***Add your own notes here...***

If insufficient account has been taken of the six factors affecting sustainability, then further research will be required during the feasibility study. For example, the implementing agency should have sufficient skills and resources if they are to continue delivering services. If not enough information is provided to indicate that this is the case, then the feasibility study should research the implementing agency's capability and resource base, and perhaps build in some additional capacity-building activities into the project design.

**Output ⇨** Sustainable intervention logic




Questions

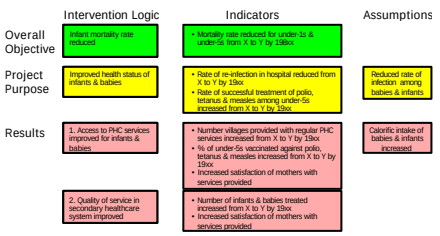

**Instruction 5: Analyse the project's feasibility (part 2)**

- Identify indicators for Overall Objectives, Project Purpose & Results from project document
- Assess existing indicators for completeness (QQT) & 'measurability'
- Formulate questions on performance measurement

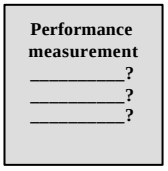
Indicators are needed right from the start of project design

Indicators provide the basis for measuring the performance of the project, and should be measurable at acceptable cost and within the capabilities of the implementing agency. If the proposal is not clear about what indicators will be used, what performance should be achieved, or how such information will be collected, then you should formulate further questions for the feasibility study terms of reference.

**Output ⇨** Indicators




Questions



**Instruction 6: Prepare Terms of Reference**

- Review questions identified during instructions 1-5
- Organise questions under headings of Relevance, Feasibility, Pre-Conditions, and Sustainability
- Incorporate questions into Section D: Issues to be studied, of the terms of reference for the feasibility study

Once the assessment is complete, the questions and issues identified must be sorted and prioritised before incorporation into the terms of reference for the feasibility study. The purpose of the feasibility study will be to provide the decision-makers in the Government and the European Commission with sufficient information to justify acceptance, modification or rejection of the proposed project for further financing and implementation.

Among the key outputs of the feasibility study will be an assessment of the relevance, feasibility and sustainability of the proposed project, and a detailed operational plan based on the logframe structure. The consultant will also be responsible for preparing a draft Financing Proposal. The following figure indicates a format that is in common use.

***Add your own notes here...***

**Figure 28: Terms of Reference for a Feasibility Study**



**Indicative Format for Terms of Reference for a Feasibility Study**

**Training and Helpdesk Services in Project Cycle Management**

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## 5.3 The Quality Assessment Tool

Once the feasibility study has been completed, as task manager you will receive a Feasibility study Report and a draft Financing Proposal. In accordance with your role as process manager rather than field-level planner, you require tools that will help you ensure the quality of these documents, and in particular of the Financing Proposal as this will provide the basis for the financing decision.

Still some information gaps?

By this stage in project design, the proposal will be in logframe format, and it will not be necessary to repeat the process of deconstructing and reconstructing the project design. Instead, the

Quality Assessment Tool offers a checklist approach that breaks down the key concepts of relevance, feasibility and sustainability into simple questions, and provides a framework for rapidly identifying information gaps in the Financing Proposal.

**Figure 29: The Quality Assessment Tool**



## Assessing the Quality of a Financing Proposal

### Training and Helpdesk Services in Project Cycle Management
### PCM Advanced Training

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***Add your own notes here...***

Applying quality criteria

The Quality Assessment Tool provides an explanation of what is meant by each checklist question, and then provides a rating scale that helps in clarifying precisely what information (if any) is lacking. If any further information is required, this can be noted on an information sheet, and fed back to the consultant for inclusion in a modified version of the proposal.

**Figure 30: How the Quality Assessment Tool Works**

PCM Advanced Course — Assessing the Quality of a Financing Proposal

**1.1 Are the beneficiaries clearly identified?**

A clear description of beneficiaries should, at a minimum, include a statement of their economic and social roles/positions and their geographical location. Other information may be relevant, depending on the project, such as educational/skills levels, ownership and/or access to resources, etc. A gender breakdown of this information is vital, in order to ensure that the needs of women and men are addressed by the project. Information on age, ethnicity or other social characteristics may also be required.

