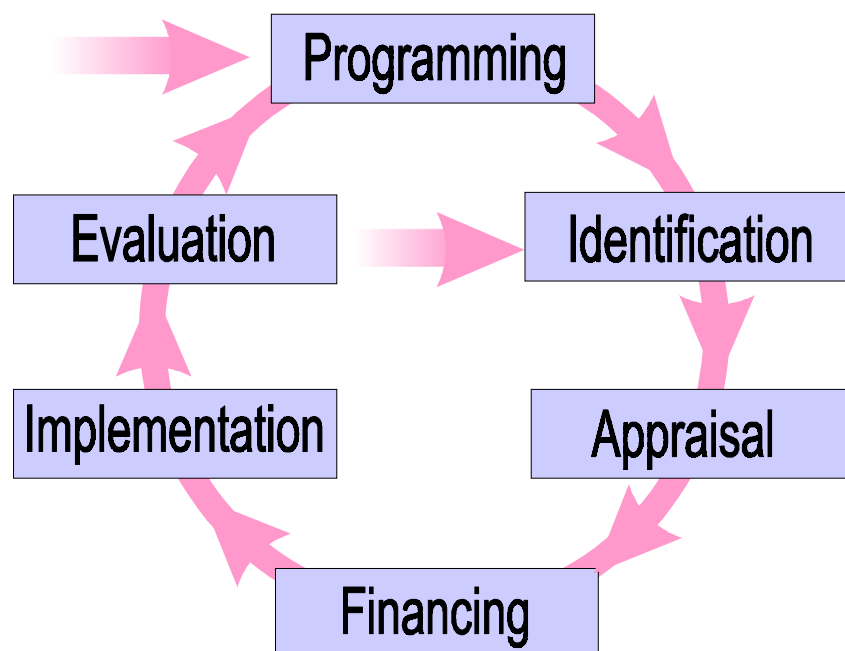




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EuropeAid Co-operation Office
General Affairs
Evaluation

Project Cycle Management

Handbook



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Project Cycle Management Handbook

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List of Abbreviations

ALA	Asia and Latin America (ALA) countries
AWP	Annual Work Plan
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DG	Directorate-General
DG DEV	Development Directorate-General
DG RELEX	External Relations Directorate-General
EC	European Commission
ECHO	European Commission Humanitarian Office
EcoFin Analysis	Economic and Financial Analysis
EDF	European Development Fund
EU	European Union
EuropeAid	EuropeAid Co-operation Office
FP	Financing Proposal
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit mbH (German Agency for Technical Co-operation)
HQ	EC Headquarters in Brussels
IADB	Inter-American Development Bank
IMF	International Monetary Fund
LF	Logical Framework
LFA	Logical Framework Approach
M&E	Monitoring and Evaluation
MED	Mediterranean (MED) countries
NIP	National Indicative Programme
OFS	Order For Service
OAS	Overall Activity Schedule
OECD	Organisation for Economic Co-operation and Development
OO	Overall Objectives
OVI	Objectively Verifiable Indicator
OWP	Overall Work Plan
PCM	Project Cycle Management
PIS	Project Identification Sheet
PP	Project Purpose
PRSP	Poverty Reduction Strategy Paper
SOV	Source of Verification
TOR	Terms of Reference
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNDP/GEF	Global Environmental Facility

1. INTRODUCTION

This handbook complements the PCM manual¹ published in March 2001. While the manual spells out the PCM principles, the handbook provides hands-on practical advice on the phases of the cycle. Sector programmes and sector-wide approaches (SWAP) are also considered in this handbook, but the handbook's main focus is on project and programme cycle management. It is thus neither a handbook on SWAP for e.g. health or education, nor a handbook on budget support programmes which are under preparation by the competent unit within the EC.

This handbook is neither a procedures manual nor does it address policy issues particular to the RELEX DGs. It presents *PCM principles*. As there are differences between EC aid programmes in how issues are dealt with, the practice of the PCM methods will have to be modified to suit the particular circumstances of the operating environment. However, it complements the PCM manual by providing more detailed guidance on how to use the techniques and tools presented there.

1.1. Contents

Chapter 1 introduces the handbook.

Chapter 2 introduces the project cycle. It presents the phases, their key characteristics, the major tasks, the overall approach and the documents to be produced and improved.

Chapter 3 introduces the Logical Framework Approach (LFA), explaining its role in project design with a simple project example. It explains how sustainability / quality factors can influence a project's chances for success, and indicates the range of tools that are available to take account of these factors. It also explains how you can use the logframe matrix to develop objective-oriented Activity and Resource Schedules.

Chapter 4 describes how to use the Logical Framework Approach to improve the quality of project documents and project design.

Chapter 5 provides additional details about issues raised in chapters 2 and 3, with a special focus on important implementation aspects. It also provides a glossary and bibliographic references (Internet links).

Where to
find what?

1.2. Target Groups

The handbook is addressed to all persons who want more detailed information about planning, management and evaluation of projects and programmes funded by the European Commission's external aid programmes.

Thus, it will be useful for those who attended PCM seminars and workshops run by EuropeAid's Evaluation Unit, and others, both inside and outside the Commission, who want to become more familiar with PCM and the Logical Framework Approach to deepen their understanding of PCM and of its application.

Target
groups

1.3. How to Use the Handbook?

Each chapter has a brief introduction at the beginning. Those who have gone through the training should use the handbook as a reference to have a better insight of the issues raised.

¹ Both documents are available in English, French and Spanish under <http://europa.eu.int/comm/europeaid/evaluation/methods/pcm.htm>.

The following sections may be most relevant for particular types of target groups:

What is
most
relevant
for me?

Group / Interest	Chapter
Persons interested in an overview on PCM in EC's external aid	2.
Persons interested in details about the Logical Framework Approach	3. & 5.4
Persons involved in managing and monitoring projects in the field – TA, Delegation staff, ministries	2.7, 5.3, 5.4
Persons in charge of planning, implementing and monitoring feasibility studies – EC staff, consultants	2.5
Persons in charge of planning or implementing evaluation studies	2.8

PCM follows an evolutionary approach. Comments on contents and case studies are welcome, and should be addressed to EuropeAid's Evaluation Unit (H/6).

2. PROJECT CYCLE MANAGEMENT: AN OVERVIEW

Throughout this handbook the word “*project*” refers both to a “project” – a group of activities to produce a Project Purpose in a fixed time frame – and a “*programme*” – a series of projects whose objectives together contribute to a common Overall Objective, at sector, country or even multi-country level.

2.1. The Project Cycle and Key PCM Principles

The way in which projects are planned and carried out follows a sequence beginning with an agreed strategy, which leads to an idea for a specific action, oriented towards achieving a set of objectives, which then is formulated, implemented, and evaluated with a view to improving the strategy and further action. 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 within EC external aid programmes has six phases. In practice, the duration and importance of each phase may vary for different projects. However, within all EC programmes the cycle shares three common themes:

1. Key decisions, information requirements and responsibilities are defined at each phase.
2. The phases in the cycle are progressive – each phase needs to be completed for the next to be tackled with success.
3. New programming draws on evaluation to build experience as part of the institutional learning process.

Aid co-operation and partnership programmes with non-member states involve often complex processes that require the active support of many parties. *PCM reflects the decision-making and implementation process*; the *methodology* applied for planning, managing, evaluating projects is the *Logical Framework Approach*. PCM helps ensuring that the stakeholders support the decisions, and that decisions are based on relevant and sufficient information.

Figure 1: The Project Cycle

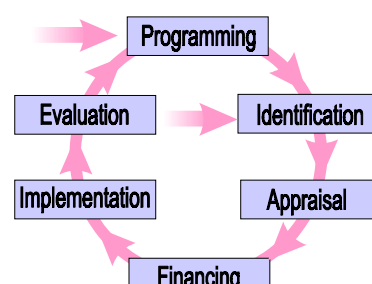


Figure 2: Merging PCM and Logframe Approach

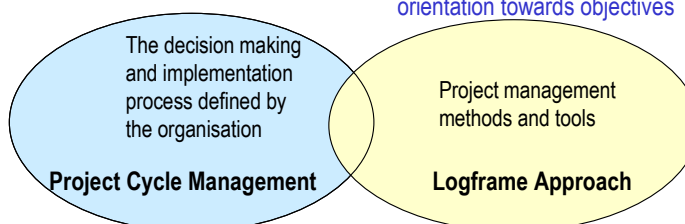
Merging PCM and Logframe Approach

♦ Project Cycle Management

Defines different phases in the project life with well-defined management activities and decision making procedures

♦ Logframe Approach

A methodology for planning, managing and evaluating programmes and projects, using tools to enhance participation and transparency and to improve orientation towards objectives



Structured & informed decision-making

PCM tries to ensure that:

What does PCM aim at?

1. projects respect and contribute to *overarching policy objectives of the EC* such as respect of human rights, poverty alleviation and to *cross-cutting issues* such as gender equality, protection of the environment (relevance to and compatibility with these issues in the broad sense);
2. projects are *relevant* to an *agreed strategy* and to the real problems of target groups / beneficiaries;
3. projects are *feasible*, meaning that *objectives* can be realistically achieved within the constraints of the operating environment and the capabilities of the implementing agencies;
4. *benefits* generated by projects are *sustainable*.

For that purpose, PCM

How to achieve?

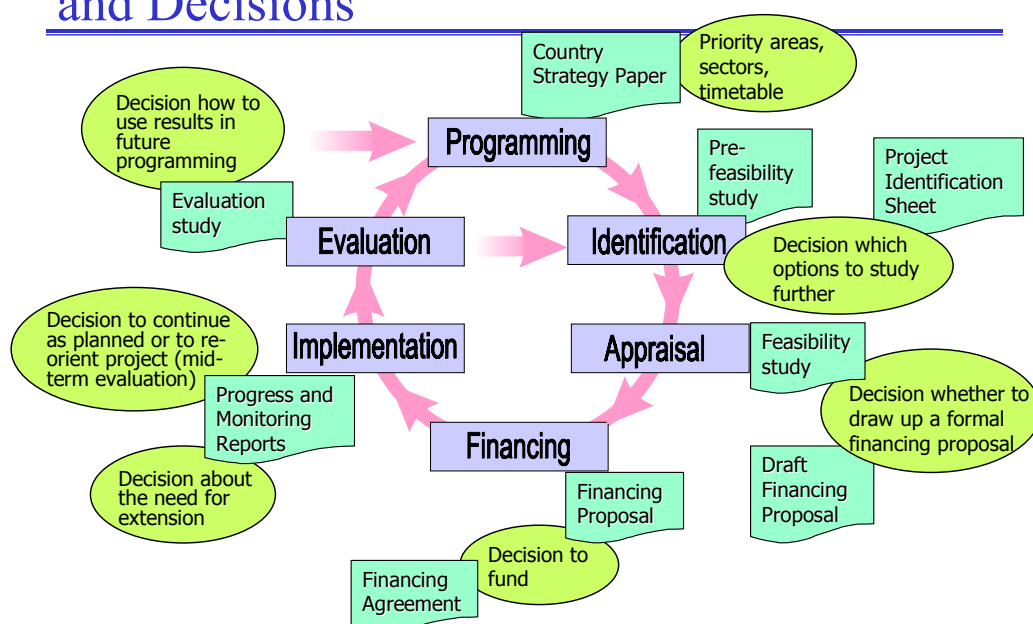
1. uses the *Logical Framework Approach* to analyse the problems, work out suitable solutions – i.e. project design, and successfully implement them.
2. requires the production of *good-quality key document(s)* in each phase, to ensure structured and well-informed decision-making (integrated approach).
3. requires consulting and involving *key stakeholders* as much as possible.
4. puts emphasis on a clear formulation and focus on one Project Purpose, in terms of *sustainable benefits for the intended target group(s)*.
5. incorporates *key quality issues* into the design from the beginning.

The focus of EC co-operation will be more and more on sector programmes, i.e. supporting a specific sector through the support to the sector policy, its development, if required, and its implementation. Both the phases of the cycle and the basic principle apply to sector programmes. Chapter 5.1 provides more details about the sector programme cycle.

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

Figure 3: The Project Cycle: Main Documents and Decisions

The Project Cycle: Major Documents and Decisions

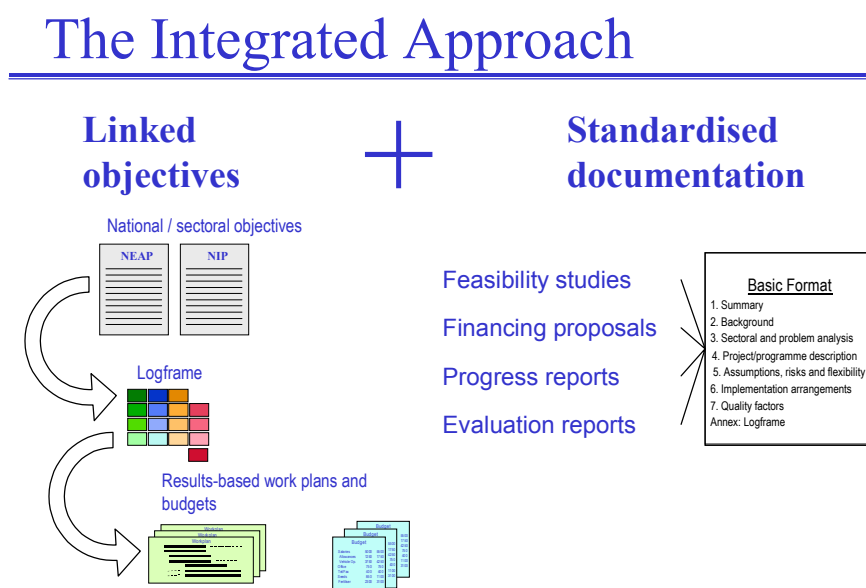


2.2. The Basic Format or Structure of Project and Programme Documents

A basic 'format' is applied for all documents to be produced during the project cycle. It follows the core logic of the Logical Framework Approach.

1. **Summary**
 2. **Background:** Overall EC and Government policy objectives, and links with the Commission's country programme or strategy, commitment of Government to overarching policy objectives of the EC such as respect of human rights
 3. **Sectoral and problem analysis,** including stakeholder analysis and their potentials
 4. **Project / programme description,** objectives, and the strategy to attain them
 - ⇒ Including lessons from past experience, and linkage with other donors' activities
 - ⇒ Description of the intervention (objectives, and strategy to reach them, including Project Purpose, Results and Activities and main Indicators)
 5. **Assumptions, Risks**
 6. **Implementation arrangements**
 - ⇒ Physical and non-physical means
 - ⇒ Organisation and implementation procedures
 - ⇒ Timetable (work plan)
 - ⇒ Estimated cost and financing plan
 - ⇒ Special conditions and accompanying measures by Government / partners
 - ⇒ Monitoring and Evaluation
 7. **Quality factors**
 - ⇒ Participation and ownership by beneficiaries
 - ⇒ Policy support
 - ⇒ Appropriate technology
 - ⇒ Socio-cultural aspects
 - ⇒ Gender equality
 - ⇒ Environmental protection
 - ⇒ Institutional and management capacities
 - ⇒ Financial and economic viability
- Annex:** Logframe (completed or outline, depending on the phase)

Figure 4: The Integrated Approach



PCM and
procedures

The following chapters provide an overview on the different phases of the project cycle. *Details about procedures and overall responsibilities between the DGs involved in a phase* can be found in the Interservice Agreement concluded between the DG External Relations, DG Development and EuropeAid Co-operation Office². They are not repeated in this handbook.

2.3. Programming

2.3.1. Introduction

Programming is multi-annual and indicative. The work is coordinated by Commission services with contributions from partner country authorities. The *output is an agreed multi-annual Indicative Programme*. It constitutes the “Order For Service” (OFS) sent formally from DG RELEX/DEV to EuropeAid. Any review thereof needs to be adopted.

Setting pri-
orities

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

“Guidelines for the Implementation of the Common Framework for Country Strategy Papers” explaining the process in detail are available on the Internet³. Overall procedures and responsibilities for programming are described in the Interservice Agreement.

2.3.2. The Programming Process: An Overview

The multi-annual programming documents, as defined by the different regulations, are a part of the strategic framework vis-à-vis a partner country/region. Furthermore, the standard Framework for Country Strategy Papers, which applies to EDF, ALA and MED programming documents will also be applied progressively to all other countries receiving financial assistance from the EC. Therefore, both programming and implementation are (respectively will be) managed on the basis of a *single, logically coherent documentation*, the Country Strategy Paper (CSP). A CSP should be drafted on the basis of discussions with the partner country ensuring sufficient ownership to facilitate a successful implementation. In this context, policy dialogue should be encouraged and should lead, if possible, to mutual understanding and consensus.

A CSP shall contain a series of *key elements and keep the following structure*:

1. A description of the EC co-operation objectives.
2. The policy objectives of the partner country.
3. An analysis of the political, economic and social situation, including the sustainability of current policies and medium-term challenges.
4. An overview of past and ongoing EC co-operation (lessons and experience), information on programmes of EU Member States and other donors.
5. The EC response strategy, identifying a strictly limited number of intervention sectors that is complementary to interventions by other donors.

² http://europa.eu.int/comm/external_relations/reform/document/intser_06_01.pdf

³ http://europa.eu.int/comm/development/lex/en/sec2000_1049_0_en.htm#menu

6. Once the response strategy is defined, it must be translated *into a National Indicative Programme (NIP)*. This may be an integral part of the overall CSP document. The NIP is a management tool covering a period of several years (from 3 - 5 years depending on the applicable Regulation/Agreement). It identifies and defines the appropriate measures and actions for attaining the objectives laid down. The National Indicative Programme should fully derive from and be consistent with the preceding analysis.

Each of these points is further developed in the “*Guidelines for implementation of the Common Framework for Country Strategy Papers*”⁴. The order of the components should not be altered and in total, the document should be 15 to 25 pages, without annexes.

The *indicative programme* shall specify:

- Global objectives: Programming documents set out the strategic choices for EC co-operation, on the basis of the EU's and the country's priorities, making possible the setting of *priorities within and across sectors and by instrument*;
- *Financial envelopes* for each co-operation area including, where appropriate, the indicative timing and size of each instalment of the Community contributions;
- *Specific objectives and expected results* for each co-operation area including key domains for conditionalities and *main performance and a limited number of key outcome indicators* (for a definition, see table below). These indicators must relate to developments that are measurable in the short/medium term. If there is a PRSP process (Poverty Reduction Strategy Paper) under way, the indicators must correspond to those developed in that framework;
- How *crosscutting issues* are taken into consideration (gender, environment, etc.);
- *Programmes* to be implemented in pursuit of these objectives and intended beneficiaries and *the type of assistance to be provided* (e.g. macroeconomic support, technical assistance, training, investment, supply of equipment, etc). Furthermore, *project ideas* may be formulated and general criteria for their realisation defined (such as geographical area, most suitable partners, suitable duration of projects)⁵.