***Scoring indicators: The beneficiaries have been clearly identified…***

| | *when...* |
|---|---|
| *fully:* | Beneficiaries have been described in detail, including socio-economic roles and positions, geographical location, gender breakdown and mention of other key factors. |
| *fairly:* | The description includes key socio-economic information, geographical location and gender breakdown, but lacks detail. |
| *hardly:* | Some elements only are specified |
| *not at all* | No specific roles or locations mentioned |

## 5.4 Summary

- ☑ It is common for the logframe approach to be applied during the preparation of a project. However, the logframe approach remains a powerful management tool for analysis of project design, as well as for the process of project design itself.
- ☑ The purpose in applying the LFA to a document is to identify weaknesses or gaps in the project's design. These gaps will relate to the **RELEVANCE**, **FEASIBILITY** or **SUSTAINABILITY** of the project.
- ☑ The PCM training programme offers two tools for assessing project proposals: i) the **Guide for Assessment**, which is intended for in-depth analysis of project proposals prior to the formulation phase; and ii) the **Quality Assessment Tool**, which is intended for quality checking of draft financing proposals prior to their submission to the relevant financing committee.
- ☑ The Guide to Assessment contains six instructions that provide a framework for analysing the coherence and comprehensiveness of a project proposal. The approach can be likened to deconstructing and reconstructing the project design, in order to identify the gaps and inconsistencies, and thereby to identify questions for inclusion in terms of reference for a feasibility study.
- ☑ The Quality Assessment Tool offers a checklist approach that breaks down the key concepts of relevance, feasibility and sustainability into simple questions, and provides a framework for rapidly identifying information gaps in the Financing Proposal.

***Add your own notes here...***

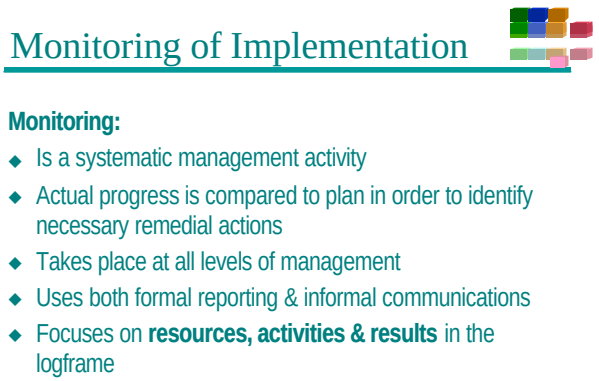
# Chapter 6 Monitoring and Reporting

This Chapter defines monitoring and explains its role in project management. It sets out the basic steps involved in design of a project-level monitoring system, and highlights the main benefits of effective monitoring as well as the main pitfalls to be avoided.

## 6.1 Introduction

Once a project has been planned and financial support been secured, the most important part begins - implementation. It is very rare for any project to go exactly according to plan. In fact it is not uncommon for a project to take on a direction and a momentum that was completely unanticipated during planning. Project management now has the important and difficult task of establishing sufficient controls over the project to ensure that it stays on track towards the achievement of its objectives. This is done by ***monitoring***, which can be defined as the systematic and continuous collection, analysis and use of information for management control and decision-making.

**Figure 31: Monitorin of Implementation**




Project monitoring is an integral part of day-to-day management. Its purpose is to provide the information by which management can identify and solve implementation problems, and assess progress in relation to what was originally planned.

The flow of information between the project and the Commission is the subject of a separate system, which operates on a more aggregate or institutional level. This level of monitoring is not dealt with in this handbook, where the focus is at project-level. In fact, a monitoring system is currently being designed to gather summary information for all Commission-managed projects.

## 6.2 Designing a Monitoring System

There are five steps in the design and specification of a project-level monitoring system:

Maintaining a focus on objectives

1. **Analyse project objectives** to clarify project design. Good monitoring depends on clearly stated objectives. The logframe approach helps to ensure that objectives are correctly written and that actions are designed to lead to outputs and objectives. This logical sequence simplifies the choice of monitoring indicators.
2. **Review implementation procedures** to determine information needs at the different levels of the project management structure. The level of detail of information required, and the frequency of reporting, will vary according to the level of management. Essentially, this step means matching information needs to decision-making roles.
3. **Review indicators** for use in measuring achievement of objectives. Within the project implementation team the priority focus will be on physical and financial monitoring of activities and results. The tools for this are good record keeping for comparison of actual expenditure against budgets, and progress against the project's activity schedule.
4. **Design report formats** to provide managers at different levels within the project with access to relevant and timely information which facilitates easy analysis.
5. **Prepare an implementation plan for the monitoring system**, which specifies the necessary staff, skills and training required, and clearly allocates information collection and reporting responsibilities.

### 6.2.1 Analyse Project Objectives

Analysis of objectives during project design has been dealt with in section 3.1. However, some time may have passed since the project was designed, and the project environment or the actors involved may have changed. It is sensible therefore to start implementation with a project start-up workshop. The purpose of this workshop would be to

***Add your own notes here...***

bring together the stakeholders to review project documents and key assumptions. Project objectives should be revised to ensure that they are clearly stated and remain realistic, specific and measurable. These will now form the basis for the Monitoring & Evaluation system.

### 6.2.2 Review Implementation Procedures

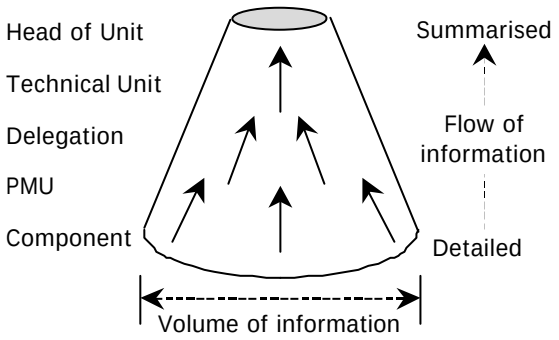
Who needs the information?

What for?

The logframe provides the framework for identification of information needs as a whole. It is important though to relate information needs to the different levels of the management structure. In reality, the level of detail of information required and the frequency of reporting will vary according to the level of management. For example, project administrators will need information about day-to-day activities, while the contractor will require more summarised information about achievement of outputs or deviations from the workplan which he/she may need to forward to the programme implementation agency. Figure 31 illustrates this principle. A review of implementation procedures involves a review of what activities will be undertaken and by whom. This should be done with reference to the activity schedule.

By reviewing implementation procedures (who does what) in consultation with partner institution staff, the various roles, functions and responsibilities are clarified, and a clear link can be made between information needs and levels of management. This process can be assisted by drawing up a table which lists the information user, what is required, the source of the information, and who is responsible for preparing the report.

**Figure 32: Information Needs and Levels of Management**




Effective reporting is dependent on the users and reporters having a common understanding of why a report is required and what it will be used for. However, experience shows that this approach has two important weaknesses; first, it assumes that users know what they need in advance, second, users tend to request more information than they really need. Both situations are to be expected during the early stages of a programme when the roles and functions of implementing agency staff are still being clarified. In practice they may not be

resolved over time when a third weakness may become apparent; users are not aware of what information is available. Given that both the users and uses are expected to change over time the identification of information requirements will be an iterative process, and the onus will be on those responsible for Monitoring & Evaluation (M&E) to undertake a continual review of users requirements through:

- attending planning and review meetings to note what appears to be lacking or redundant for effective decision making
- encouraging comments and suggestions on the content and format of reports directly from user to reporter

### 6.2.3 Review Indicators

Selection of indicators has already been discussed in Chapter 3. However, poorly specified indicators have frequently been cited as a major weakness in the design of M&E systems. Common problems encountered in the selection of indicators include:

Don't get swamped!

- **selection of too many indicators** - People have a tendency to over-estimate the amount of information they need to make decisions. Specification of information needs involves a trade-off between the amount of information required to make decisions, and the amount of information that a decision-maker can practicably read and analyse. All too often, a manager over-specifies his or her information needs, only to find that it is simply impossible to read the reports and absorb the information contained in them. Information needs must be related to levels of management, and selection of indicators should reflect this through the specification of a minimum set of information. More detail is required at the day-to-day operational level, while aggregated and summarised data is used at higher levels.
- **selection of overly-complex indicators** which present major problems for data collection, either in terms of the skills or the resources required. Qualitative indicators are also a means of conveying complex information in summarised form.