The whole programming process reflects major elements of the Logical Framework Approach, and shows that the approach is also valuable for setting co-operation objectives at country or regional level.

What needs to be specified?

⁴ See http://europa.eu.int/comm/development/lex/en/sec2000_1049_0_en.htm#menu

⁵ For ACP countries, there is a legal obligation to give the NIP an operational content (Annex IV to the Cotonou Agreement). To the extent possible, concrete operations for which preparations are at a sufficiently advanced stage to warrant funding in the short and/or medium term shall therefore be included in the NIP. As the Cotonou Agreement prescribes rolling programming, NIPs for ACP countries should also include a projection of tentative, but nevertheless identifiable, proposals for follow-up in the subsequent years.

Table 1: Development Indicators and their Use within EC

Development Indicators	As a major step towards concerted international action for development, the OECD, the United Nations and the World Bank have agreed to focus on a series of key goals in partnership with developing countries. These goals have been endorsed by major international conferences. A system for tracking progress has also been agreed. A core set of indicators will be used - at a global level - to monitor performance and adjust development strategies as required. Within the EC, such kinds of development indicators are especially used in the framework of CSP and sector programmes. As for EC activities, the use of indicators meets three distinct and complementary needs, each requiring the monitoring of a separate set of indicators: 1. Measure the performance of the country's development policies in terms of economic growth, increasing standard of living and poverty reduction in the short, medium and long term. 2. Measure the performance of sectoral development policies. 3. Monitor the implementation and impact of EC assistance. As for all other types of indicators, it is imperative to consider the degree of measurability of the indicators as a key criterion when selecting which indicators to follow. Therefore, when defining each indicator, it is essential to pay attention to the time and cost necessary to collect the data, and the frequency with which these data could be obtained. In terms of development policy, the following terminology is applied for indicators:
Input Indicators	They measure the financial, administrative and regulatory resources provided by the Government and donors. It is necessary to establish a link between the resources used and the results achieved in order to assess the efficiency of the actions carried out. <i>E.g.: Share of the budget devoted to education expenditure, abolition of compulsory school uniforms</i>
Output Indicators	They measure the immediate and concrete consequences of the measures taken and resources used: <i>E.g.: Number of schools built, number of teachers trained</i>
Outcome Indicators	They measure the short-term results at the level of beneficiaries. The term 'results indicators' is used as well. <i>E.g.: School enrolment, percentage of girls among the children entering in first year of primary school</i>
Impact Indicators	They measure the long-term consequences of the outcomes. They measure the general objectives in terms of national development and poverty reduction. <i>E.g.: Literacy rates</i>

Except for the term "Input indicators" which is usually not used as such within the Logical Framework Approach (LFA), this terminology complies with the LFA:

- Output indicators would be located at the level of Activities, as they are direct consequences of Activities implemented,
- Outcome indicators correspond to indicators at the level of the Results in a Logical Framework,
- Impact indicators are measures at the level of the Purpose and the Overall Objectives (one could distinguish between initial and long-term impact).

2.3.3. Fundamental Principles of Programming

The following principles shall motivate and inform all aspects of programming:

1. *Poverty focus*: EC development policy shall be centred on the objective to reduce and, eventually, to eradicate poverty⁶ while taking into consideration other

⁶ Overall Statement by the Commission and the Council on the European Community's Development policy, adopted by the Development Council on 10 November 2000.

- objectives set out in Article 177 of the Treaty as well as in the regulations and international agreements for each geographical region.
2. *Policy mix*: Strategy and programming documents must be comprehensive and account for all EC policies, resources and instruments (the EC 'policy mix'), that are applied in a partner country (as trade policy, fisheries policy and Common Foreign and Security Policy).
 3. *Country ownership*: The starting points for the preparation of strategies and programming are the EU/EC's co-operation objectives and the country's own policy agenda. For countries that are involved in the World Bank initiative on the establishment of Poverty Reduction Strategies, it is assumed that the starting point will be the PRSP process.
 4. *Work sharing and complementarity*: Every effort must be made to maximise information sharing and ensure complementarity with the efforts of the government (and civil society partners), Member States' interventions, and activities of multilateral agencies.
 5. *Comprehensive country analysis*: The approach to programming must be integrated and consider the political, economic, trade, social, cultural and environmental aspects of development.
 6. *Concentration of efforts on a limited number of areas*: Six priority areas for EC co-operation are identified in the Overall Policy Statement: trade and development; regional integration, macroeconomic policies including support to the social sectors, transport, food security/rural development and institutional capacity building.
 7. *Cross-cutting and overarching policy issues*: At every stage of execution of the activities previously reviewed, a number of such concerns have to be considered: the promotion of human rights, equality between men and women, the environmental dimension, etc.). Also conflict prevention and crisis management require systematic attention.
 8. *Other key aspects of EC development policy*: In addition to the areas of concentration and cross-cutting concerns, the statement recalls the importance of (i) accelerated action targeting the communicable disease situation (such as HIV/AIDS, malaria and tuberculosis), (ii) information and communications technologies and (iii) supporting research in developing countries.
 9. Wherever possible, the focus on individual projects should gradually be replaced by a *sector programme* or *policy-based approach*; providing support to coherent national policies in each sector or co-operation area.
 10. *Feedback*: Lessons of past experience and results of relevant evaluations shall systematically be taken into account and be fed back into the programming process.
 11. *Focus on outcomes*: The programming, implementation and review process shall include systematic use of a few key outcome indicators, designed to show and measure the impact of the EC resources committed.
 12. *Open partnership*: The co-operation partnership shall be extended to civil society, private sector and local authorities, which in many cases should be associated with the policy dialogue and the implementation of projects.

2.3.4. Checking the Quality of an Indicative Programme

The following questions may provide guidance when *checking the quality of an Indicative Programme*:

- Are the objectives of the indicative programme clear and unambiguous? Do they cover aspects of good governance, poverty alleviation, environmental protection and gender equality?
- Are the sectoral objectives clearly linked to the objectives of the indicative programme?
- Are the objectives clearly defined? Are the indicators appropriate?
- What are the assumptions and risks underlying the objectives? How critical to the programme's success are they and how likely is it that they will be achieved?
- Have the goals and objectives been clearly understood and accepted by all relevant partner country institutions?

2.4. Identification

2.4.1. Introduction

During the *Identification* phase, and within the framework established by the Country Strategy Paper, the stress is on analysis of relevance of project ideas, which includes an analysis of the stakeholders and of the likely target groups and beneficiaries (who they are: women and men from different socio-economic groups; assessment of their potentials, etc.) and of the situation, including an analysis of the problems they face, and the identification of options to address these problems.

Sectoral, thematic or “pre-feasibility” studies may be carried out (including consultations with stakeholders) to *help identify, select or investigate specific ideas, and to define what further studies may be needed* to formulate a project or action. The outcome is a decision on whether or not the option(s) developed should be further studied in detail. Overall responsibility for Identification is with EuropeAid who initiates missions, studies and related preparatory work (including consultations with others donors and potential co-financing) in order to define the activities (projects, programmes, sectoral support, etc.) to be financed. A priority list is established by DG DEV/RELEX indicating which projects should be appraised immediately for a rapid start of implementation, in the following year and so on.

Identifying
ideas and
further steps

2.4.2. Expected Outcomes of Identification

The expected *outcomes of Identification* are:

- Where required, a *pre-feasibility study* analysing a given situation, suggesting different options to address this situation and suggesting the one(s) to be further studied during appraisal to ensure these ideas are feasible.
- A *Project Identification Sheet* based, if possible, on the pre-feasibility study, and
 - ⇒ examining the coherence between the project / programme proposed and the objectives defined in the CSP/NIP,
 - ⇒ indicating relevant experience to be taken into account,
 - ⇒ determining the subsequent steps.
- A *decision* taken by the EC and the partner country
 - ⇒ to appraise the suggested option(s) in detail (priority list),
 - ⇒ to reject the project.

In terms of Logical Framework, the pre-feasibility study should establish a rough project description covering basically the Intervention Logic and the Assumptions. This means that it should go through the Analysis Stage and parts of the Planning Stage of the LFA, establishing Stakeholder Analysis, Problem Analysis, Analysis of Objectives, Strategy Analysis. In most cases, it will be sufficient to roughly elaborate the Intervention Logic and the Assumptions for the preferred option, as well as give indications for possible Indicators, especially at the level of the Project Purpose and the Results. So the outcome would look as follows:

Figure 5: The Logframe: What should be Outlined at the End of Identification

The Logframe: What should be Outlined at the End of Identification

Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives			
Project Purpose			
Results			
Activities	Means	Cost	
			Pre-conditions

In addition, the pre-feasibility study should provide a first draft for an implementation Schedule. Such a schedule should outline the timing for the major elements of further preparation and implementation. In cases where no pre-feasibility study is made, the Implementation Schedule should be prepared by the task manager. In both cases it will accompany the Project Identification Sheet and thus serve for decision by DG DEV/RELEX about the further timing of appraisal and implementation. It should regularly be updated by the task manager. During implementation, the project managers are responsible for updating the schedule and to submit it as part of the progress reports.

2.4.3. Major Tasks

At the level of an individual project, Identification will usually involve the following *major tasks*:

1. Organising consultations with other donors throughout the phase.
2. Drafting TOR for the pre-feasibility study (Standard TOR are available on the Intranet of EuropeAid – working tools), based on:
 - the Overall Objectives of co-operation with the concerned partner country,
 - background information about the country, sector, region concerned, including overall sector strategies or sector support programmes,
 - discussions with stakeholders likely to be concerned by the project,
 - experience in the country in the same or comparable sectors or regions,

- lessons learnt through evaluation of similar projects⁷.
3. Drafting tender documents for the pre-feasibility study according to the existing procedures and selecting contractor according to existing procedures.
 4. Briefing contractor and parties involved and monitoring pre-feasibility study mission.
 5. Ensuring quality of outcome (reports) and feedback to parties involved, including assessment and improvement of the project ideas and decision whether or not further action is justified. If so, defining issues for a feasibility study and drawing up terms of reference.
 6. Drafting the Project Identification Sheet and submitting it for priority listing.

A typical pre-feasibility study mission would last several weeks in the partner country, followed by a shorter period outside this country. This mission is one of the most important stages in the planning of new projects. During the mission the study team must work closely with the potential beneficiaries and target groups. The *key focus* for the mission is:

1. To consult with proposed beneficiaries and target groups to assess their strengths and weaknesses and to check their likely commitment to a project. This consultation will take the form of individual and group meetings both with the potential partner institutions and the beneficiaries / target groups. It is recommended to hold a diagnosis workshop to run through the Analysis and parts of the Planning Phase of the LFA as described above.
2. To ensure that potential project options are coherently defined with a logical analysis of problems, achievable objectives linked to (sub-)sector objectives and the objectives in the indicative programme as well as to the overarching policy objectives.
3. To define the Overall Objectives, Project Purpose and Results which are expected from project activities for the preferred option.
4. To identify assumptions on which the project would be based.
5. To identify those factors which will influence the project's sustainability and the likely partner's arrangements for the post-project period.
6. To provide a first estimate of means and cost.
7. To identify those aspects of the project where further analysis and planning work will be required in order to ensure feasibility of the intervention, finalize planning and draft the financing proposal.
8. To ensure that the project has an appropriate size, taking into account the capacity of the likely partner institution and target groups.

2.4.4. Project Identification Criteria

When assessing the quality of project ideas at the end of the Identification phase (i.e. the pre-feasibility study report), it should mainly be ensured that these ideas are likely to be relevant and that they are as well likely to be feasible (most steps of the sustainability check will take place during Appraisal). The following questions and assessment criteria should provide guidance for this check:

⁷ The PCM training programme offers a tool for assessing first project ideas and for drafting TOR for a feasibility studies. This *Guide for Assessment of Project Proposals*, which is intended for in-depth analysis of project proposals prior to the appraisal phase can be downloaded from the Intranet of EuropeAid – working tools.

The Guide contains instructions that provide a framework for analysing the coherence and comprehensiveness of a project proposal. The project design is deconstructed and reconstructed, in order to identify the gaps and inconsistencies, and thereby to identify questions for inclusion in the terms of reference for a feasibility study.

Table 2: Quality Criteria for Assessment of Project Ideas

Question	Quality assessment criterion
1. Relevance	
1.1 Are the project objectives in line with the overarching policy objectives of strengthening good governance, human rights and the rule of law, and poverty alleviation?	Outline project objectives are compatible with the overarching policy objectives; they fully respect them in the approach and seek to contribute to their achievement. The proposal indicates which of them are most relevant and how they are linked to the project objectives.
1.2 Are the major stakeholders of the project clearly identified and described?	The stakeholders likely to be most important for the project have been consulted; and target groups and other beneficiaries have been identified. They have expressed their interest and expectations, the role they are willing to play, the resources and capacities they may provide, also in a gender-differentiated way. The other stakeholders have expressed general support for the likely objectives of the project. Conclusions are drawn on how the project could deal with the groups (alternatives are shown).
1.3 Are the beneficiaries (target groups and final beneficiaries) clearly identified?	Their socio-economic roles and positions, geographical location, organisational set-up, resource endowment, etc. are described in detail. Educational/skills level, management capacities and their specific potentials are also described in detail, especially for the target groups, providing a gender breakdown, where appropriate. The analysis addresses options how the project could take advantage of and support skills, potentials, etc. of the target groups.
1.5 Are the problems of target groups and final beneficiaries sufficiently described?	They are described in detail, including information on the specific problems faced by the target groups (including sub-groups) and the final beneficiaries. Problem description of possible project partners show their specific problems and relate them to the problems of the target groups.
1.6 Is the problem analysis sufficiently comprehensive?	The causes of the problems of target groups / final beneficiaries have been researched, and the problem analysis gives a clear indication of how these problems are related (cause – effect).
1.7 Do the outlined Overall Objectives explain why the project is important for sectoral development and society?	The proposals outlines • which longer term benefit the final beneficiaries find in the project, • how the project fits within the sectoral policies of the Government and the sectoral objectives stated in the Indicative Programme, Country Strategy Paper, etc., and • how the project fits within the overarching policy objectives of the EC.
1.8 Does the Project Purpose express a direct benefit for the target groups?	The Project Purpose describes a direct benefit to be derived from the project by the target groups at the end of the project as a consequence of achieving the Results.
1.9 Does the EcoFin (Financial and Economic) Analysis provide adequate information on the questions raised above?	The EcoFin Analysis provides data on the possible incremental net benefit of the beneficiaries as well as on the contribution to the achievement of national and EU policy priorities, if possible for various project alternatives.

2. Feasibility		
2.1	Will the Project Purpose contribute to the Overall Objectives (if the Assumptions hold true)?	Previous experience (in other projects or regions) has shown a strong causal relationship between the Project Purpose and Overall Objectives.
2.2	Are Results products of the implementation of Activities?	All Results are a consequence of undertaking the related Activities.
2.3	Will the Project Purpose be achieved if the Results are attained?	There is evidence that there is a direct and logical link between the Results and the Purpose in terms of means-ends relationship, i.e. the achievement of the Results will remove the main problems underlying the Project Purpose.
2.4	Can the Results and Purpose realistically be achieved with the Means suggested (first estimate)?	Indicators for Results and Purpose are 'specific' and are at least partly described with measurable quantities, time frame, target group, location and quality. There is also evidence that Indicators of the Results and Purpose are realistic given the time frame set for the project.
2.5	Have important external factors been identified?	Given the experience in the country and sector, and based on the analysis of objectives, major external factors have been identified at the relevant levels in the logframe.
2.6	Is the probability of realisation of the Assumptions acceptable?	For each Assumption, some evidence is provided that the probability of realisation is acceptable.
2.7	Will the suggested project partners and implementing agencies be able to implement the project?	The potential partners have actively participated in the identification phase and have relevant implementing experience. If they do not have this experience outline capacity building measures are already suggested to enhance implementation capacity.
2.8	Does the EcoFin Analysis provide adequate information on the questions raised above?	Efficiency is assessed roughly according to the EcoFin guidelines. Relevant alternatives were analysed. The impact of main risks was assessed.

Only if each criterion is met fully or at least fairly, it is recommendable to continue with the appraisal of the project. Otherwise,

- satisfactory clarification of the issue under consideration should be sought, i.e. complementary information should be gathered from concerned parties, or
- additional studies may be launched, etc. before deciding to continue with the appraisal of the project by drafting TOR for the feasibility study – or
- the project idea should be completely rejected.

2.5. Appraisal

2.5.1. Introduction

During the *Appraisal* phase, EuropeAid launches any preparatory studies as may be required and manages their technical, contractual and financial aspects. Relevant project ideas are developed into project plans. The particular stress should be on feasibility and sustainability / quality of the suggested intervention. 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). Again, checks need to ensure that cross-cutting issues and overarching policy objectives are adequately considered in the project design and objectives. A detailed Logical Framework with Indicators, and Implementation, Activity and Resource Schedules, should be produced.

Defining details of the project

What is ex ante evaluation?

On the basis of these assessments, a decision is made on whether or not to draw up a formal financing proposal and seek funding for the project.

The term “*ex ante*” *evaluation* is now frequently used for “Appraisal” or “Feasibility Study”. While Appraisal refers to studies during the preparatory phases of the project cycle (pre-feasibility or feasibility studies), “evaluation” as such concerns the assessment of an ongoing or completed project, programme or policy, its design, implementation and results (see section 2.8): “Ex ante evaluation is a process that supports the preparation of proposals for new or renewed Community actions. Its purpose is to gather information and carry out analyses that help to define objectives, to ensure that these objectives can be met, that the instruments used are cost-effective and that reliable later evaluation will be possible. (...)”⁸

2.5.2. Expected Outcomes of Appraisal

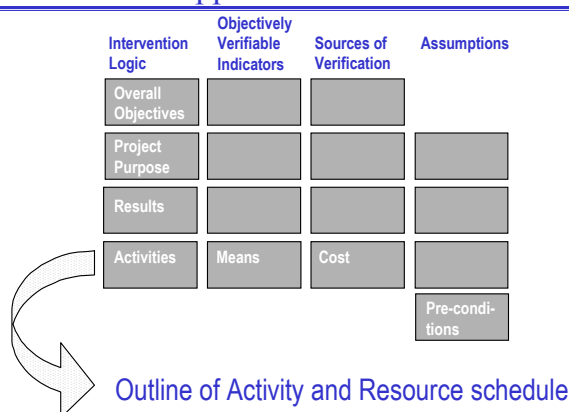
The expected *outcomes of Appraisal* are:

- A feasibility study establishing whether the proposed project identified in the pre-feasibility study is relevant, feasible and likely to be sustainable, and detailing the technical, economic and financial, institutional and management, environmental and socio-cultural and operational aspects of the project. 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.
- A decision taken by the EC and the partner country
 - ⇒ to prepare a financing proposal based on the study
 - ⇒ to reject the project
 - ⇒ to further study certain aspects, if not yet clarified in a satisfactory manner

In terms of Logical Framework, the feasibility study should establish a detailed project description covering all aspects of the logframe. In addition, an outline of an Activity Schedule and a Resource Schedule should as well be prepared for the project. Also, the preparation of a first draft financing proposal forms part of the appraisal.

Figure 6: The Logframe: What Should Be Defined at the End of Appraisal

The Logframe: What Should be Defined at the End of Appraisal



⁸ From the DG Budget's guide “Ex Ante” Evaluation: A Guide for Preparing Proposals for Expenditure Programmes. For further details please refer to the site http://europa.eu.int/comm/budget/evaluation/pdf/ex_ante_guide_en.pdf.

2.5.3. Major Tasks

For an individual project Appraisal will usually involve tasks comparable to those of the Identification phase. The drafting of the TOR for the feasibility study (Standard TOR are available the EuropeAid Intranet homepage, working tools – PCM, will be based on

- the decision made concerning which option to study in-depth,
- the pre-feasibility study report, taking into account the suggestions made there,
- lessons learnt through evaluation of similar projects.

Equally, the project design has to be assessed and improved, and a decision to be taken as to whether or not to proceed with the preparation of a financing proposal.

A typical feasibility study mission will last several weeks. The *key focus* for the mission will be:

1. To verify the relevance of the proposed project in addressing the existing problems, suggested in or in addition to the options studied in the pre-feasibility study. This means to check the validity of the logframe outline as it was developed during the identification phase, and running in detail through the steps of the Planning Phase.
2. To ensure that the project objectives are in line with the objectives in the indicative programme, the overarching policy objectives of the EC and linked to the (sub-) sector objectives.
3. To assess in detail the feasibility of the proposed project and to prepare / finalise a logical framework planning matrix.
4. To assess in detail the potential sustainability of the project results after project completion, based on consideration of the quality factors.
5. To prepare an Implementation Schedule, an outline for Activity and Resource Schedules and the institutional structure for implementation stipulating the responsibilities of various bodies, project timing/phasing, estimated cost per budget item.
6. To draft design specifications, if required.
7. To prepare a draft Financing Proposal.
8. To provide recommendations for the next steps and any further actions necessary to secure project financing and implementation and, possibly, the tender documents for the selection of consultancy services.

Planning workshops – An opportunity to enhance ownership

Holding a *planning workshop* towards the end of the mission (and focusing on final agreement on Overall Objectives, Results, Activities, Indicators, the outline of Activity and Resource Schedules and implementation arrangements) is strongly recommended. This will help improving ownership by the target groups / beneficiaries⁹.

2.5.4. Project Appraisal Criteria

Applying quality criteria

When assessing the quality of project design at the end of the appraisal phase, it should be ensured that the project is relevant, feasible and likely to be sustainable. The following questions and assessment criteria should provide guidance for this check:

⁹ Standard TOR for the Moderation of a Logical Framework Planning Workshop are available on the Intranet site of EuropeAid (working tools – PCM).

**Table 3: Quality Criteria for Assessment of a Detailed Project Design
(or Draft Financing Proposal)**

Question		Quality assessment criterion
1. Relevance		
1.1	Are the project objectives in line with the overarching policy objectives of strengthening good governance, human rights and the rule of law, and poverty alleviation?	The project objectives are compatible with these objectives they fully respect them in the approach and seek to contribute to their achievement. The proposal states clearly which of them are most relevant and how they are linked to the project objectives.
1.2	Are the major stakeholders of the project clearly identified and described?	The most important stakeholders for the project identified during identification have been confirmed and consulted; and the target groups and other beneficiaries are clearly identified, have confirmed their interest and expectations, the role they are willing to play, the resources and capacities they will provide, also in a gender differentiated way. The other stakeholders have confirmed their general support for the objectives of the project. Clear conclusions are drawn on how the project intends to deal with the groups.
1.3	Are the beneficiaries (target groups and final beneficiaries) clearly identified?	Their socio-economic roles and positions, geographical location, organisational set-up, resource endowment, etc. are described in detail. Educational/skills level, management capacities and their specific potentials are also described in detail, especially for the target groups, providing a gender breakdown where appropriate. The analysis shows clearly how the project will take advantage of and support skills, potentials, etc. of the target groups. No major changes occur compared to the pre-feasibility study.
1.5	Are the problems of target groups and final beneficiaries sufficiently described?	They are described in detail, including information on the specific problems faced by the target groups (including sub-groups) and the final beneficiaries. Problem description of project partners show their specific problems and relate them clearly to the problems of the target groups.
1.6	Is the problem analysis sufficiently comprehensive?	The causes of the problems of target groups / final beneficiaries have been researched, and the problem analysis gives a clear indication of how these problems are related (cause – effect).
1.7	Do Overall Objectives explain why the project is important for sectoral development and society?	The proposals clearly indicates • which longer term benefit the final beneficiaries find in the project, • how the project fits within the sectoral policies of the Government and the sectoral objectives stated in the Indicative Programme, Country Strategy Paper, etc., and • how the project fits within the overarching policy objectives of the EC
1.8	Does the Project Purpose express a direct benefit for the target groups?	The Project Purpose describes a direct benefit to be derived from the project by the target groups at the end of the project as a consequence of achieving the Results.
1.9	Does the EcoFin (Financial and Economic) Analysis provide sufficient information on the questions raised above?	The EcoFin Analysis has been performed according to the EcoFin guidelines and provides extensive data on the incremental net benefit of the beneficiaries as well as on the contribution to the achievement of national and EU policy priorities
2. Feasibility		
2.1	Will the Project Purpose contribute to the Overall Objectives (if the Assumptions hold true)?	Previous experience (in other projects or regions) has shown a strong causal relationship between the Project Purpose and Overall Objectives.
2.2	Are Results products of the implementation of Activities?	All Results are a consequence of undertaking the related Activities.
2.3	Will the Project Purpose be achieved if all Results are attained?	There is clear evidence that there is a direct and logical link between the Results and the Purpose in terms of means-ends relationship, i.e. the achievement of the Results will remove the main problems underlying the Project Purpose.

	Question	Quality assessment criterion
2.4	Are the Means sufficiently justified by quantified objectives?	Indicators for Results and Purpose are 'specific' and are described with measurable quantities, time frame, target group, location and quality, if possible. There is also confirmation of evidence that Indicators of the Results and Purpose are realistic given the time frame set for the project.
2.5	Have important external factors been identified?	External factors and accompanying measures have been comprehensively identified at the relevant levels in the logframe.
2.6	Is the probability of realisation of the Assumptions acceptable?	For each Assumption, supporting evidence is provided that the probability of realisation is acceptable.
2.7	Will the project partners and implementing agencies be able to implement the project?	Responsibilities and procedures have been clearly established, the partners have actively participated in the appraisal phase, there is clear evidence that they have relevant implementing experience and most of the capacity to cope with the tasks of the project. If not: sufficient capacity building measures are foreseen to enhance implementation capacity.
2.8	Does the EcoFin Analysis provide sufficient information on the questions raised above?	Efficiency analysis was carried out according to the EcoFin guidelines. Relevant alternatives were analysed in detail. Appropriate sensitivity tests were carried out.
3.	Sustainability	
3.1	Will there be adequate ownership of the project by the target groups / beneficiaries?	Target groups and beneficiaries took the initiative to promote the initial idea, they have been active participants in all phases of the planning process, and major decisions have been validated by them or their representatives. They agreed and committed themselves to achieve the objectives of the project.
3.2	Will the relevant authorities have a supportive policy during implementation and after project completion?	Relevant authorities have demonstrated support to projects of this type through the adaptation of rules, regulations and policies, <u>and</u> the commitment of significant resources.
3.3	Is the technology approach appropriate for the local conditions?	Various alternatives have been examined, and in the selection the different needs of the target groups and beneficiaries (men and women), local conditions and capacities (technical, financial, etc.) have been taken into account.
3.4	Will the ecological environment be preserved during and after the project?	The appropriate level of Environment Assessment has been carried out (Environmental Integration Form), and all necessary recommendations are integrated in project design. This means that an environment management plan which specifies the environmental (mitigating) measures to be undertaken should be in place, as well as a plan for monitoring the environmental situation of the project and for taking further environmental action should the mitigating measures prove insufficient.
3.5	Will all beneficiaries have adequate access to benefits and products during and after the project?	Socio-cultural norms and attitudes have been analysed for all major sub-groups of beneficiaries, and details are provided how these norms and attitudes will be taken into account in the project to ensure a more equitable distribution of access and benefits.
3.6	Will the project contribute to gender equality?	Sufficient measures are built into the project to ensure that it will meet the needs and interests of both women and men and will lead to sustained and equitable access by women and men to the services and infrastructures.
3.7	Will the implementing agencies be able to provide follow-up after the project?	The implementing agencies have demonstrated a strong interest in continuing to deliver Results post-project, adequate institution-building measures have been built into the project to enable them to do so, and evidence exists that the required resources (human and financial) will be available.
3.8	Does the EcoFin Analysis provide sufficient information on the questions raised above?	The EcoFin Analysis was carried out according to the EcoFin Guidelines. The Financial Analysis of the main stakeholders shows in detail that the project is sustainable both during and after the project. The Economic Analysis provides clear evidence that the project is sustainable internationally.

2.6. Financing

2.6.1. Introduction

The financing proposal is completed and considered by the appropriate committee; and *a decision is taken whether or not to fund the project*. A formal agreement with the partner Government or another entity is then signed by both including essential financing implementation arrangements.

Based on the previous studies and subsequent discussions, a final version of the Financing Proposal needs to be drafted and assessed / examined during the *Financing* phase by EuropeAid with regard to a set of quality criteria, and agreed by DG RELEX/DEV. Subsequently, Financing Proposals are examined by the competent authority (committee), and a decision is taken on whether or not to fund the project. The EC and the partner country or another entity will then agree upon 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.

2.6.2. Major Tasks and Expected Outcomes of Financing

The major tasks have already been mentioned above. The drafting of the final version of the Financing Proposal will include specification of accompanying measures to facilitate project implementation, if not yet done. A format for FP is outlined below.

The expected *outcomes of Financing* are:

- A final version of the Financing Proposal in the defined format which should cover all aspects of the logframe
- A decision taken by the EC and the partner country:
 - ⇒ to submit the financing proposal to the competent authority,
 - ⇒ to redesign or reject the project.
- A signed financing agreement or memorandum signed by the EC and the partner country, including the Technical and Administrative Provisions for implementation.

2.6.3. Project Financing Criteria

When assessing the quality of project design before submission of the FP to the competent authority, a further check should be made to ensure that the project is relevant, feasible and sustainable. To check this, the same questions as in Chapter 2.5.4 should be used.

Applying
quality cri-
teria

Table 4: Format for a Financing Proposal¹⁰

SUMMARY	
A	RELEVANCE
1.	Consistency with global objectives
	1.1 Overarching EC aid policy objectives and priorities
	1.2 Objectives of the relevant Indicative Programme (national, regional)
	1.3 Link with annual country review
2.	Sectoral analysis
	2.1 Features of the sector concerned
	2.2 Status of national/regional policy
3.	Analysis of the situation
	6.1 Stakeholder analysis (including target groups, beneficiaries, other stakeholders)
	6.2 Problems to be addressed at the level of the target groups / beneficiaries
4.	Origins and preparation of the project
B	FEASIBILITY
5	Project description
	5.1 Overall Objectives including Indicators and Sources of Verification
	5.2 Project Purpose including Indicators and Sources of Verification
	5.3 Results including Indicators and Sources of Verification and related Activities
6.	Project analysis and environment
	6.1 Lessons from past experience
	6.2 Linkage with other operations, complementarity and sectoral co-ordination between donors
	6.3 Results of economic and cross-sectoral appraisals
	6.4 Risks and Assumptions (related to implementation)
7	Project implementation
	7.1 Physical and non-physical means
	7.2 Organisational and implementation procedures
	7.3 Technology used
	7.4 Timetable, cost and financing plan
	7.5 Special conditions and accompanying measures to be taken by the Government
	7.6 Monitoring arrangements
	7.7 Evaluations/audits
C	SUSTAINABILITY / QUALITY
8	Measures ensuring sustainability /quality
	8.1 Participation and ownership by beneficiaries
	8.2 Policy support
	8.3 Appropriate technology
	8.4 Socio-cultural aspects
	8.5 Gender equality
	8.6 Environmental protection
	8.7 Institutional and management capacities
	8.8 Economic and financial viability
D	ANNEXES
	9.1 Logical Framework (compulsory)
	9.2 Stakeholder analysis, problem and objectives analysis (compulsory)
	9.3 Implementation Schedule and Overall Activity Schedule (compulsory)
	9.4 Environmental Integration Form (compulsory)
	9.5 Gender Integration Form (compulsory)
	9.6 Economic and Financial Analysis (compulsory)
	9.7 Details about co-ordination meetings with other donors, especially Member States (optional)
	9.8 Others (to be specified)

¹⁰ At the moment, this format is different for the different co-operation instruments of EC external co-operation. When preparing FPs, task managers should follow the officially approved structure.

2.7. Implementation, Including Monitoring and Reporting

2.7.1. Introduction

Once a project has been planned and financial support been secured, implementation can start. The agreed resources are used to achieve the Project Purpose and to contribute to the wider, Overall Objectives. This usually involves contracts for studies, technical assistance, works or supplies. Progress is assessed (= monitoring) to enable adjustment to changing circumstances.

The Interservice Agreement specifies overall distribution of responsibilities for Implementation. As a general rule, EuropeAid is responsible for all aspects of implementation, including, inter alia, procurement, contractual and financial management, monitoring, audits, etc., and provides DG RELEX/DEV with regular feedback on the basis of regularly-prepared monitoring reports.

2.7.2. Expected Outcomes of Implementation

The expected *outcomes of Implementation* are:

- A successful project meeting its Purpose and contributing to its Overall Objectives.
- Evidence that means allocated have been used in an efficient, effective and transparent way.

2.7.3. Major Tasks to Be Managed at EC Level/Partner Country Level

For a task manager, be it in a delegation or in HQ, or at the level of the partner country, Implementation usually involves the following *major tasks*:

1. Preparing the tender documents for service, works and supply contracts, including TOR for technical assistance (contractor), if required¹¹.
2. Monitoring of implementation, suggesting corrective measures if required to support assurance of the quality of the outcome of the project
3. Supporting timeliness of means, where relevant, and facilitating communication and information flow between and feedback to parties involved
4. Manage evaluations and audits, if required
5. Ensuring successful decision-making process concerning whether or not to pursue the objectives of the project in a further phase (and to launch further preparatory action) or to abandon the objectives of the project

The following chapters mainly focus on points 2 and 3. *Mid-term and final evaluations* are important elements of implementation. While the first may have a relatively direct impact on the project orientation (or re-orientation), the impact of the latter will become more important for subsequent programming or identification. Such evaluation exercises should not be mixed up with monitoring exercises. Details about Evaluation are provided in Chapter 2.8.

¹¹ Detailed tender procedures exist for each co-operation instrument of the EC. Projects are either implemented by independent contractors (for TACIS, this is general) or by the identified implementing agencies, with support of technical assistance.

2.7.4. Implementation and Monitoring at Project Level: An Overview

Usually, projects and programmes are implemented over several years. Project management is responsible for implementation, the latter generally being composed of the following *periods*:

1. Inception period
2. Main implementation period
3. Final period

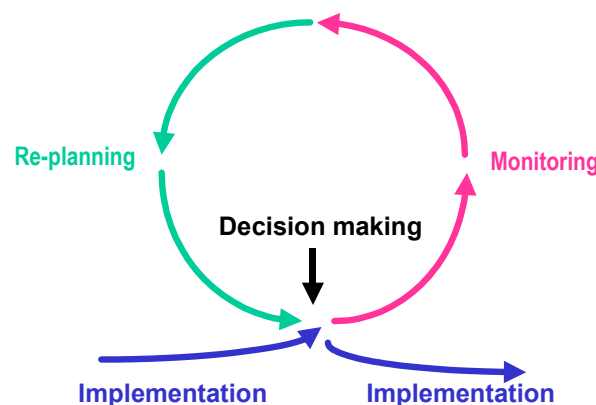
Throughout the implementation of the project and depending on the modalities foreseen in the contract/financing agreements, *three major principles* apply:

1. *Planning and re-planning*. The initially prepared Implementation Schedule, log-frame and Activity and Resource Schedules are regularly reviewed, refined, and updated accordingly.
2. *Monitoring*. Project management has the 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 (internal) which is the systematic and continuous collection, analysis and use of information for management control and decision-making. Implementation is a continuous learning process where experience gathered is analysed and fed back into planning and updated implementation approaches.

Implementa-
tion: A learn-
ing process

Figure 7: Implementation: A Learning Process

Implementation: A Learning Process



3. *Reporting*. Project management/implementing agency must provide reports on progress. The aim of these reports is to provide sufficiently detailed information to check the state of advance of the project in light of its objectives, the hoped for Results and the Activities to be carried out. These reports cover also details of budget implementation, and include the details of the future budgetary provisions for the following reporting period. Progress reports are most likely to be submitted on a quarterly basis. These principles are reflected in the approach to documentation to be followed during implementation.

Table 5: Approach to Documentation During Implementation

Inception period	Main implementation period					Final period
Inception report	Quarterly progress reports year 1	Annual progress report year 1	Quarterly progress reports year 2	Annual progress report year 2	...	Final report
<i>Including:</i>						
Updated Logical Framework	Updated Logical Framework	Updated Logical Framework	Updated Logical Framework	Updated Logical Framework		Updated Logical Framework & justification of changes
Overall Work Plan = Overall Activity Schedule	Updated Overall Work Plan = Overall Activity Schedule	Updated Overall Work Plan = Overall Activity Schedule	Updated Overall Work Plan = Overall Activity Schedule	Updated Overall Work Plan = Overall Activity Schedule		Updated Overall Work Plan = Overall Activity Schedule
Overall Resource Schedule	Updated Overall Resource Schedule	Updated Overall Resource Schedule	Updated Overall Resource Schedule	Updated Overall Resource Schedule		Updated Overall Resource Schedule
Annual Work Plan = Annual Activity Schedule year 1	Annual Work Plan = Annual Activity Schedule year 1	Annual Work Plan = Annual Activity Schedule year 2	Annual Work Plan = Annual Activity Schedule year 2	Annual Work Plan = Annual Activity Schedule year 3	...	
Annual Resource Schedule year 1	Annual Resource Schedule year 1	Annual Resource Schedule year 2	Annual Resource Schedule year 2	Annual Resource Schedule year 3	...	
Updated Implementation Schedule	Updated Implementation Schedule	Updated Implementation Schedule	Updated Implementation Schedule	Updated Implementation Schedule		Final Implementation Schedule

Details about each implementation period and outlines for Overall and Annual Work Plans are provided in Chapter 5.3.