***Add your own notes here...***

- **over-concentration on progress indicators** which provide insufficient information on the performance of the project. A common response to such a criticism is that it is not possible to measure impact during the lifetime of a project. However, by using *leading indicators*[8], it should be possible to gain a clear indication of the likelihood of achieving objectives - if clients are satisfied with the services being provided by the project, then it is likely that they will continue to utilise these services and therefore that this change in their behaviour will translate into real benefits in the longer term. Selection of impact indicators is a critical part of project design and can in fact sharpen definition of objectives and identification of intended clients. It should form an important focus for early discussions between project partners.

### 6.2.4 Reporting

Project managers will want to review progress very frequently, perhaps weekly or fortnightly, against their contracted budget and planned activities. Much of this data will be of an operational nature for internal use by the project team. A few selected items, plus aggregated data on equipment and materials, are considered 'key' indicators for reporting in the progress reports.

Communication & feedback!

Monitoring cannot be described as being successful simply because the required information is collected. The information collected must be communicated - in the right form, to the right person, at the right time. Only then can timely and appropriate management decisions be made to address problems and ensure that the project is brought 'back on track'.

Mechanisms for communication must be established to ensure that the necessary information is generated and utilised in a timely and effective manner. Two important types of mechanism are:

- **Project progress reports** - these are periodic summaries (perhaps weekly, monthly or quarterly) of project progress incorporating key information from the physical and financial indicators included in the logframe, activity schedule and cost schedule. It is not sufficient for team members to report simply that 'things are going according to plan'. They must also provide the evidence of this.
- **Progress review** - get together on a regular basis to review progress against the plan. This may be an opportunity for written reports to be presented and discussed, or simply for a rapid oral assessment of current issues and problems. However, reviews can be damaging if they are too frequent or too drastic. The temptation

[8] A leading indicator is a proxy or substitute for an impact indicator.

is often to go back to the plan and adjust it in the light of experience. This is acceptable up to a point, but if you find yourself spending more time *planning* than *doing*, then you have obviously got the balance wrong. It is also at times of crisis that organisations focus more on task accomplishment and forget about the process. Try to build on achievements rather than just continually adjusting the plan.

**Progress Reports**

Progress reports are usually written in a standard format allowing for comparison between reports over time. The contents of the reports should match closely the logframe and its related outputs - i.e. the activity schedule, budget and cost schedule. In each of these, targets will have been set: in the logframe, indicators of achievement (specifying quantity, quality, time) will have been identified at the levels of results, project purpose and overall objectives; while in the activity schedule milestones will have been established for the completion of activities; and in the cost schedule, expenditure will have been estimated and placed in a calendar.

The purpose of progress reports is to provide updates on achievements against these indicators and milestones, using the following framework:

Data about **intended achievements**, is compared with

↪ Data on **actual achievements**, to identify...

↪ significant **deviations from plan**, as a basis for...

↪ identification of **problems and opportunities**, to identify...

↪ corrective **action and alternatives.**

Within this framework, the report should cover the following areas:

- A summary of the current status of the project against indicators for project purpose and results

***Add your own notes here...***

- The major activities undertaken during the period of the report, as compared to the activity schedule
- Expenditure during the period of the report, and cumulative to date, as compared to the budget and cost schedule
- Estimates of the number of clients or beneficiaries served during the period
- The current and anticipated problems, including planned remedial actions
- Planned major activities and schedules for the next period.

## 6.3 Summary

- ☑ Monitoring can be defined as the systematic and continuous collecting, analysing and using of information for the purpose of management control and decision-making.
- ☑ Project monitoring is an integral part of day-to-day management. Its purpose is to provide the information by which management can identify and solve implementation problems, and assess progress in relation to what was originally planned.
- ☑ There are five steps in the design and specification of a monitoring system:
  - Analyse project objectives
  - Review implementation procedures
  - Review indicators
  - Design report formats
  - Prepare an implementation plan for the monitoring system
- ☑ It is important to relate information needs to the different levels of the management structure. In reality, the level of detail of information required and the frequency of reporting will vary according to the level of management.
- ☑ By reviewing implementation procedures (who does what) in consultation with partner institution staff, the various roles, functions and responsibilities are clarified, and a clear link can be made between information needs and levels of management.
- ☑ Common problems encountered in the selection of indicators include:
  - selection of too many indicators
  - selection of overly-complex indicators
  - over-concentration on progress indicators