As for overall implementation, the *Implementation Schedule* is an important tool¹²: It is an administrative planning and monitoring document covering administrative milestones and sequencing from the preparatory phases to project completion and evaluation. It provides an idea on how these milestones are met, and whether delays occur.

During Implementation, this can indicate the need for re-planning, given the fact that e.g. the remaining period may not be sufficient to undertake certain works, studies, etc. As all other planning documents, the Implementation Schedule has to be updated by the project management, and should be included in the progress reports. Conclusions with regard to deviations should be made there. While work plans are objective-oriented and include resource scheduling related to these objectives, the Implementation Schedule emphasizes resource categories that may require budgetary commitments and / or tendering, as well as other administrative milestones like reporting that may also lead to disbursements.

¹² The table provides a suggested best practice template, which is not yet used as standard.

Table 6: Example of an Implementation Schedule[illegible]

2.7.4.1. What is Monitoring?

Project monitoring is an integral part of day-to-day management. It provides information by which management can identify and solve implementation problems, and assess progress. The Logical Framework, the implementation Schedule and the Activity and Resource Schedules provide the basis. The following *basic issues* need to be regularly monitored:

What to monitor?

- Which Activities are underway and what progress has been made (e.g. at weekly intervals)?
- At what rate are means being used and cost incurred in relation to progress in implementation (e.g. monthly)?
- Are the desired Results being achieved (e.g. quarterly update)? (efficiency)
- To what extent are these Results furthering the Project Purpose (e.g. half-yearly analysis)? (effectiveness)
- What changes in the project environment occur? Do the Assumptions hold true?

Project management checks how the objectives are met, and analyses the changes in the project environment including key stakeholder groups, local strategies and policies. If progress falls short, corrective action has to be taken. Details of any action have to be included in the next progress report.

2.7.4.2. Reporting on Progress

During the inception period of a project, mechanisms for communication have to be established to ensure that the necessary information is generated and utilized in a timely and effective manner. In this context:

- *Progress review* meetings are useful to review progress against the plan. This may be also an opportunity for written reports to be presented and discussed, or simply for a rapid oral assessment of current issues and problems.
- *Project progress reports* provide periodic summaries of project progress incorporating key information from the physical and financial indicators included in the logframe, Activity Schedule and Resource Schedule.

How to report?

Progress reports are to be written in a standard format allowing for comparison between reports over time. The purpose of progress reports is to provide updates on achievements against 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*.

Chapter 5.3.4 provides details about reporting formats and types.

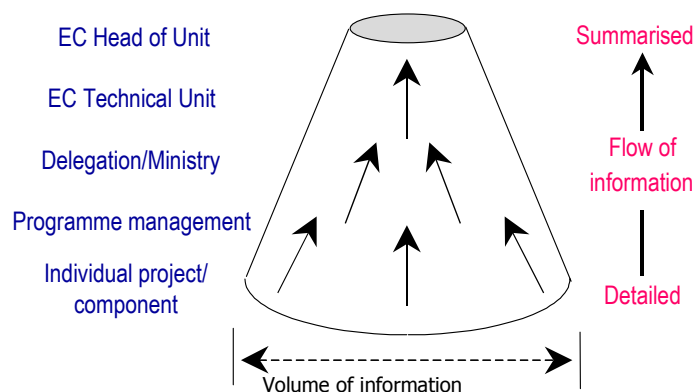
2.7.5. Monitoring of Implementation at EC and Partner Country Level

Who needs the information?

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. The following figure illustrates this principle.

Figure 8: Information Needs and Levels of Management

Information Needs and Levels of Management



The details provided in progress reports will be most helpful for those close to the “field-level”. The others will need aggregated information, and a more independent judgment of the progress, to launch the relevant corrective measures at their level, if required.

In the EC context, several *external monitoring systems* are currently operational to gather summary information for all Commission-funded external aid projects¹³. In principle, the same questions as for internal monitoring need to be asked at these levels though not all the details will be required. In addition, the focus of the external monitoring will not only lie on efficiency and effectiveness (including Assumptions) but also cover questions of overall relevance, impact and sustainability¹⁴. Both internal/project level monitoring and external monitoring operate in a way that decisions based on the observations and recommendations can be made in due course, thus having a direct and rapid impact on project management.

¹³ The external monitors are contractors whose role is to analyse project progress, make field visits to projects and prepare monitoring reports which are then submitted to those in charge of supervising implementation (including task managers and delegation, partner institution, etc.). They play an important role in providing an independent follow-up on progress and in liaising with the parties involved to identify implementation problems.

¹⁴ More exhaustive lists of relevant monitoring questions can be found on the monitoring sheets of these external monitoring systems.

2.8. Evaluation

2.8.1. Introduction

Evaluation is an “assessment, as systematic and objective as possible, of an ongoing or completed project, programme or policy, its design, implementation and Results. The aim is to determine the relevance and fulfilment of objectives, developmental efficiency, effectiveness, impact and sustainability. An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors”¹⁵.

An evaluation can be done during implementation (“mid-term”), at its end (“final evaluation”) or afterwards (“ex post evaluation”), either to help steer the project or to draw lessons for future projects and programming. “Ex ante” evaluation¹⁶ refers to studies during the preparatory phases of the project cycle (pre-feasibility or feasibility studies). These kinds of studies are treated in section 2.5.

A typical evaluation mission would last several weeks in the partner country, followed by a shorter period in the European Union. The major principles governing evaluation can be summarised as follows:

Figure 9: Major Principles of Evaluation

Major Principles of Evaluation

- ♦ *Impartiality & independence* of the evaluation process in its function from the process concerned with policy making, the delivery and management of assistance (= separation of evaluation and responsibility for the project/programme/policy)
- ♦ *Credibility* depending on expertise and independence of the evaluators & *transparency* to be sought through an open process, wide availability of results, distinction between findings and recommendations
- ♦ *Usefulness*: relevant, presented in a clear and concise way, reflecting the interests and needs of the parties involved, easily accessible, timely and at the right moment → improved decision-making
- ♦ *Participation of stakeholders* (donor, recipient...); if possible: views and expertise of groups affected should form integral part of the evaluation; involving all parties → capacity building

DAC 1991

2.8.2. Overall Responsibilities for Evaluation

As regards responsibilities, two types of evaluation can be distinguished within EC's external co-operation programmes:

1. *Evaluation of individual projects*: EuropeAid is responsible for the evaluation of individual projects and for sending a copy of each completed evaluation report to the service maintaining the database of all evaluations. Evaluation studies are financed under project/programme funds.
2. *Evaluation of the results of country/regional and sectoral policies and programmes, of programming performance and of the policies mix*: This type of evaluation is managed by EuropeAid's Evaluation Unit (H/6) under the direct au-

¹⁵ OECD / DAC, 1998: Review of the DAC Principles for Evaluation of Development Assistance.

¹⁶ See http://europa.eu.int/comm/budget/evaluation/pdf/ex_ante_guide_en.pdf for a guide.

thority of the Board of EuropeAid. The unit feeds the results back into the policy-making and programming process.

The Evaluation Unit has a separate budget and is completely independent of the operational services. It has also a key role as an *advisory service*:

- At the level of project evaluations it provides guidance, on request, to the services concerned on such aspects as terms of reference, choice of consultants, and quality of draft reports.
- The Unit participates in the activities of the Inter-Service Quality Support Group (i-QSG) which focuses on the programming level, while “Office Quality Support Groups” have the primary responsibility for looking at the quality of the design of the funded operations.

2.8.3. Types of Evaluations

Evaluations can take place:

1. when the project is still under way: such interim evaluation are usually undertaken at mid-term (*mid-term evaluation*), to review progress and propose alterations to project design during the remaining period of implementation;
2. at the end of a project (*final or end-of-project evaluation*), 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;
3. a number of years after completion (*ex post evaluation*), often focusing on impact.

2.8.4. Evaluation Criteria

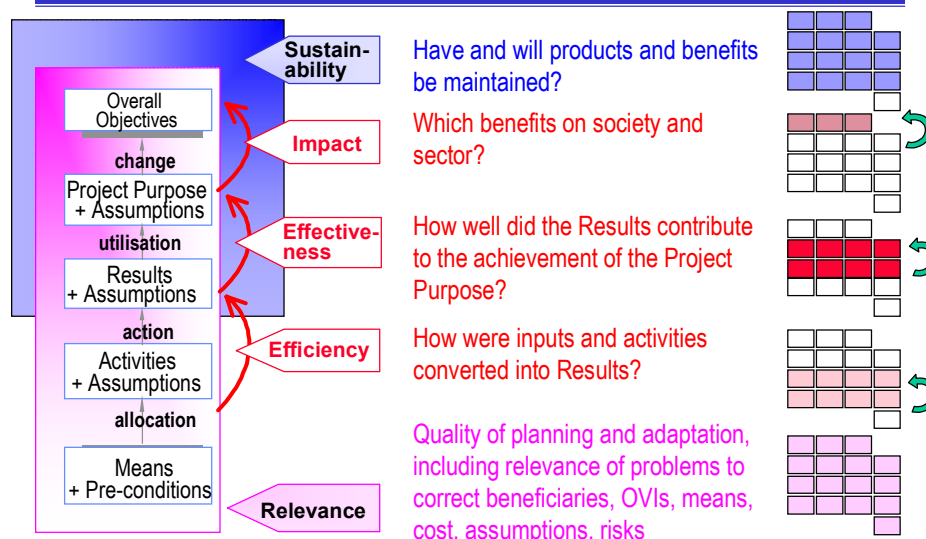
Evaluations under EC funds follow the evaluation criteria of the DAC that are closely linked to the logframe.

Table 7: Evaluation Criteria Used by the European Commission

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, and including an assessment of the quality of project preparation and design – i.e. the logic and completeness of the project planning process, and the internal logic and coherence of the project design.
Efficiency	The fact that the Results have been achieved at reasonable cost, i.e. how well inputs/means have been converted into Results, in terms of quality, quantity and time, and the quality of the Results achieved. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been adopted.
Effectiveness	An assessment of the contribution made by Results to achievement of the Project Purpose, and how Assumptions have affected project achievements.
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, and on the achievement of the overarching policy objectives of the EC.
Sustainability	An assessment of the likelihood of benefits produced by the project to continue to flow after external funding has ended, and with particular reference to factors of ownership by beneficiaries, policy support, economic and financial factors, socio-cultural aspects, gender equality, appropriate technology, environmental aspects, and institutional and management capacity.

Figure 10: Linking Evaluation Criteria to the Logframe

Linking Evaluation Criteria to the Logframe



2.8.5. What is the Difference Between Monitoring, Evaluation and Audit?

Frequently, there is confusion about what monitoring, evaluation and audit are, where and how they differ and how they can be delimited from each other. The following figures define and compare the three terms as they are in use in the EC external co-operation context.

Figure 11: Comparing Monitoring, Evaluation and Audit

Evaluation, Monitoring and Audit (1)

Evaluation:	
What? →	mainly analysis of the efficiency, effectiveness, impact, relevance and sustainability of aid policies and actions
How? →	in-depth analysis
Who? →	external evaluators specialised in the subjects evaluated
When? →	once or twice , essentially at the end or 'ex post' drawing lessons from the past in order to orient future policies and actions but also during implementation: mid-term evaluation to (re-) orient implementation

Evaluation, Monitoring and Audit (2)

Monitoring:	
What? →	mainly analysis of efficiency and effectiveness (i.e. measuring actual against planned deliverables); is a systematic management activity
How? →	rapid and continuous analysis, immediately useful to improve on-going actions; of key importance to improving performance
Who? →	internal and external (staff, monitors.....)
When? →	regularly , several times per year

Evaluation, Monitoring and Audit (3)

Audit:	
What? →	traditionally checks whether financial operations and statements are in compliance with the legal and contractual obligations. More concerned with compliance, but better financial management can also contribute to improving current and future actions. More recently: <i>Performance audit</i> is strongly concerned with questions of efficiency and good management
How? →	verification of financial records (financial audit)
Who? →	external, professional auditors
When? →	during or after implementation

2.8.6. Evaluation Reports: Outline and Issues to Be Considered

The *evaluation report* should mirror the above evaluation criteria, taking into account the nature of the project, the stage at which the evaluation is carried out, and the users for whom the report is prepared. It should be kept in mind that information requirements vary widely between the different types of users. When drafting Terms of Reference it is necessary to decide the *relative importance* of each of the evaluation criteria for a given study: usually, a mid-term evaluation will rather focus on questions of efficiency (while impact issues will not be of highest importance); ex post evaluations may rather focus on questions of impact and sustainability. In any case, *conclusions* need to be based on the analysis, and the link between *recommendations* and conclusions needs to be clear. Recommendations should either concern the project in question or similar projects in the future, depending on the type of evaluation.

A standard format for evaluation including explanatory comments can be found on the Internet¹⁷. However, the structure of an evaluation report should be determined primarily by its intended main purpose and its target groups/users. In general, the *main sections of an evaluation report* should be as follows:

Table 8: Report Outline for an Evaluation Report

I - Executive Summary	It should be tightly drafted, and usable as a free-standing document. It should be short, not more than five pages. It should focus on the main analytical points, indicate the main conclusions, lessons learned and specific recommendations. Cross-references should be made to the corresponding page or paragraph numbers in the main text that follows.
II - Main Text	The main text should start with an introduction describing, first, the project or programme to be evaluated and, second, the evaluation objectives. The body or core of the report should follow the five evaluation criteria, describing the facts and interpreting or analysing them in accordance with the key questions pertinent to each criterion.
III – Conclusions and Recommendations	These should be presented as a separate final chapter. Wherever possible, for each key conclusion there should be a corresponding recommendation. The key points of the <i>conclusions</i> will vary in nature but will often cover aspects of the evaluation criteria. The ultimate value of an evaluation depends on the quality and credibility of the recommendations offered. <i>Recommendations</i> should therefore be as realistic, operational and pragmatic as possible. Recommendations should be carefully targeted to the appropriate audiences at all levels.
IV – Annexes	• Terms of Reference of the evaluation • Names of the evaluators and their companies (CVs should be shown, but summarised and limited to one page per person) • Methodology applied for the study (phases, methods of data collection, sampling etc) • Logical Framework matrices (original and improved/updated) • Map of project area, if relevant • List of persons/organisations consulted • Literature and documentation consulted • Other technical annexes (e.g. statistical analyses) • 1-page DAC summary, following the format incorporated in the contract and annexed to this document.

¹⁷

<http://europa.eu.int/comm/europeaid/evaluation/methods/index.htm>

2.8.7. Managing the Evaluation Process: An Overview

Managing an evaluation exercise usually involves the following *major tasks* for the “evaluation manager”:

- Major tasks
1. Identifying the need for an evaluation and selecting the topics/themes to be evaluated.
 2. Designing the evaluation, including setting the TOR.
 3. Drafting tender documents for the evaluation study and selecting the contractor according to the existing rules.
 4. Briefing the contractor and the parties involved, supporting the evaluation mission.
 5. Ensuring the production of a high quality evaluation report and of the dissemination of evaluation findings and recommendations.
 6. Supporting the use of evaluation findings.

Depending on the focus, the expected outcome of an evaluation is a decision taken

- ⇒ to continue project implementation as planned or to re-orient, or, in the worst case, to stop, the project (mid-term evaluation);
- ⇒ concerning the question whether or not, in future, similar projects should be initiated, i.e. consider this kind of project again in subsequent programming or identification exercises (usually end-of-project or ex post evaluations);
- ⇒ how to consider the outcomes of the evaluation in the definition of policies, co-operation strategies, and subsequent programming or identification exercises - in the case of sectoral, thematic or cross-sectoral evaluations.

What to do with the findings?

Evaluations are useless unless they are used. Therefore, the following key issues should be considered to *ensure good feedback* and subsequent use and integration of evaluation findings in future implementation, programming or identification:

- Evaluation is a consultative process: consultation should be permanent to ensure participation of relevant stakeholders, to enhance ownership of evaluation and its results, e.g. through:
 - ⇒ Consultation during identification of subjects
 - ⇒ Consultation during preparation of TOR
 - ⇒ Briefing sessions
 - ⇒ Continuous discussion with and follow-up of external evaluators
 - ⇒ In-country debriefing
 - ⇒ Debriefing in Brussels
- Evaluation managers are responsible for keeping the services, delegations and other closely involved organisations appropriately informed on progress at each key stage of the evaluation.
- Evaluation needs appropriate diffusion of results, e.g. through seminars or workshops. Usually evaluation findings are communicated and dispatched to the major stakeholders involved in the evaluated project. For evaluations managed by EuropeAid’s Evaluation Unit the latter provides summaries and complete reports to the public on the Internet (<http://europa.eu.int/comm/europeaid/evaluation/program/index.htm>).
- Evaluation needs good feedback mechanisms: Quality Support Groups check whether or not evaluation findings are taken into account in project proposals.

Using workshops for dissemination

2.8.8. Evaluation Studies: Some Procedural Aspects

Major activities for evaluation studies managed by the Evaluation Unit comprise the following - most of the activities are also relevant for studies managed by the other services, such as evaluations of projects or programmes:

1. First *briefing* meeting between consultants and EC services at EC headquarters, including clarification of terms of reference.

2. Desk phase: The consultants establish direct *contact* with the services to undertake initial desk research, including collection of all relevant documentation and discussions with the services.
3. Preparation and submission of an *Inception Report* for approval by the evaluation manager (or other services), confirming proposed methodological approach for the field and reporting (or synthesis) phases. Where the programmes/projects to be visited by the evaluators were not identified from the outset but were decided on the basis of the inception report after consultation with the services and delegations, the evaluation manager informs the concerned services and delegations of the confirmed decisions as much in advance of the visits as possible, indicating any special needs and constraints.
4. The *consultants contact delegations directly* to finalise exact timing and (if still necessary) projects and organisations to visit, keeping the contract managers informed.
5. The *consultants travel to the country/countries concerned*, brief the delegation and carry out the field visits and any other remaining research and discussions.
6. Before departing from the field the *consultants debrief the parties involved in the country* on their provisional findings and recommendations.
7. The *consultants prepare a draft final report*, including key findings and recommendations.
8. The *consultants give a detailed de-briefing* to the evaluation manager and the other concerned services (which the contract manager invites) on their key findings and recommendations.
9. The *consultants finalise their draft report* and submit it to the Unit.
10. If satisfied with the basic professional quality of the draft and compliance with the terms of reference, *the contract manager circulates the draft report for comments* to the concerned services and delegation, the latter forwarding it to partner country stakeholders as appropriate.
11. On receipt of all comments from services, delegation and other concerned bodies by the stipulated deadline, *the Unit checks them and sends them to the consultants with its own comments* for consideration and any necessary revision of the text.
12. After due consideration of the comments the *consultants finalise their report* and send it to the Unit which carries out a final check that comments have been reasonably considered, that the terms of reference have been respected and a good professional standard of accuracy, balance, penetration, realism and clear drafting maintained.
13. *The Unit prepares a short (1-2 page) summary “EvInfo”*, following the summary format laid down by the OECD Development Assistance Committee (DAC).
14. *The Unit distributes the report and EvInfo summary* to all concerned services, delegations and other main stakeholders, normally under a cover note by a staff member of EuropeAid.
15. *The Unit publishes the report and summary* on the Internet.
16. *The Unit initiates any agreed follow-up*, feedback and dissemination procedures (seminars, workshops, etc), in collaboration with the consultants, as appropriate.
17. For major evaluations, *the unit prepares a ‘fiche contradictoire’* showing the responses to the evaluation’s main recommendations from the services, delegation and, sometimes, other bodies closely involved; after clearance by the Director-General concerned, the fiche is also published on the Internet with the report and summary.

As mentioned above, in principle the same steps will apply to evaluations managed by others than the Evaluation Unit. For delegation-led evaluations for instance, the publication issue may not be that relevant, while the follow-up of the recommendations may be.

3. THE LOGICAL FRAMEWORK APPROACH – A PROJECT DESIGN AND MANAGEMENT TOOL

3.1. The Logical Framework Approach: An Introduction

The LFA:
Only a tool

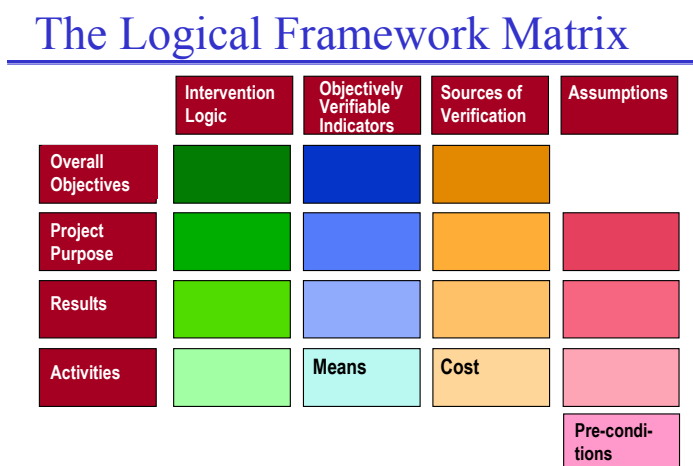
The core tool used within PCM for project planning and management is described as the *Logical Framework Approach* (LFA). The *LFA* is a *technique* to identify and analyse a given situation, and to define objectives and activities which should be undertaken to improve the situation. After programme and project preparation, the *LFA* is a *key management tool for monitoring during implementation and evaluation*. It provides the basis for Activity Schedules and the development of a monitoring system, and a framework for evaluation. It thus plays a crucial role in each phase of the cycle.

Stakeholders should be involved into planning as much as possible. This requires teamwork and facilitation skills on part of project planners. To be used effectively, tools for technical, economic, social and environmental analysis support the LFA. The tools used within the Commission include Environmental Impact Assessment, Gender Impact Analysis, and Financial and Economic Analysis.

The LFA starts with an *analytical process* and gives structure to present the results of this process. It makes it easier to:

- set out systematically and logically the level of objectives of projects / programmes and the relationships between them;
- indicate whether they have been achieved;
- monitor the factors outside the scope of the project/programme which influence its success.

Figure 12: The Logical Framework



The main results of this process are summarised in a matrix (the Logical Framework Matrix or, more brief: the Logframe) with 16 boxes which shows the most important aspects of a project, summarising:

- *why* a project is carried out (*Intervention Logic*)
- *what* the project is expected to achieve (*Intervention Logic and Indicators*)
- *how* the project is going to achieve it (*Activities, Means*)
- *which* external factors are crucial for its success (*Assumptions*)
- *where* to find the information required to assess the success of the project (*Sources of Verification*)

- *which* means are required (*Means*)
- *what* the project will cost (*Cost*)
- *which* pre-conditions have to be fulfilled before the project can start (*Pre-conditions*)

3.2. The Logical Framework Approach: Two Stages

Projects are designed to address problems faced by beneficiaries. A properly planned project addressing the real problems of the beneficiaries cannot be achieved without an analysis of the existing situation. The *LFA is an evolutionary, iterative process* starting with the *thorough analysis of an existing situation* as a basis for later planning. Drawing up a logframe has two stages, which are carried out progressively during the Identification and Appraisal phases of the project cycle:

1. The *Analysis Stage* (Context / Situation Analysis), 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. The key idea is that projects / programmes are designed to address problems faced by beneficiaries, both women and men, as well as to meet their needs and interests.

There are four steps to the Analysis Phase:

- ⇒ Stakeholder Analysis
- ⇒ Problem Analysis (image of reality)
- ⇒ Analysis of Objectives (image of an improved situation in the future)
- ⇒ Analysis of Strategies (comparison of different options to address a given situation)

2. In the *Planning Stage* the results of the analysis are transcribed into a practical, operational plan ready to be implemented. In this stage, the logframe is drawn up, and Activities and resources are defined and scheduled (see chapter 3.4.8, where tools for activity and resource scheduling are described).

Figure 13: The Logframe Approach

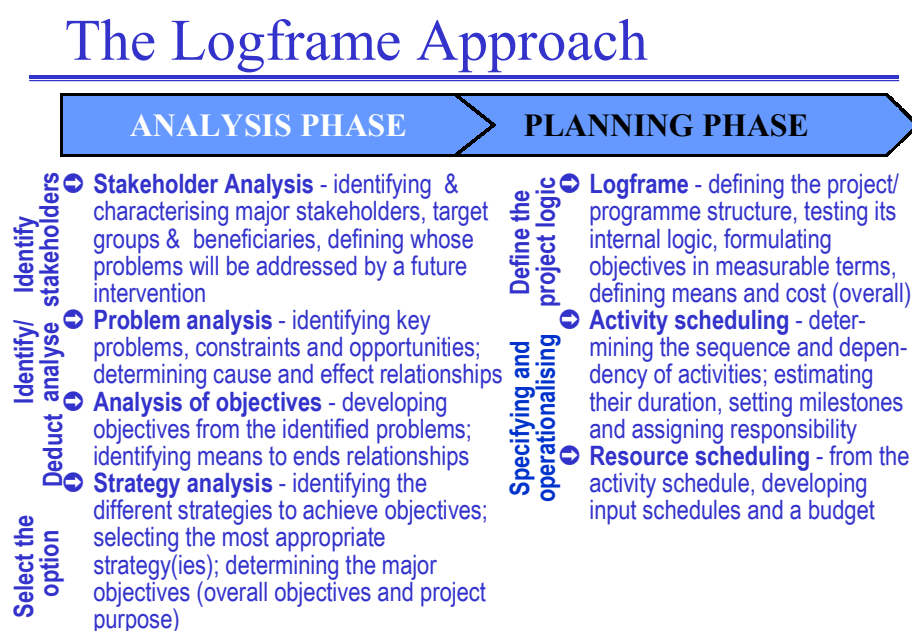


Table 9: Terminology Used in the EC Context: Stakeholders, Beneficiaries, Target Group(s) and Project Partners?

1.	Stakeholders: Individuals or institutions that may – directly or indirectly, positively or negatively – affect or be affected by the outcomes of projects or programmes.
2.	Beneficiaries: Are those who benefit in whatever way from the implementation of the project. Distinction may be made between:
(a)	Target group(s): The group / entity who will be directly positively affected by the project at the Project Purpose level;
(b)	Final beneficiaries: Those who benefit from the project in the long term at the level of the society or sector at large, e.g. “children” due to increased spending on health and education, “consumers” due to improved agricultural production and marketing.
3.	Project partners: Those who implement the projects in the country.

3.3. The Analysis Stage

3.3.1. Stakeholder Analysis

Any individuals, groups of people, institutions or firms that may have a relationship with the project are defined as stakeholders. In order to maximize the social and institutional benefits of the project and minimise its negative impacts, stakeholder analysis identifies all likely to be affected (either positively or negatively), and how. It is important that stakeholder analysis take place at an early stage in the identification and appraisal phases of a project.

Why consider stakeholders?

In all societies, there are differences in the roles and responsibilities of women and men, and in their access to and control over resources and their participation in decision-making. Everywhere, women and men have inequitable access to services (e.g. transport, health, education) and to opportunities in economic, social and political life. Gender inequalities hinder growth and harm development. Failure to adequately address gender issues can damage the effectiveness and sustainability of projects and programmes, even unintentionally exacerbate existing disparities. It is therefore vital to analyse the gender differences and inequalities and to take them into account in the intervention, its objectives, strategies and resource allocation. The stakeholder analysis must therefore systematically identify all *gender differences*, as well as the specific interests, problems and potentials of women and men among the stakeholder groups.

3.3.1.1. How to Proceed?

The following table provides an overview on the basic steps required to picture the situation.

Table 10: How to Analyse Stakeholders?

1. Start with identifying the various stakeholders, in a gender-differentiated way, who: (a) might be affected by the project; (b) might affect the project; (c) might become useful project partners even though the project may also be implemented without their contribution; (d) might become conflict partners as they may face the project as a threat for their role and interests; (e) will anyway be involved in the project. 2. Categorise them according to their role, differentiating between men and women: (a) Is the stakeholder group (organisation, group of people, etc.) supposed to work in the project, co-finance it, or benefit from the project? (b) Is it a supporting organisation? (c) Does it have a controlling function, etc.? 3. Characterise them from a social and organisational point of view, taking as well a gender perspective: (a) What are their social and economic characteristics? (b) How are they structured / organised? How are decisions made? (c) What is their status? 4. Analyse them with regard to expectations and relationships, taking again a gender perspective: (a) Identify their interests and expectations in the project (b) Analyse the links and relationships between the various stakeholder groups. 5. Characterise their sensitivity towards and respect of cross-cutting issues (gender equality, environmental protection, etc. - men and women) (a) Are they sensitive to these issues? (b) Do they consider impact of their tasks and activities on these issues? 6. Assess the potential, resources and capacities of the stakeholders (men and women): (a) What are the existing strengths on which the project could be build up? (b) What are the potential contributions on which the project could be build up? (c) What are existing deficiencies to be considered by the project? 7. Draw conclusions and make recommendations for the project; (a) How to take the group into account? (b) Which action to undertake? (c) How to deal with the group?

At a certain point during the analysis process a decision has to be taken on which objectives to adopt for the project, i.e. whose interests and views to give priority. Ideally a consensus should be found between the stakeholders involved - realistically an attempt should be made to achieve a compromise between the different stakeholders' views and interests, although at times it might be more suitable to concentrate on the priorities of core stakeholders rather than on a compromise, "nobody is really committed to". When defining objectives it is important that it is agreed upon and made transparent which views and interests are given priority to. Attention has to be paid to potential conflicts arising from setting priorities. It should be carefully considered where conflicts could arise, how they could be avoided or mediated, and what impact it would have on the project if the conflicts cannot be avoided or mediated.

In an ideal case the project / programme should be designed in a participatory planning workshop, involving representatives of the main stakeholders, ensuring balanced representation of the interests of women and men. Whenever logframes are

Reviewing
stakeholder
analysis
regularly

re-considered during the life of a project, the original stakeholder analysis should be reviewed.

Stakeholder analysis and problem analysis are closely connected: without people's views on a problem, neither its nature, nor their needs, nor eventual solutions will become clear.

The findings of the stakeholder analysis accompany the LFA process and can be pictured as a “transparency” that evolves throughout the early stages of the LFA project design process and should be used as an overlay, be it for further elaboration or cross-checking during other LFA stages.

Figure 14: Example of a Stakeholder Analysis

Stakeholder Analysis

Stakeholder	Characteristics • social, economic • gender differentiation • structure, organisation, status • Attitudes...	Interest & expectations • interests, objectives... • Expectations	Sensitivity to and respect of cross-cutting issues (environment, gender equality, etc.)	Potentials & deficiencies • resource endowment • knowledge, experience... • potential contribution	Implications and conclusions for the project • possible action required • how to deal with the group
fisherfolk	• traditionally important source of income for communities • small but active co-operative	• basis for living is maintained • decrease in income is at least stopped • resistance in case rights to catch fish are limited	• very much aware of impact of external pollution on their fishery grounds • Benefits of fishery rather remain with men	• familiar with river and watershed • know pollution hot spots • strong support for pollution control measures	• awareness raising among all fisherfolk • Include pollution control measures
industry x	• important economic factor (strong lobby) • no trade unions • strong lobby & influence on government	• maximise profits • interest in image; strong resistance in case of profit losses	• little awareness of the impact of wastewater on ecosystem	• financial resources for new technologies • Resource-saving potential through clean technologies	• raise their awareness on impact of polluted wastewater on region • consider raising their image with project measures
households	• most households discharge waste & wastewater into river, not aware of danger	• get access to wastewater network • get somebody to collect waste	• very little awareness of the impact of waste & wastewater on ecosystem	• potentially willing and capable to pay for services	• raise their awareness on impact of polluted wastewater on region • sensitise them concerning cost of environmental protection
etc. ...					

3.3.1.2. Linking Stakeholder Analysis and the Subsequent Steps

Stakeholder analysis: point of continuous reference

Stakeholder analysis and problem analysis are closely connected as part of the initial “Situation Analysis”: without people's views on a situation the *problems* and potentials will not become clear (stakeholder consultation) and without consultations of stakeholders on a situation their *views* (interest, potentials, etc.) will not become clear, without analysis of potentials, subsequent action by the project may not be feasible by the stakeholders.

All subsequent steps required to prepare a Logical Framework should be related to the *stakeholder analysis*, making it a *point of continuous reference*. Whenever the Logical Framework has to be revised the stakeholder analysis should be re-considered, as the landscape of stakeholders involved in a project evolves over time. Thus, stakeholder analysis is not an isolated analysis step, but a process.

3.3.2. Problem Analysis

Identifying the real problems of beneficiaries

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. Precise definition of the framework and subject of analysis;
2. Identification of the major problems faced by target groups and beneficiaries (What is / are the problem/s? Whose problems?);

3. Visualisation of the problems in form of a diagram, called “problem tree” or “hierarchy of problems” to establish cause – effect relationships.

The analysis is presented in diagram form showing effects of a problem on top and its causes underneath. The analysis is aimed at identifying the real bottlenecks to which the stakeholders attach priority and seek to overcome. The value of this type of diagram is greatest if it is prepared at a workshop of those concerned (who therefore know the situation), thus establishing a commonly shared view of the situation.

Table 11: How to Establish a Problem Tree?

Step 1: Identify major problems existing within a given situation (brainstorming)
Step 2: Select an individual starter problem
Step 3: Look for related problems to the starter problem:
Step 4: Establish hierarchy of cause and effects:
• Problems which are directly causing the starter problems are put below • Problems which are direct effects of the starter problem are put above
Step 5: Complete with all other problems accordingly
Step 6: Connect the problems with cause-effect arrows
Step 7: Review the diagram and verify its validity and completeness
Note:
1. Problems have to be worded as negative situations
2. Problems have to be existing problems, not future ones or imagined ones
3. The position of the problem in the hierarchy does not indicate its importance
4. A problem is not the absence of a solution, but an existing negative situation

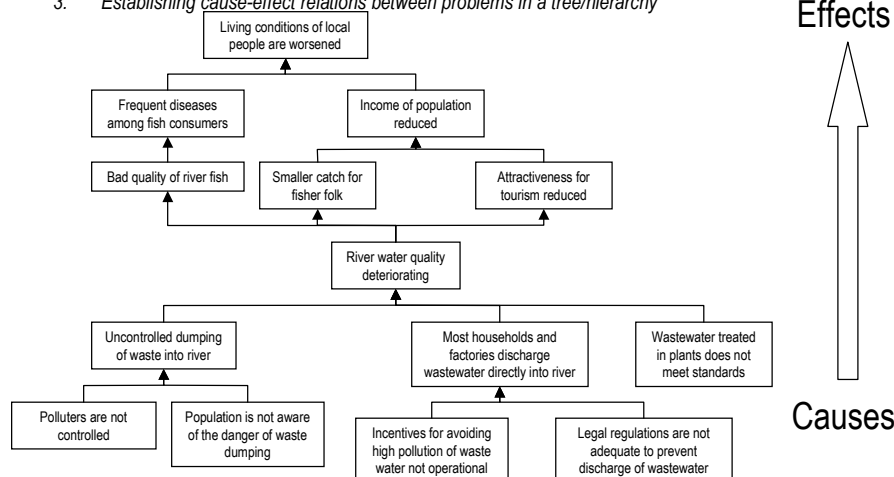
Once complete, the problem tree represents a comprehensive picture of the *existing negative situation*:

Figure 15: Problem Analysis

Problem Analysis

A procedure which allows to:

1. Analyse an existing situation
2. Identify key problems in this context (=negative existing situations)
3. Establishing cause-effect relations between problems in a tree/hierarchy



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

- Inadequate 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

What is the problem?

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.

- 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 has 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.

3.3.3. Analysis of Objectives

Analysis of objectives is a methodological approach employed to:

- Describe the situation in the future once the problems have been remedied, with the participation of representative parties;
- Verify the hierarchy of objectives;
- Illustrate the means-ends relationships in a diagram.

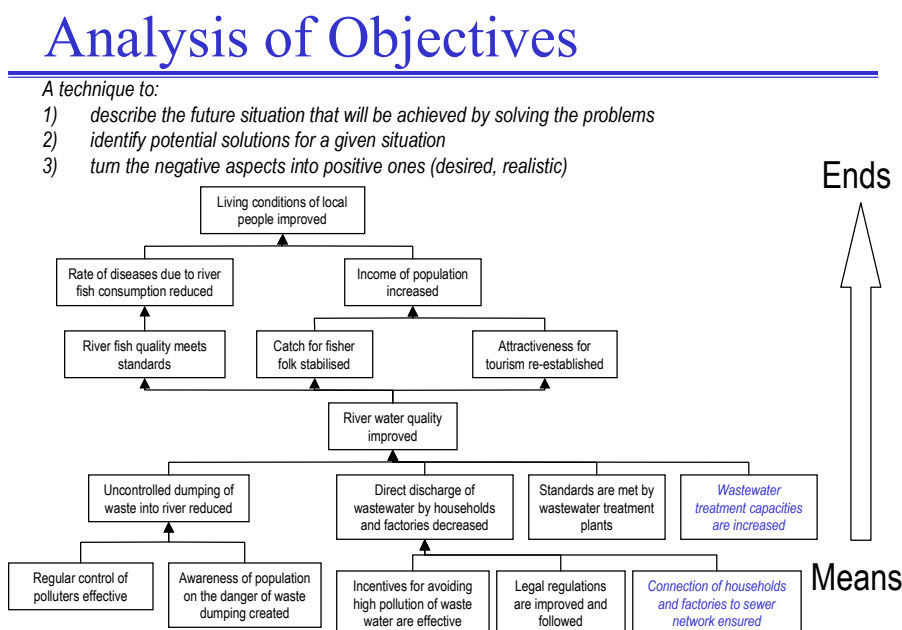
Picturing
the future

The 'negative situations' of the problem tree are converted into solutions, expressed as 'positive achievements'. For example, 'agricultural production is low' is converted into 'agricultural production increased'. These positive achievements are in fact *objectives*, and are presented in a diagram of objectives showing a means / ends hierarchy. This diagram provides a clear overview of the desired future situation. Some objectives may be unrealistic, so other solutions need to be found, or the attempt to solve them abandoned.