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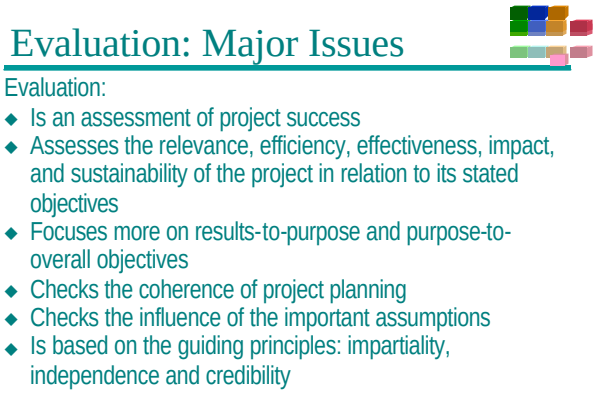
# Chapter 7 Project Review and Evaluation

This Chapter defines evaluation and outlines the main criteria against which projects are assessed. It links evaluation criteria to the logframe and identifies the usual timing for evaluations.

## 7.1 Introduction

Evaluation can be defined as a periodic assessment of the relevance, efficiency, effectiveness, impact, economic and financial viability, and sustainability of a project in the context of its stated objectives. The purpose of evaluation is to review the achievements of a project against planned expectations, and to use experience from the project to improve the design of future projects and programmes. Evaluation draws on routine reports produced during implementation and may include additional investigations by external monitors or by specially constituted missions.

**Figure 33: Evaluation**




## 7.2 Evaluation Criteria

A major issue that affects any evaluation is the choice of criteria. The Commission uses the following criteria:

① **Relevance** - the appropriateness of project objectives to the problems that it was supposed to address, and to the physical and policy environment within which it operated

② **Project preparation and design** – the logic and completeness of the project planning process, and the internal logic and coherence of the project design

③ **Efficiency** - the cost, speed and management efficiency with which inputs and activities were converted into results, and the quality of the results achieved

Building an institutional memory

④ **Effectiveness** - an assessment of the contribution made by results to achievement of the project purpose, and how assumptions have affected project achievements

⑤ **Impact** - the effect of the project on its wider environment, and its contribution to the wider sectoral objectives summarised in the project's Overall Objectives

⑥ **Sustainability** - the likelihood of a continuation in the stream of benefits produced by the project, particularly continuation of the project's activities and achievement of results, and with particular reference to development factors of policy support, economic and financial factors, socio-cultural aspects, gender, appropriateness of technology, ecological aspects, and institutional capacity

## 7.3 Linkage to the Logframe

The steps involved in an evaluation exercise closely follow the hierarchical objective structure of the project design. By following this systematic approach all aspects of the project's achievements are evaluated.

### 7.3.1 Costs

*Actual input costs compared to plan*. This is the basis of variance analysis. Was there a budget revision? How did the nature and timing of inputs compare with the plan? Did the partner agency or other donors fulfil their planned contributions? These data will have been monitored and reported in progress reports. Such reports are a key source of data for evaluation.

### 7.3.2 Activities

*Actual schedule and completion compared with plan.* Were there delays or time savings? Which organisation was responsible for delays? What effect did deviations from plan have on the project? These data will have been monitored and reported in progress reports.

***Add your own notes here...***

**Figure 34: Linking Indicators to the Logframe**

# Indicators & the logframe

| *Level of logframe* | *Type of information* | *Timing of collection* | *Measurement concept* |
|---|---|---|---|
| **Overall Objectives** | Substantive development change specific to the sector.<br>Measurements based on trends, possibly of key sectoral indicators<br>NOTE: the project is only one of many factors influencing change | Project completion & ex-post | **SUSTAINABILITY**<br>'Continuing the flow of benefits.' |
| **Project Purpose** | Realistic & sustainable change in target group situation, specific to project intervention | Mid-term & project completion | **IMPACT**<br>'Making a difference in the wider environment.'<br>**RELEVANCE**<br>'Meeting target group needs.' |
| **Beneficiary response** | Early warning of likelihood of implementation success from opinions of beneficiaries about their access to, use of, and degree of satisfaction with services provided by the project | Quarterly/yearly [Collected as part of results-monitoring.] | **LEADING INDICATORS**<br>Proxies for relevant and sustainable change |
| **Results** | Quantitative and qualitative measures of physical progress in service delivery<br>Cost ratios and input output ratios of performance<br>Comparisons of actual achievements with planned targets | Quarterly/yearly | **EFFECTIVENESS**<br>'Progress towards objectives - doing the right things.'<br>**EFFICIENCY**<br>'Efficient implementation - doing things right.' |
| **Activities** | Measures based on activity schedule<br>Comparisons of actual start and completion dates with planned dates<br>Variations from the planned schedule<br>Milestone dates and events | Weekly/Monthly | |
| **Costs** | Measures based on project budget<br>Comparisons of actual against plan<br>Analysis of government, donor and beneficiary contributions<br>Cost variance analysis | Weekly/Monthly | **ECONOMY**<br>'Ensuring the best relationship between cost, quality & time.' |

### 7.3.3 Results

*Indicators of how activities were transformed into results and services*. Many of these indicators will be process indicators that report successful completion of a task – e.g. Business Centre established and equipped. Others will be quantified targets such as number of managers trained in market analysis. A third level is concerned with the efficiency of project activities.

Efficiency indicators compare actual inputs as a ratio of actual outputs: e.g. average cost of training per participant; number of SMEs being advised per Business Adviser per month; percentage of retrained public sector workers finding jobs in the private sector. Most of these data will be obtainable from project records and will have been reported in progress reports. Calculation of these ratios will permit comparisons to be made over the life of the project to see if performance has improved, and comparison with other projects.

### 7.3.4 Project Purpose

*Indicators of the achievement of sustainable benefits for the target group*. These effectiveness indicators show whether or not the project

has achieved its purpose and whether project services are sustainable – i.e. will they continue to be provided to the target group once external assistance has been completed.

How can we improve?

If the project's actual performance does not compare well with the plan, the evaluator must investigate further. Is the poor performance due to problems arising from the initial problem analysis, from the project design, or from implementation? Three of the sustainability factors are of special importance here. To what extent was the institutional and managerial capacity of the project accurately assessed? To what extent was necessary policy support properly implemented? To what extent was the financial viability of the project adequately appraised?

Lastly, the evaluation should examine the standard and quality of goods and services generated by the project, in the opinion of final beneficiaries - e.g. Have trainees gained new skills? Do their employers find those skills to be relevant and beneficial? Evaluation of effectiveness and sustainability will require the evaluator to gather data from outside the project organisation, through meetings and visits to beneficiaries and other organisations.

### 7.3.5 Overall Objectives

*Contribution of the project to the wider sectoral objectives.* Because each individual project is just one element in a programme of activities, assessment of overall objectives may be best undertaken as part of a thematic or sectoral evaluation - e.g. evaluation of a country programme.

## 7.4 Opportunities for Evaluation

The approach adopted by many agencies, including the European Commission, is to programme formal evaluation reports at specific phases in the project cycle and to supplement these with *ad hoc* studies. The specific reports would typically be:

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- At **Mid-Term**, to review progress and propose alterations to project design during the remaining period of implementation.
- At **Project Completion**, to document the resources used, results and progress towards objectives. The objective is to generate lessons about the project which can be used to improve future designs.

Further *ad hoc* studies are used to investigate themes, such as sectoral projects within one country for example; or particular types of intervention within a region, such as institutional development projects. The advantage of themed studies is that several projects can be evaluated at one time and their results related to wider policy objectives.

## 7.5 Summary

- ☑ Evaluation can be defined as a periodic assessment of the relevance, efficiency, effectiveness, impact, economic and financial viability, and sustainability of a project in the context of its stated objectives.
- ☑ The purpose of evaluation is to review the achievements of a project against planned expectations, and to use experience from the project to improve the design of future projects and programmes.
- ☑ The EU uses the following criteria: Relevance; Efficiency; Effectiveness; Impact; Economic & financial viability; and Sustainability
- ☑ The approach adopted by many agencies, including the European Commission, is to programme formal evaluation reports at specific phases in the project cycle and to supplement these with ad hoc studies. The specific reports would typically be:
  - At Mid-Term, to review progress and propose alterations to project design during the remaining period of implementation.
  - At Project Completion, to document the resources used, results and progress towards objectives. The objective is to generate lessons about the project which can be used to improve future designs.