Table 12: How to Establish an Objective Tree?

Step 1:	Reformulate all negative situations of the problems analysis into positive situations that are: • desirable • realistically achievable
Step 2:	Check the means-ends relationships thus derived to ensure validity and completeness of the hierarchy (cause-effect relationships are turned into means-ends linkages)
Step 3:	If necessary: • revise statements • add new objectives if these seem to be relevant and necessary to achieve the objective at the next higher level • delete objectives which do not seem suitable / convenient or necessary

Once complete, the objective tree provides a comprehensive picture of the *future desired situation*, including activities necessary to achieve it (still formulated as objectives):

Figure 16: Analysis of Objectives

3.3.4. Analysis of Strategies

The final step of the Analysis Stage involves selecting the strategy(ies) which will be used to achieve the desired objectives. Analysis of Strategies 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. This step requires:

- Clear criteria for making the choice of strategies,
- The identification of the different possible strategies to achieve the objectives.

In the hierarchy of objectives, the different clusters of objectives of the same type are called strategies. One or more of them will be chosen as the strategy for future operation. The most relevant and feasible strategy is selected on the basis of a number of criteria to be agreed upon for each project individually. The following are possible criteria:

- Priorities of and attractiveness to target groups, including time perspective of benefits
- Resource availability:
 - ⇒ external funds
 - ⇒ counterpart / partner institutions' funds
 - ⇒ expertise required / available
- Existing potentials and capacities (of target group/s)
- Relevance for sector / agreed strategy between EC and partner country and relevance for contribution to overarching policy objectives
- Relationship and complementarity with other action
- Social acceptability
- Contribution to reduction of inequalities (e.g. gender)
- Urgency

Developing
criteria for
selection of
alternatives

These criteria will be used to compare the alternative project approaches and choose one or more for future action. The criteria should be established by the concerned parties, including beneficiaries and target groups, and best during a planning workshop, including all these parties.

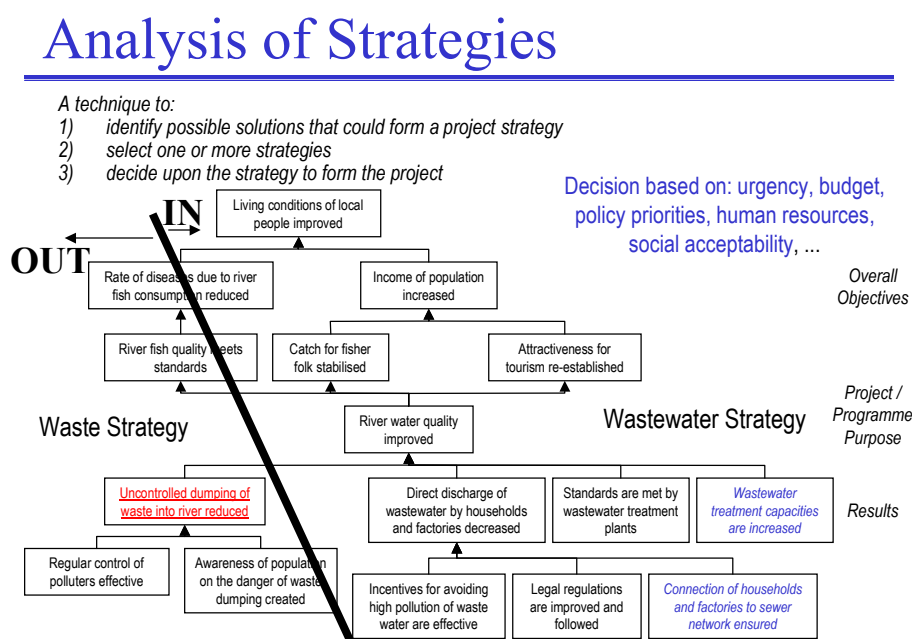
The selected strategy will then appear in the first column of the Logical Framework.

Table 13: How to Do a Strategy Analysis?

Step 1:	Identify objectives you do not want to pursue (not desirable or not feasible)
Step 2:	Group objectives, to obtain possible strategies or components (clustering)
Step 3:	Assess which strategy/ies represents an optimal strategy according to the agreed criteria
Step 4:	Determine Overall Objective(s) and Project Purpose

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.

Figure 17: Analysis of Strategies



3.4. The Planning Stage

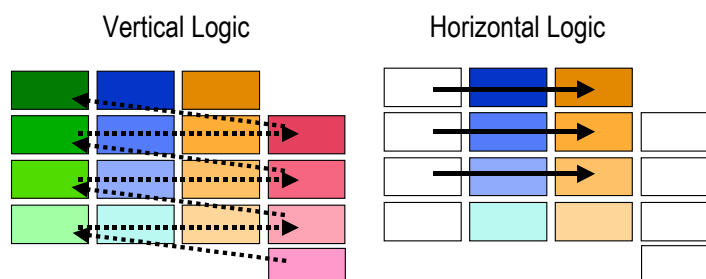
3.4.1. The Logframe Matrix

The main document of the LFA is the logical framework matrix. It is a way of presenting the substance of an intervention in a comprehensive form. The matrix has four columns and four rows:

- The *vertical logic* identifies what the project intends to do, clarifies the causal relationships and specifies the important assumptions and risks 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, and the sources where they will be verified.

Figure 18: How to Read the Logframe

How to Read the Logframe



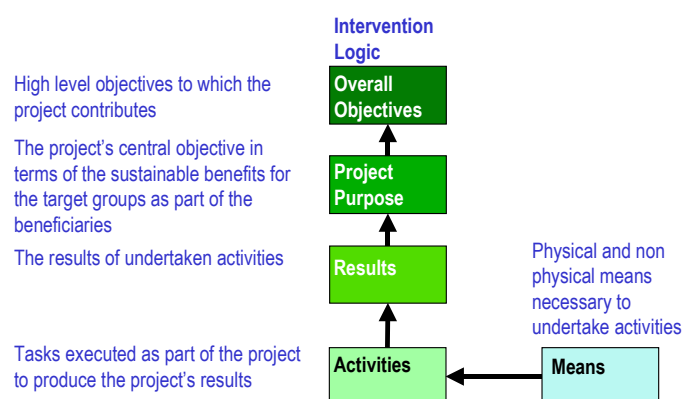
3.4.1.1. First Column: Intervention Logic

The first column of the Logical Framework is called “Intervention Logic”. It sets out the basic strategy underlying the project:

- Means (2nd column, 4th row) - both physical and non-physical - allow to carry out Activities;
- By carrying out these Activities, the Results are achieved;
- Results collectively achieve the Purpose;
- The Project Purpose contributes to the Overall Objectives.

Figure 19: Level of Objectives

Levels of Objectives



The *four levels of objectives* are defined as follows:

1. The *Overall Objectives* of the project / programme explain why it is important to society, in terms of the longer-term benefits to final beneficiaries and the wider benefits to other groups. They also help to show how the programme fits into the regional / sectoral policies of the government / organisations concerned and of the EC, as well as into the overarching policy objectives of EC co-operation. The Overall Objectives will not be achieved by the project

Only one
Project Purpose!

alone, it will only provide a contribution to the achievement of the Overall Objectives.

2. The *Project Purpose* is the objective to be achieved by implementing the project. The Purpose should be defined in terms of sustainable benefits for the target group(s) as part of the beneficiaries. The Purpose should also express the equitable benefits for women and men among them. There should only be one Project Purpose per project. Having more than one Project Purpose could imply an excessively complex project, and hence 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.
3. *Results* are “products” of the Activities undertaken, the combination of which achieve the Purpose of the project. They should be numbered.
4. *Activities* – the actions necessary to produce the Results. They summarise what will be undertaken by the project. They should be related to the Results by adequate numbering (Activity 1.1, 1.2....., 2.1, 2.2....).

3.4.1.2. Second Column: Indicators

They are the detailed description¹⁸ of:

- the Overall Objectives
- the Project Purpose
- the Results

The physical and non-physical *Means* (inputs) necessary to carry out the planned Activities are placed in the ‘bottom’ row of the second column, i.e. there are no Indicators for Activities in the logical framework matrix. A rough estimation of the necessary resources should be presented in this box. The Activities are related to the different Results. Indicators for Activities are usually defined during the preparation of an Activity Schedule specifying the Activities in more detail.

3.4.1.3. Third Column: Sources of Verification

Sources of Verification indicate where and in what form information on the achievement of the Overall Objectives, the Project Purpose and the Results can be found (described by the Objectively Verifiable Indicators).

The cost and sources of financing (EC, Government, etc.) are placed in the bottom row of the third column.

3.4.1.4. Fourth Column: Assumptions

Assumptions are external factors that influence or even determine the success of a project, but lie outside its control. They are the answer to the question: “What external factors are not influenced by the project, but may affect its implementation and long-term sustainability?”

Pre-conditions differ from Assumptions in that they must be met before a project can commence; often these concern back-up measures by the partners. For example, without the implementation of certain policy measures by the partner, the project rationale may be undermined.

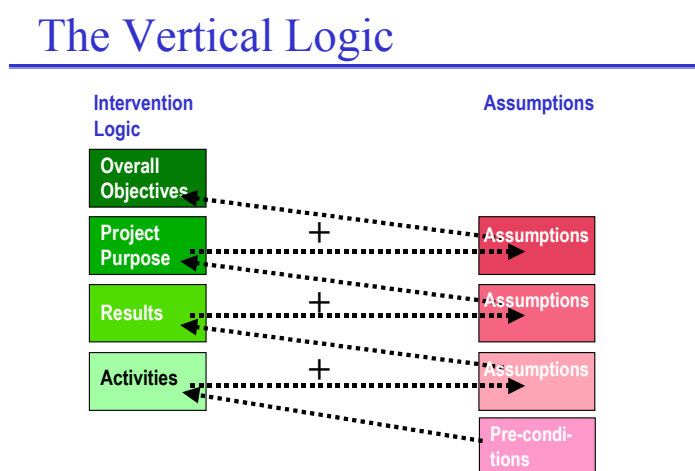
Compared to the other columns, the ‘Assumptions’ column is lowered by one level and there are no Assumptions at the level of the Overall Objectives.

¹⁸ They describe the project's objectives in terms of quantity, quality, target group(s), time, place. A good OVI should be SMART, i.e.: Specific: measure what it is supposed to measure – *Measurable* and – *Available* at an acceptable cost – *Relevant* with regard to the objective concerned, and cover it – *Time-bound*.

The *vertical logic* in the logframe, i.e. the relationship between the 1st and the 4th column, works as follows:

- once the Pre-conditions are met, the Activities can start up;
- once the Activities have been carried out, and if the Assumptions at this level hold true, Results will be achieved;
- once these Results and the Assumptions at this level are fulfilled, the Project Purpose will be achieved;
- once the Purpose has been achieved and the Assumptions at this level are fulfilled, contribution to the achievement of the Overall Objectives will have been made by the project.

Figure 20: The Vertical Logic



3.4.2. How to Identify the Intervention Logic?

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 objectives selected for inclusion in the project are set into the first column of the Logframe. There are four levels of objectives. It is important to ensure that the levels of objectives are correct.

Table 14: From Strategy Analysis to Intervention Logic

1. Identification of the Purpose	Select from the hierarchy of objectives the objective that describes a sustainable benefit to the target groups, including both women and men. To do so, it is helpful to start at the bottom of the tree. By moving higher, objectives that reflect sustainable benefits can be identified.
2. Identification of the Overall Objectives	Select from the objective tree one or more objectives at the top which describe long term benefits for society or the sector, to which the project will contribute.
3. Identification of Results	Select from the objective tree the objectives that – by the “means-to-ends” logic – achieve the Purpose, and are thus Results. Add other Results that also further the achievement of the Purpose. These can be identified following a supplementary analysis of the opportunities and risks of the situation in question.
4. Transfer of objectives to the column Intervention Logic in the logframe (as OO, PP and R)	
5. Identification of Activities	- Select from the objectives tree the objectives that – by the “means-to-ends” – produce the Results and translate them into Activities. Activities are formulated with the verb in front: “Organise training sessions”, “Co-ordinate with major stakeholders”, etc. - Add other Activities identified after supplementary analysis of the opportunities and risks of the situation in question, e.g. through additional studies, through discussions with stakeholders (e.g. in a planning workshop), paying attention to the specific interests of under-represented groups.
6. The means-ends relationships are again analysed, and additional Results and Activities may be incorporated, as denoted below by the boxes with an asterisk.	
Note:	
- Add only main Activities in the Logframe - Relate them to the Results by attributing numbers to each Activity (Activity 1.1 is related to Result 1, Activity 4.3 to Result 4.). This helps maintaining means to ends relationships.	

Figure 21: Building the Logframe: Specifying the Intervention Logic

Building the Logframe: Specifying the Intervention Logic

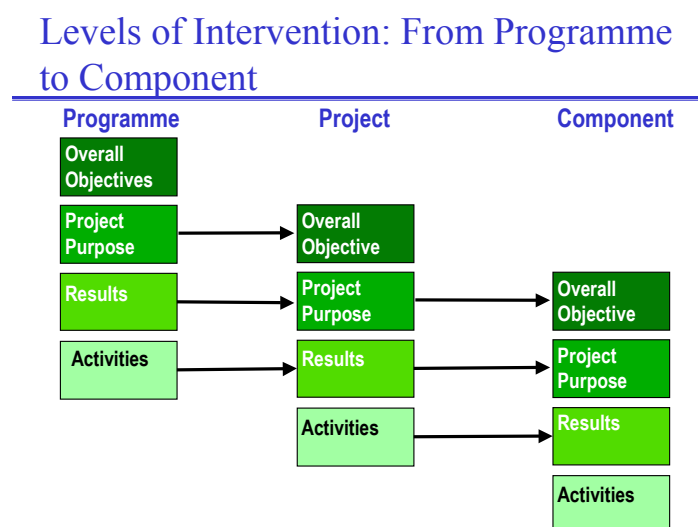
	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives	Living conditions of local people improved			
Project/ Programme Purpose	River water quality improved			
Results	1. Direct discharge of wastewater by households and factories decreased			
Activities	1.1 Analyse environmental investments of companies 1.2 Identify relevant clean technologies 1.3 Design incentives 1.4 Test and adapt incentives 1.5 Provide incentives 1.6 Launch improvement of legal regulations and monitor their effectiveness 1.7 Connect households and factories	Means	Cost	
			Pre-conditions	

3.4.2.1. Using the Logical Framework to Plan Complex Interventions: Interlocking Logframes

Complex interventions comprising a number of components or projects are usually called “Programmes”. These may be sector-wide programmes, nation-wide programmes or regional programmes with a number of concerned sectors. The LFA principles equally apply to this type of intervention, i.e. that to properly plan them it will be necessary to run through the Analysis and Planning Stage.

In principle, each Logical Framework can be worked out in sub-logframes. Each of these describes components of the “master” Logical Framework on a more detailed level.

Figure 22: Levels of Intervention: From Programme to Component



The system of sub-dividing a “master” Logical Framework is useful to show the coherence of components in a programme or project and to develop each component in more detail.

However, when preparing interlocking logframes, we should be clear about what exactly we mean by “Purpose” or “Result” and who the target groups and beneficiaries are.

Table 15: Levels of Intervention: From Programme to Component

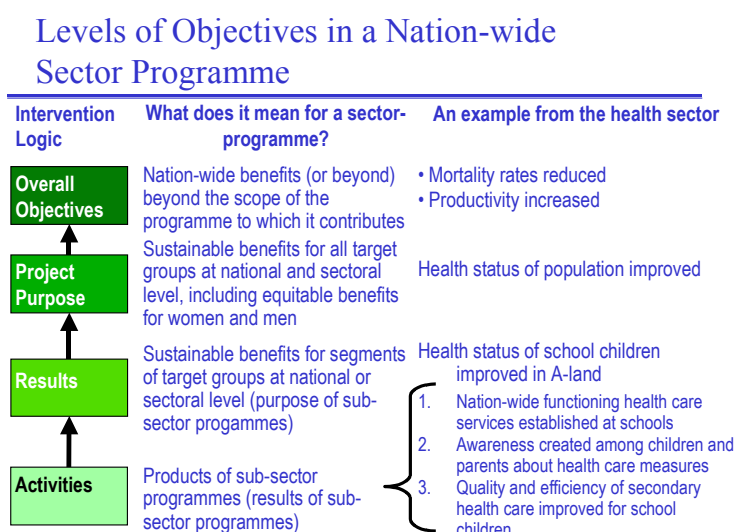
Sector Programme Roads	Maintenance Project	Private Sector Component
Overall Objectives: Country competitiveness on international markets improved Investments into agricultural export crops increased Food supply stabilised		
Project Purpose: Road network meets traffic demands	Overall Objectives Road network meets traffic demands	
Results: 1. Heavy-vehicle overload reduced on roads 2. Roads are upgraded and rehabilitated 3. Road network is expanded 4. Roads are better maintained 5. Performance of MOT improved	Project Purpose: 4. Roads are better maintained	Overall Objectives 4. Roads are better maintained
Activities: 4.1 Review and improve approach to maintenance 4.2 Involve private sector more in maintenance 4.3 Improve road coverage by maintenance teams 4.4 Increase effectiveness of maintenance 4.5 Improve ownership of feeder roads network maintenance by village/communal teams	Results: 4.1 Approach to maintenance reviewed and improved 4.2 Private sector involvement in maintenance effective 4.3 Coverage of roads by maintenance teams improved 4.4 Effectiveness of maintenance teams increased 4.5 Ownership of feeder roads network maintenance by village/communal teams improved	Project Purpose: 4.2 Private sector involvement in maintenance effective
	Activities: 4.1.1 4.2.1 Screen competences of private sector maintenance firms 4.2.2 Devise and implement capacity building measures for private firms 4.2.3 Provide incentives for company creation 4.2.4 Tender maintenance works 4.2.5 Monitor works regularly 4.3.1	Results: 4.1.1 4.2.1 Competences of private sector maintenance firms screened 4.2.2 Capacity building measures for private firms devised and implemented 4.2.3 Incentives for company creation provided 4.2.4 Maintenance works tendered 4.2.5 Works regularly monitored
		Activities: 4.1.1.1 ... 4.2.1.1 List existing firms 4.2.1.2 Devise survey 4.2.1.3 Implement survey 4.2.1.4 Draw conclusions 4.2.2.1

Finding the
right level of
objectives

The following should provide guidance in defining the different levels of *objectives in a nation-wide sector programme*:

- Worldwide, supra-regional, nation-wide benefits beyond the scope of the programme at the level of the *Overall Objectives*, referring to the overarching policy objectives of the EC;
- Sustainable benefits for all target groups and beneficiaries at national and overall sectoral level, including equitable benefits for women and men, at the level of the *Purpose*;
- Sustainable benefits for segments of target groups at national or regional sectoral level, at the level of the *Results*.