***Add your own notes here...***

# Glossary

**Activities** The specific tasks to be undertaken during a project's life in order to obtain results.

**Activity Schedule** A Gantt chart, a graphic representation similar to a bar chart, setting out the timing, sequence and duration of project activities. It can also be used to identify milestones for monitoring progress, and to assign responsibility for achievement of milestones.

**Analysis of Objectives** Identification and verification of future desired benefits to which the beneficiaries attach priority. The output of analysis of objectives is the objective tree.

**Appraisal** Analysis of a proposed project to determine its merit and acceptability in accordance with established criteria. This is the final step before a project is agreed for financing. It checks that the project is feasible against the situation on the ground, that the objectives set remain appropriate and that costs are reasonable.

**Assumptions** See "risks and assumptions"

**Commission** The Commission of the European Communities.

**Commitment** A commitment is a formal decision taken by the Commission to set aside a certain amount of money for a particular purpose. No expenditure can be incurred in excess of the authorised commitment.

**Evaluation** A periodic assessment of the efficiency, effectiveness, impact, sustainability and relevance of a project in the context of stated objectives. It is usually undertaken as an independent examination of the background, objectives, results, activities and means deployed, with a view to drawing lessons that may guide future decision-making.

**Evaluation Phase** The sixth and final phase of the project cycle during which the project is examined against its objectives, and lessons are used to influence future actions.

**Factors Ensuring Sustainability** Factors that are known to have had a significant impact on the sustainability of benefits generated by projects in the past, and which should be taken into account in the design of future projects.

**Feasibility Study** A feasibility study, conducted during the formulation phase, verifies whether the proposed project is well-founded, and is likely to meet the needs of its intended beneficiaries. The study should design the project in full operational detail, taking account of all technical, economic, financial, institutional, management, environmental and socio-cultural aspects. The study will provide the European commission and partner government with sufficient information to justify acceptance, modification or rejection of the proposed project for further financing.

**Financing Agreement** The document signed between the European Commission and the partner country or countries subsequent to a financing decision. It includes a description of the particular project or programme to be funded. It represents the formal commitment of the European Union and the partner country to finance the measures described.

**Financing Phase** The fourth phase of the project cycle during which projects are approved for financing, and an implementation contractor is selected.

**Financing Proposal** Financing proposals are draft documents, submitted by the Commission's services to the relevant Financing Committee for opinion and to the Commission for decision. They describe the general background, nature, scope and objectives and modalities of measures proposed and indicate the funding foreseen. After having received the favourable opinion of the Financing Committee, they are the subject of the Commission's subsequent financing decision and of the Financing Agreement which is signed with the respective partner country.

**Formulation Phase** The third phase of the project cycle during which the details of the project are elaborated on the basis of a feasibility study.

**Formulation Phase** The third phase in the project cycle. It involves the establishment of the details of the project on the basis of a feasibility study, followed by an examination by EC staff to assess the project's merits and consistency with sectoral policies.

**Gantt Chart** A method of presenting information graphically, often used for activity scheduling. Similar to a bar chart.

**Hierarchy of Objectives** Activities, results, project purpose, overall objectives as specified in the intervention logic.