Figure 23: Levels of Objectives in a Nation-wide Sector Programme



The *objectives of one of the possible projects within the nation-wide sector programme* should correspond to the following levels of objectives described in Chapter 3.4.1.1:

- sustainable benefits for all target groups and beneficiaries at national and overall sectoral level, at the level of the *Overall Objectives*, referring, where applicable, to the overarching policy objectives of the EC, including gender equality;
- sustainable benefits for segments of target groups at national or regional sectoral level, including equitable benefits for women and men, at the level of the *Purpose*;
- “products” of Activities undertaken (ends) at national or regional sectoral level, at the level of the *Results*;

Re-assess
logframes
during Im-
plementation

This, again, shows that the Logical Framework is a useful tool for both project planning and management, from large sector programmes to small interventions, and provided it is not used as a ‘blueprint’ only. As a *dynamic tool*, logframes have to be re-assessed and revised as the project itself develops and circumstances change.

Logframes in
Programming

In addition, logframes and the system of cascading logframes can be applied to Programming, too. The EC “Guidelines for implementation of the Common Framework for Country Strategy Papers” foresee to formulate “*Specific Objectives*” (= *Purpose*) and *expected “Results”* for each area of co-operation including key domains for conditionalities and *main performance and a limited number of key outcome indicators*. These indicators must relate to developments that are measurable in the short / medium term. The guidelines emphasise that, if there is a PRSP process under way, the indicators must correspond to those developed in that framework.

Results and Purpose of a sector within the CSP / NIP will be achieved through implementation of projects. This means that either one project alone or several projects together will achieve the Results, and then all projects together will achieve the “Specific objectives” of an area of co-operation. At this level, EC consensus is that there may be several “Specific objectives” and not only one, as recommended for all subsequent phases.

The system of cascading logframes is simply an aid to improve structuring of interventions. It will make planning and management of implementation (including allocation of responsibilities) of both simple and very complex interventions easier. The system allows breaking down such interventions to a level where it can be seen what is going to be done. This will as well increase transparency and accountability, especially when dealing with “soft” sectors (such as education, training, institutional strengthening...).

When breaking down complex programmes into more manageable bits, the following should be kept in mind:

Preparing complex logframes: What to consider

- Keep wording and complexity of objectives as simple as possible.
- Avoid putting means-ends relationships into statements of objectives: ... due to...; or: ... through... (both applies to all kinds of logframes).
- Use the number of objectives levels that allows you to clearly structure the intervention (it may be 3, but also 5). In doing so, maintain means-ends relationships between the levels in a way that levels within the hierarchy of objectives are not omitted and that e.g. better roads maintenance (Result 4 of the sector programme) is not due to an objective located several levels below, e.g. the screening of competences (Activity 4.2.1).
- Stop latest at a level where operational planning / activity scheduling would start (see Activities of “Private Sector Component” above).

3.4.3. How to Identify Assumptions?

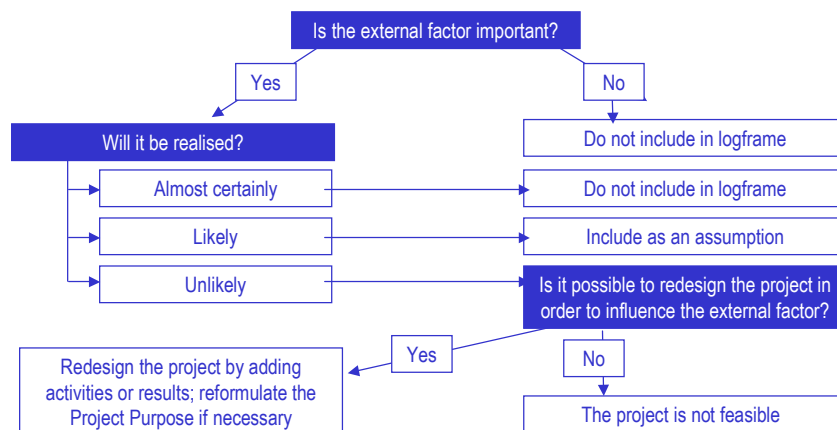
Beware of 'killer' assumptions!

It will have become apparent during the Analysis Stage that the project alone cannot achieve all the 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 are crucial for the achievement of Results, Project Purpose and Overall Objectives, but lie outside the project's 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.

The probability and significance of external conditions being met should be estimated as part of assessing the degree of risk of the project. Some will be critical to project success, and others of marginal importance. A useful way of assessing the importance of Assumptions is with the following flowchart. Once Assumptions have been identified, they are stated in terms of the desired situation. In this way they can be verified and assessed.

Figure 24: Assessment of Assumptions

Assessment of Assumptions

**Table 16: How to Identify Assumptions?**

1. Identify in the hierarchy of objectives such objectives that are not covered by the selected strategy but important for the success of the project
2. Place them as external factors at the appropriate level of the logframe
3. Identify other external factors not included in the hierarchy which must be fulfilled to achieve the Overall Objective, the Project Purpose and the Results
4. Identify necessary Pre-conditions which have to be met in order to start with project Activities
5. Assess the importance of the external factors by using the assessment chart. Depending on the conclusions:
 - Take out the external factor (almost certainly)
 - Include the external factor as an Assumption (likely)
 - Redesign the project (unlikely)
6. Check the Intervention Logic and Assumptions on completeness beginning with the Pre-conditions, to see whether the Intervention Logic is indeed logical and overlooks nothing

Figure 25: Building the Logframe: Completing Assumptions

Building the Logframe: Completing Assumptions

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives	Living conditions of local people improved			
Project/ Programme Purpose	River water quality improved			•Market demand for y-fish remains at least stable •Tourists are informed about the improved situation
Results	1. Direct discharge of wastewater by households and factories decreased			•Upstream water quality remains stable •Uncontrolled dumping of waste into river remains at least stable
Activities	1.1 Analyse environmental investments of companies 1.2 Identify relevant clean technologies 1.3 Design incentives 1.4 Test and adapt incentives 1.5 Provide incentives 1.6 Launch improvement of legal regulations and monitor their effectiveness 1.7 Connect households and factories	Means	Cost	Use of sewerage systems socially acceptable Construction permission obtained
			Pre-conditions	

3.4.4. Checking Quality Factors¹⁹

A project can be said to be sustainable when it continues to deliver benefits to the project / programme target groups for an extended period after the main part of the donor assistance has been completed. 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. Quality is not an issue only to be considered shortly before the end of a project, but should be kept in mind from the planning stage onwards.

3.4.4.1. What are Quality Factors?

Experience has demonstrated that the longer-term sustainability of project benefits depends on the following factors:

1. *Ownership by beneficiaries* – the extent to which target groups and beneficiaries of the project / programme (including men and women) have participated in its design and are involved so that it can have their support and be sustainable after the end of the EC financing.
2. *Policy support* – the quality of the relevant sector policy, and the extent to which the partner government has demonstrated support for the continuation of project services beyond the period of donor support.
3. *Appropriate technology* – whether the technologies applied by the project can continue to operate in the longer run (e.g. availability of spare parts; sufficiency of safety regulations; local capabilities of women and men in operation and maintenance).
4. *Socio-cultural issues* – how the project will take into account local socio-cultural norms and attitudes, and which measures have been taken to ensure

¹⁹ Here, “Quality” replaces the DAC term “Sustainability” to emphasise that quality is an issue that applies from the beginning of project / programme design, whereas sustainability per se occurs, or not, after the life of a project / programme.

Sustainability starts with project design

that all beneficiary groups will have appropriate access to project services and benefits during and after implementation.

5. *Gender equality* – how the project will take into account the specific needs and interests of women and men and will lead to sustained and equitable access by women and men to the services and infrastructures, as well as contribute to reduced gender inequalities in the longer term.
6. *Environmental protection* – the extent to which the project will preserve or damage the environment and therefore support or undermine achievement of longer term benefits²⁰.
7. *Institutional and management capacity* – the ability and commitment of the implementing agencies to deliver the project / programme, and to continue to provide services beyond the period of donor support.
8. *Economic and financial viability* – whether the incremental benefits of the project / programme outweigh its cost, and the project represents a viable long-term investment.²¹

The substance and relative importance of these factors will depend on the context and on the specific features of the project / programme. Consideration of these issues may lead to changes in the project design.

3.4.4.2. How to Plan for Quality

A project can be said to have sustainable impact when the target group continue to derive benefits for an extended period after the main period of donor assistance has ended. Having established the Intervention Logic (first column) and the Assumptions (fourth column), the preparation of the logframe continues with a review (questions) concerning the project / programme's quality. Table 18 provides the generic questions that should be answered satisfactorily to enhance quality.

The procedure for incorporating quality into the project design is as follows:

Table 17: How to Check for Quality?

1.	Identify which Activities and Results will have to be sustained beyond the period of EC funding, enabling the target group to derive benefits in the longer term.
2.	Formulate relevant questions concerning each quality factor. These questions should be clarified by the concerned parties (stakeholders, target groups, Delegation, EC services, proposing organisation), or appear in the Terms of Reference for a subsequent study, e.g. in the feasibility study.
3.	Scrutinise the Project Purpose, Results, Activities and Assumptions in the light of these questions.
4.	On the basis of the answers: • rethink or add Results, Activities, Assumptions or Pre-conditions, • commission further studies to delve more fully into the issues, • formulate recommendations for implementation.

²⁰ The most common tool for integrating environment into the different phases of the project cycle is the Environmental Impact Assessment (EIA). Details about this procedure can be found on http://europa.eu.int/comm/development/sector/environment/env_integ/env_integ-manual/index.htm.

²¹ The Financial and Economic Analysis Manual (EC, 1997) provides a comprehensive methodology to be used at the different phases of the project cycle. Details about this procedure can be found on the EuropeAid Intranet (working tools).

Table 18: Basic Questions to be Addressed to Ensure Sustainability

1. <i>Ownership by beneficiaries</i>	What evidence is there that all target groups, including both women and men, support the project? How actively are and will they be involved / consulted in project preparation and implementation? How far do they agree and commit themselves to achieve the objectives of the project?
2. <i>Policy support</i>	Is there a comprehensive, appropriate sector policy by the Government? Is there evidence of sufficient support by the responsible authorities to put in place the necessary supporting policies and resource allocations (human, financial, material) during and following implementation?
3. <i>Appropriate technology</i>	Is there sufficient evidence that the chosen technologies can be used at affordable cost and within the local conditions and capabilities of all types of users, during and after implementation?
4. <i>Environmental protection</i>	Have harmful environmental effects which may result from use of project infrastructure or services been adequately identified? Have measures been taken to ensure that any harmful effects are mitigated during and after project implementation?
5. <i>Socio-cultural issues</i>	Does the project take into account local socio-cultural norms and attitudes, also those of indigenous people? Will the project promote a more equitable distribution of access and benefits?
6. <i>Gender equality</i>	Have sufficient measures been taken to ensure that the project will meet the needs and interests of both women and men and will lead to sustained and equitable access by women and men to the services and infrastructures, as well as contribute to reduced gender inequalities in the longer term?
7. <i>Institutional and management capacity</i>	Is there sufficient evidence that the implementing authorities will have the capacity and resources (human and financial) to manage the project effectively, and to continue service delivery in the longer term? If capacity is lacking, what measures have been incorporated to build capacity during project implementation?
8. <i>Economic and financial viability</i>	Is there sufficient evidence that the benefits of the project will justify the cost involved, and that the project represents the most viable way to addressing the needs of women and men in the target groups?

This check is an important part of project design, and not taking it into account could undermine both the feasibility and the sustainability of the project.

Figure 26: Building the Logframe: Planning for Quality

Building the Logframe: Planning for Quality

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives	Living conditions of local people improved			
Project/ Programme Purpose	River water quality improved			•Market demand for y-fish remains at least stable •Tourists are informed about the improved situation
Results	1. Direct discharge of wastewater by households and factories decreased			•Upstream water quality remains stable •Uncontrolled dumping of waste into river remains at least stable
Activities	1.1 Analyse environmental investments of companies 1.2 Identify relevant clean technologies 1.3 Design incentives 1.4 Test and adapt incentives 1.5 Provide incentives 1.6 Launch improvement of legal regulations and monitor their effectiveness 1.7 Connect households and factories 1.8 Raise awareness of households and industry concerning impact of wastewater 1.9 Train municipalities in maintenance of wastewater system	Means	Cost	Use of sewerage systems socially acceptable Construction permission obtained
			Pre-conditions	

3.4.5. How to Identify Indicators (OVIs) and Sources of Verification (SOV)?

What are OVIs and SOV?

Indicators (“Objectively Verifiable Indicators”) describe the project’s objectives in operationally measurable terms (quantity, quality, target group(s), time, place). Specifying OVIs helps checking the viability of objectives and forms the basis of the project monitoring system. OVIs should be measurable in a consistent way and at an acceptable cost.

Sources of Verification are documents, reports and other sources providing information that makes it possible to check the Indicators.

A good OVI should be SMART:

- Specific: measure what it is supposed to measure
- Measurable and
- Available at an acceptable cost
- Relevant with regard to the objective concerned
- Time-bound

Indicators should be independent

In addition, Indicators should be independent of each other, each one relating to only one objective in the Intervention Logic, i.e. to one of the Overall Objectives, to the Project Purpose or to one Result. Indicators at the level of the Results should not be a summary of what has been stated at the Activity level, but should describe the consequences. Often, it is necessary to establish *several indicators for one objective*, if the single indicator does not provide a full picture of the change expected. Together, these will provide reliable information on the achievement of objectives. At the same time, the trap of including too many indicators should be avoided.

Define indicators as early as possible

Also, the measurement and interpretation of OVIs should be identical if determined by different persons, i.e. that different persons using the indicator would obtain the same measurements. This is more easily done for quantitative measures than for those that aim at measuring qualitative change. *OVIs should already be defined during identification and appraisal*, but they often need to be *specified in greater detail during implementation* when additional information is available and the demands for

monitoring become apparent. Care should be taken to ensure that the OVIs for the Project Purpose - the project's "centre of gravity" - do in practice incorporate the notion of 'sustainable benefits for the target group'.

Figure 27: Indicators: An Example

Indicators: An Example

Objective: Pollution load of wastewater discharged into the Blue river is reduced

Select the indicator: Concentration of heavy metal compounds (Pb, Cd, Hg)

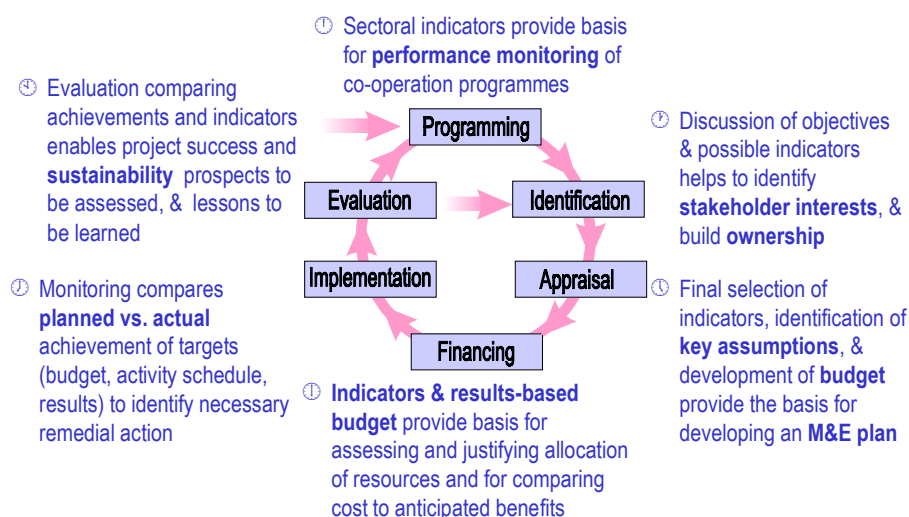
Define the targets:

- **Define the quantity:** Concentration of heavy metal compounds (Pb, Cd, Hg) is reduced by 75% compared to year x levels ...
- **Define the quality:** ... to meet the limits for irrigation water ...
- **Define the target group:** ... , used by the farmers of Blue village, ...
- **Define the place :** ... in the Blue river section of the District ...
- **Determine the time:** ... 2 years after the project has started

In fact, 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 (see figure below).

Figure 28: Indicators and the Project Cycle

Indicators & the Project Cycle



How will we know what is being achieved?

When Indicators are formulated, the Source of Verification should be specified at the same time. This will help to test whether or not the Indicators 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.)

Sources outside the project should be assessed for accessibility, reliability and relevance. The work and cost of collecting information to be produced by the project itself should also be estimated 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. If an OVI is found too expensive or complicated to collect, it should be replaced by a simpler, cheaper and often indirect (proxy) OVI: e.g. instead of conducting a detailed survey on incomes of farm households, the changes of household expenditure may be assessed, e.g. sales of veterinary suppliers and pharmacies, or of tools or household goods (clothes, energy saving stoves, etc.) might be counted.

Table 19: How to Define OVIs and to Select SOV?

How to define OVIs?	
1. Specify for each Result, the Project Purpose, and the Overall Objectives:	
• the quantity:	how much?
• the quality:	what?
• the target group:	who?
• the time / period:	starting when and for how long?
• the place:	where?
<i>Note: Indicators concerning the Overall Objectives tend to be more qualitative than those applicable to the Project Purpose and the Results, which have more quantitatively measurable components.</i>	
2. Check whether the Indicators or Indicatorss describe the Overall Objectives, Purpose or Results accurately. If not, other Indicatorss should be added or new ones found.	
3. Care should be taken to ensure that the OVIs for the Project Purpose - the project's "centre of gravity" - do in practice incorporate the notion of 'sustainable benefits for the target group'.	
How to choose SOV?	
1. Decide what Sources of Verification are needed to obtain the information on OVIs.	
2. Identify which sources are to be collected, processed and kept within the project, and which are outside (existing sources).	
3. Check sources outside the project to ensure that:	
(a) their form/presentation is appropriate;	
(b) they are specific enough;	
(c) they are reliable;	
(d) they are accessible (where and when);	
(e) the cost of obtaining the information are reasonable.	
4. Replace OVIs for which no suitable sources can be found by others.	
<i>Note:</i>	
<i>Use existing resources as much as possible to avoid additional cost, time and effort to be deployed.</i>	

Figure 29: Building the Logframe: Specifying Indicators and Sources of Verification

Building the Logframe: Specifying Indicators and Sources of Verification

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Overall Objectives	Living conditions of local people improved	- The income generated by the catch of y-fish is increased by 30 % by 2003 - Tourism revenues increased by 30% by 2004	Socio-economic Survey report of the Ministry of Economic affairs	
Project/ Programme Purpose	River water quality improved	- Rate of diseases due to river fish consumption reduced by 80 % until 2003 - Catch of y-fish is increased by 20% until 2002, while maintaining stock level	- Regional hospital and medical statistics - Reports of River authority and co-operatives	- Market demand for y-fish remains at least stable - Tourists are informed about the improved situation
Results	1. Direct discharge of wastewater by households and factories decreased	70 % of wastewater produced by factories and 80% of wastewater produced by households is treated in plants by 2002	Survey report of Municipalities	- Upstream water quality remains stable - Uncontrolled dumping of waste into river remains at least stable
Activities	1.1 Analyse environmental investments of companies 1.2 Identify relevant clean technologies 1.3 Design incentives 1.4 Test and adapt incentives 1.5 Provide incentives 1.6 Launch improvement of legal regulations and monitor their effectiveness 1.7 Connect households and factories 1.8 Raise awareness of households and industry concerning impact of wastewater 1.9 Train municipalities in maintenance of wastewater system	Means	Cost	Use of sewerage systems socially acceptable Construction permission obtained
			Pre-conditions	

3.4.6. How to Identify Means and Cost?

The boxes “Means” and “Cost” replace OVIs and SOV at the level of Activities. OVIs and SOV are thus not specified for Activities in the Logframe, but may be specified later when preparing an Activity Schedule.