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|---|---|
| **Identification Phase** | The second phase of the project cycle. It involves the initial elaboration of the project idea in terms of objectives, results and activities, with a view to determining whether or not to go ahead with a feasibility study. |
| **Implementation Phase** | The fifth phase of the project cycle during which the project is implemented, and progress towards achieving objectives is monitored. |
| **Indicative Programmes** | These are prepared by the European Commission in co-ordination with partner country governments. They provide general guidelines and principles for cooperation with the European Union. They specify focal sectors and themes within a country or region and may set out a number of project ideas. |
| **Integrated Approach** | The consistent examination of a project throughout all the phases of the project cycle, to ensure that issues of relevance, feasibility and sustainability remain in focus. |
| **Intervention Logic** | The strategy underlying the project. It is the narrative description of the project at each of the four levels of the 'hierarchy of objectives' used in the logframe. |
| **Logframe** | The matrix in which a project's intervention logic, assumptions, objectively verifiable indicators and sources of verification are presented. |
| **Logical Framework Approach (LFA)** | A methodology for planning, managing and evaluating programmes and projects, involving problem analysis, analysis of objectives, strategy analysis, preparation of the logframe matrix and activity and resource schedules. |
| **Means** | The inputs required in order to do the work (such as personnel, equipment and materials). |
| **Milestones** | A type of OVI providing indicators for short-term objectives (usually activities) which facilitate measurement of achievements throughout a project rather than just at the end. They also indicate times when decisions can be made. |
| **Monitoring** | The systematic and continuous collecting, analysing and using of information for the purpose of management control and decision-making. |
| **Objective** | Description of the aim of a project or programme. In its generic sense it refers to activities, results, project purpose, overall objectives and goals. |

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| **Objective Tree** | A diagrammatic representation of the proposed project interventions planned logically, following a problem analysis, showing proposed means, resources and ends. |
| **Objectively Verifiable Indicators (OVI)** | Measurable indicators that will show whether or not objectives have been achieved at each level of the logframe hierarchy. OVIs provide the basis for designing an appropriate monitoring system. |
| **Overall Objectives** | Objectives in the wider sectoral and national sector, to which the project is designed to contribute. |
| **Pre-Conditions** | Pre-conditions (if any) attached to the provision of aid which must be met before the project can commence. |
| **Prefeasibility Study** | The prefeasibility study, conducted during the identification phase, ensures that all problems are identified and alternative solutions are appraised, and selects a preferred alternative on the basis of sustainability criteria. The study will provide the European commission and partner government with sufficient information to justify acceptance, modification or rejection of the proposed project for further formulation. |
| **Problem Analysis** | A structured investigation of the negative aspects of a situation in order to establish causes and their effects. |
| **Programming Phase** | The first phase of the project cycle during which the Indicative Programme is prepared. |
| **Project Cycle** | The project cycle follows the life of a project from the initial idea through to its completion. It provides a structure to ensure that stakeholders are consulted, and defines the key decisions, information requirements and responsibilities at each phase so that informed decisions can be made at key phases in the life of a project. It draws on evaluation to build the lessons of experience into design of future programmes and projects. |
| **Project Cycle Management** | A methodology for the preparation, implementation and evaluation of projects and programmes based on the integrated approach and the logical framework approach. |
| **Project Purpose** | The central objective of the project in terms of sustainable benefits to be delivered to the project beneficiaries. It does not refer to the services provided by the project (these are results), nor to the utilisation of these services, but to the benefits which project beneficiaries derive as a result of using project services. |

| | |
|---|---|
| **Recurrent Costs** | Costs which are incurred for operation and maintenance that will continue to be incurred after the implementation period of the project. |
| **Resource Schedule** | The project budget. |
| **Results** | The outputs produced by undertaking a series of activities. The results are what the project will have achieved by its completion date. |
| **Risks, Constraints & Assumptions** | External factors which could affect the progress or success of the project, but over which the project manager has no direct control. |
| **Sources of Verification** | The means by which the indicators or milestones will be recorded and made available to project management or those evaluating project performance. |
| **Stakeholder** | Individuals or institutions with a financial or intellectual interest in the results of a project. |
| **Strategy Analysis** | Critical assessment of the alternative ways of achieving objectives, and selection of one or more for inclusion in the proposed project. |
| **Sustainability** | A key requirement for a successful project. Sustainability is the ability to generate results after the external support has been discontinued. While a project is limited by time, the benefits should continue and the activities should be developed long after the project has ended, without the need for external inputs. |
| **SWOT Analysis** | Analysis of an organisation's **S**trengths and **W**eaknesses, and the **O**pportunities and **T**hreats that it faces. A tool used for project appraisal. |
| **Terms of Reference** | Terms of Reference define the tasks required of the contractor and indicate project background and objectives, planned activities, expected inputs and outputs, budget, timetables and job descriptions. |
| **Workplan** | The schedule which sets out the activities and resources necessary to achieve a project's results and purpose. |

# Useful References

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