Means are physical and non-physical resources (often referred to as “Inputs”) that are necessary to carry out the planned Activities and manage the project. A distinction can be drawn between: *human resources* and *material resources*.

Cost are the translation into financial terms of all the identified resources (Means). They should be presented in a standardised format, which will specify the contribution of the EC, the Government and any other party, such as target groups and beneficiaries. The Activities should therefore be worked out sufficiently to enable estimates of the necessary physical and non-physical means. This will include the means and cost required for management support activities. An area for particular attention is the cost of collecting data on OVIs. This estimate should be completed at the end of the appraisal phase.

Table 20: How to Establish Means and Cost?

1.	Work out the human, material and financial means necessary to carry out the planned Activities under each Result. Classify them according to the requirements of the co-operation mechanism.
2.	Work out the human, material and financial means needed for management and support activities not included in the Logical Framework (e.g. building of a co-ordination office, administrative and accounting staff, etc.). For transparency reasons, you may just summarise all these activities as a reminder at the bottom of the logframe. You can then identify the means required and link them to the respective cost.
3.	Calculate the cost of the resources thus established and shared among the financing partners; prepare the total budget.
4.	Classify the Cost by budget origin: EC, Government, target group or other donors.
5.	List a summary of Means in the 2 nd column behind the Activities in the Logical Framework and summarise the cost by budget origin in the 3 rd column behind the Activities.

3.4.7. Final Quality Check of the Logframe

Once the Means and Cost have been established, the logical framework matrix is complete. It should now be reviewed one last time to check, whether:

- the vertical logic is complete and accurate;
- Indicators and Sources of Verification are accessible and reliable;
- the Pre-conditions are realistic;
- the Assumptions are realistic and complete;
- the risks are acceptable;
- the likelihood of success is reasonably strong;
- quality issues have been taken into account and, where appropriate, translated into Activities, Results or Assumptions;
- the benefits justify the cost;
- additional studies are needed.

This check should be carried out first at the end of the planning workshop during appraisal, but it can also be carried out independently by persons other than those who drew up the Logical Framework, particularly EC and partner country officials.

The following figure shows what a completed logframe for the example project might look like.

Figure 30: Building the Logframe: A Completed Logframe

Building the Logframe: A Completed Logframe

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions																				
Overall Objectives	Living conditions of local people improved	•The income generated by the catch of y-fish is increased by 30 % by 2003 •Tourism revenues increased by 30% by 2004	•Socio-economic Survey report of the Ministry of Economic affairs																					
Project/ Programme Purpose	River water quality improved	•Rate of diseases due to river fish consumption reduced by 80 % until 2003 •Catch of y-fish is increased by 20% until 2002, while maintaining stock level	•Regional hospital and medical statistics •Reports of River authority and co-operatives	•Market demand for y-fish remains at least stable •Tourists are informed about the improved situation																				
Results	1. Direct discharge of wastewater by households and factories decreased	•70 % of wastewater produced by factories and 80% of wastewater produced by households is treated in plants by 2002	Survey report of Municipalities	•Upstream water quality remains stable •Uncontrolled dumping of waste into river remains at least stable																				
Activities	1.1 Analyse environmental investments of companies 1.2 Identify relevant clean technologies 1.3 Design incentives 1.4 Test and adapt incentives 1.5 Provide incentives 1.6 Launch improvement of legal regulations and monitor their effectiveness 1.7 Connect households and factories 1.8 Raise awareness of households and industry concerning impact of wastewater 1.9 Train municipalities in maintenance of wastewater system	Means A: Technical expertise, 20 PM B: Investment C: Maintenance D: Total	Cost ('000 €) <table><tr><td>EC</td><td>Gvt.</td><td>Other</td><td>Total</td></tr><tr><td>400</td><td></td><td></td><td>400</td></tr><tr><td>1000</td><td>400</td><td>200</td><td>1600</td></tr><tr><td>.....</td><td></td><td></td><td></td></tr><tr><td>3000</td><td>1000</td><td>600</td><td>4600</td></tr></table>	EC	Gvt.	Other	Total	400			400	1000	400	200	1600					3000	1000	600	4600	Use of sewerage systems socially acceptable Construction permission obtained
EC	Gvt.	Other	Total																					
400			400																					
1000	400	200	1600																					
.....																								
3000	1000	600	4600																					
			Pre-conditions																					

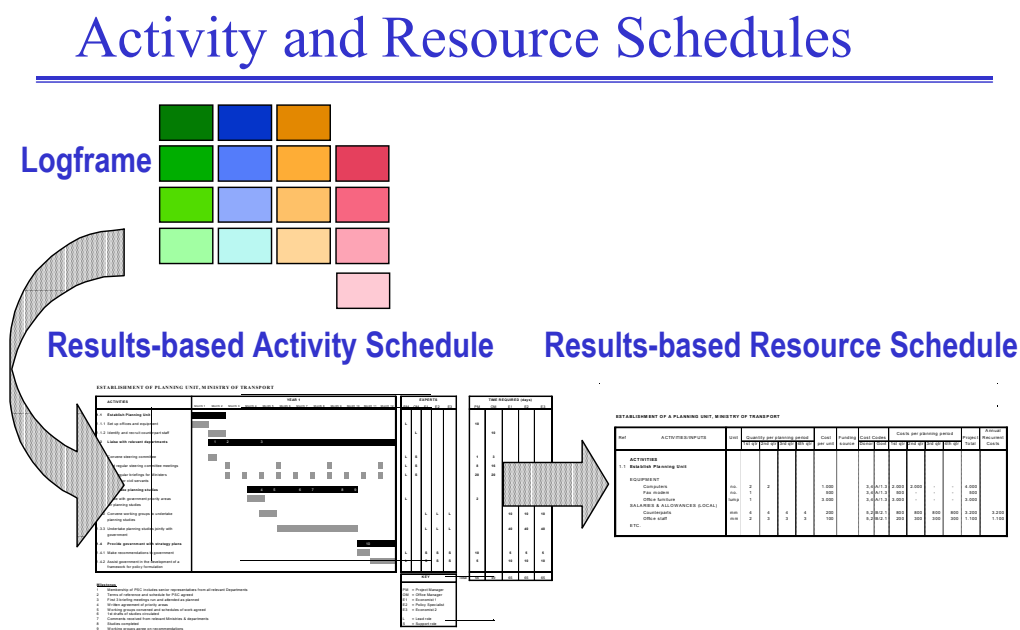
3.4.8. Using the Logical Framework to Develop Activity and Resource Schedules

The Logical Framework for a project describes often quite broadly, what Activities are to be undertaken. After the logframe matrix has been completed, usually during the appraisal phase, further planning can take place to add operational detail.

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, further specification of Means and scheduling of cost can start. Both Activity and Resource Schedules ought to be drafted during the feasibility study. Detailed information about net recurrent cost implications of the project may then lead to reformulation of the scope and ambition of the project.

The Overall Activity Schedule is updated and detailed Activity and Resource Schedules are to be prepared during the first months of project implementation (inception period).

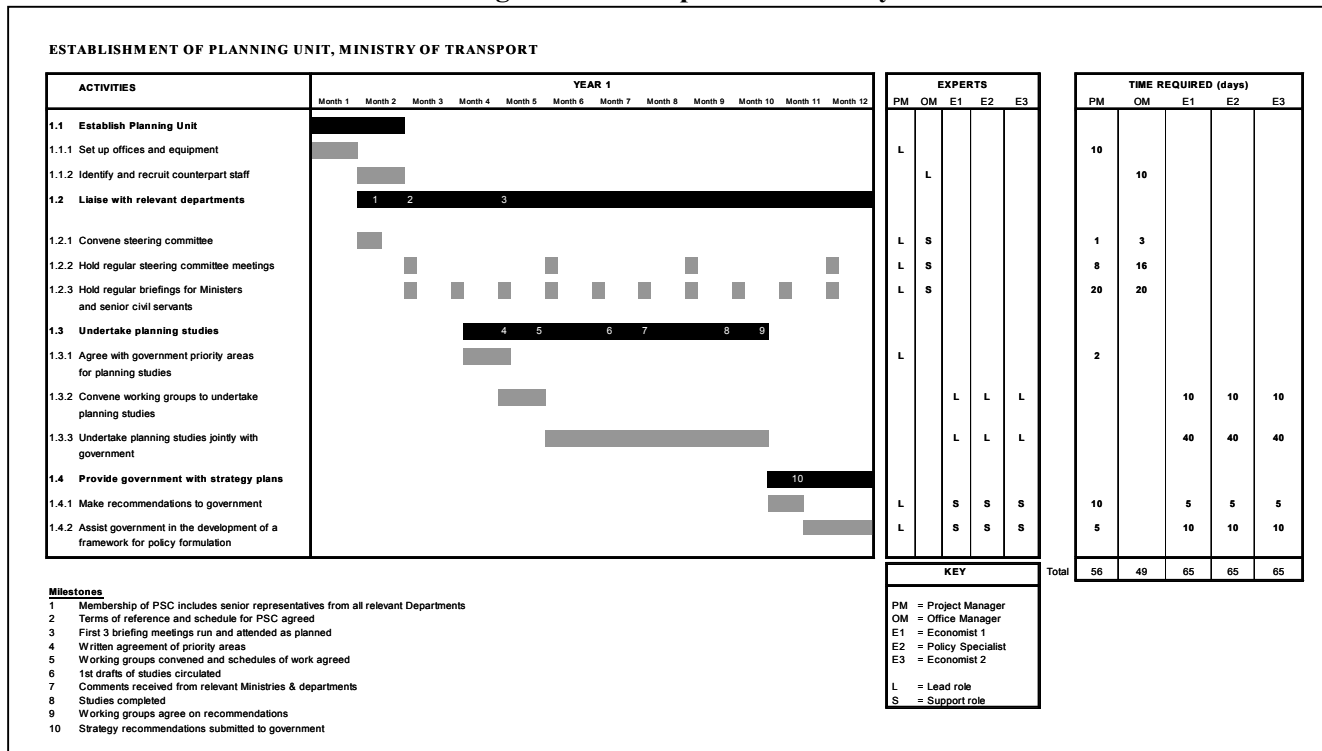
Figure 31: Activity and Resource Schedules



3.4.8.1. Preparing Activity Schedules

All information in an Activity Schedule can be summarised in graphical format. This is called a *Gantt Chart*. An example is shown below. The format can be adapted to fit with the expected duration of the project. An Overall Activity Schedule may only specify Activities on a quarterly or monthly basis, while an individual's quarterly work plan may use a weekly format.

Figure 32: Example of an Activity Schedule



3.4.8.2. 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. This list may become very detailed.

Then, the Means necessary to undertake the Activities must be specified. It will probably be necessary to aggregate or summarise the cost information. Project costings should allow the allocation of cost to the different funding sources so that each party is clear about their respective contributions.

Once *Total Cost* have been calculated, it is important to remember that the implementing agency will be required to meet any recurrent cost of maintaining service provision beyond the life of the project. *Recurrent Cost* 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 33: Example of a Resource Schedule

ESTABLISHMENT OF A PLANNING UNIT, MINISTRY OF TRANSPORT																												
Ref	ACTIVITIES/INPUTS	Unit	Quantity per planning period				Cost per unit	Funding source	Cost Codes		Costs per planning period												Total per year and funding source			Project Total	Annual recurrent costs	
			EC	Govt	Target group	1st qtr			2nd qtr			3rd qtr			4th qtr			Total										
						EC			Gvt.	TG	EC	Gvt.	TG	EC	Gvt.	TG	EC	Gvt.	TG	EC	Gvt.	TG						
			1st qtr	2nd qtr	3rd qtr	4th qtr																						
	ACTIVITIES																											
1.1	Establish Planning Unit																											
	EQUIPMENT																											
	Computers	no.	2	2			1,000	EC	3.4					2,000		2,000		-		-			4,000	-	-	4,000		
	Fax modem	no.	1				500	EC	3.4					500		-		-		-			500	-	-	500		
	Office furniture	lump	1				3,000	EC	3.4					3,000		-		-		-			3,000	-	-	3,000		
	SALARIES & ALLOWANCES (LOCAL)																											
	Counterparts	pm	4	4	4	4	200	Gvt.	B/2.1					800		800				800			-	3,200	-	3,200	3,200	
	Office staff	pm	3	3	3	3	100	Gvt.	B/2.1					300		300				300			-	1,200	-	1,200	1,200	
	ETC.																											

	TOTAL PER QUARTER													5,500	1,100	-	2,000	1,100	-	-	1,100	-	-	7,500	4,400	-	11,900	4,400

4. TOOLS FOR MANAGING PROJECT QUALITY

4.1. Using the LFA to Assess Project Proposals: An Overview

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.

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.

Has the right
information
been provided?

There exist two tools for assessing and improving project proposals²²:

1. The Guide for Assessment of Project Proposals, which is intended for in-depth analysis of project proposals prior to the appraisal 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 Improvement Tool ("Improving the Quality of a Financing Proposal / Feasibility Study"), which is intended for quality checking and improving of draft financing proposals prior to their submission to the relevant financing committee.

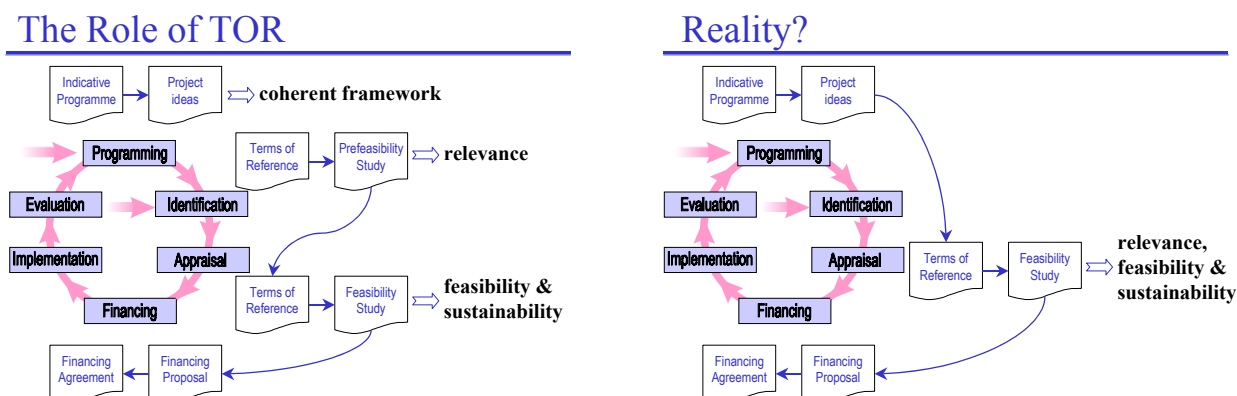
4.2. Guide for Assessment of Project Proposals

Ideally, issues of relevance, feasibility and sustainability are addressed twice during project preparation – once during the Identification phase (as part of a pre-feasibility study²³) and then more comprehensively during the appraisal 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.

The impor-
tance of Feasi-
bility Study
TOR!

²² They can be downloaded from the Intranet of EuropeAid – under working tools.

²³ A Pre-feasibility Study examines the options for addressing priorities identified during the Programming stage. Alternative interventions are identified, and the study determines whether it is worth going ahead with a Feasibility Study to define the project in more detail.

Figure 34: The Role of Terms of Reference in Project Preparation

The Guide to Assessment contains *instructions that provide a framework for analysing the coherence and comprehensiveness of a project proposal*. The project design is deconstructed and reconstructed, 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 means of editing the proposal into a logframe format if the LFA has not been used by the proposing institution.

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 (for a format, see Chapter 2.6).

4.3. The Quality Improvement 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.

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 Improvement 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 or Feasibility Study.

Improving
feasibility
studies or
Financing
Proposals

Figure 35: The Quality Assessment Tool

PCM Training	Improving the Quality of a Financing Proposal / Feasibility Study
Improving the Quality of a Financing Proposal / Feasibility Study	
Training and Helpdesk Services in Project Cycle Management	
Table of Contents	
QUALITY ASSESSMENT CRITERIA	1
1. <i>Relevance</i>	2
1.1 Are the major stakeholders clearly identified and described?	2
1.2 Are the beneficiaries (target groups and final beneficiaries) clearly identified?	2
1.3 Are the problems of the target groups and final beneficiaries sufficiently described?	3
1.4 Is the problem analysis sufficiently comprehensive?	3
1.5 Do the Overall Objectives explain why the project is important for sectoral development and society?	4
1.6 Does the Project Purpose express a direct benefit for the target groups?	4
1.7 Does the EcoFin (Financial and Economic) Analysis provide sufficient information on the questions raised above?	5
2. <i>Feasibility</i>	5
2.1 Will the Project Purpose contribute to the Overall Objectives (if the Assumptions hold true)? ..	5
2.2 Are the Results products of the implementation of Activities?	6
2.3 Will the Project Purpose be achieved if all Results are attained?	6
2.4 Are the means sufficiently justified by quantified objectives?	6
2.5 Have important external factors been identified?	7
2.6 Is the probability of realisation of the Assumptions acceptable?	7
2.7 Will the project partners and implementing agencies be able to implement the project?	7
2.8 Does the EcoFin (Financial and Economic) Analysis provide sufficient information on the questions raised above?	8
3. <i>Sustainability</i>	9
3.1 Will there be adequate ownership of the project by the target groups / beneficiaries?	9
3.2 Will the relevant authorities have a supportive policy during implementation and after project completion?	9
3.3 Is the technology appropriate for the local conditions?	9
3.4 Will the ecological environment be preserved during and after the project?	10
3.5 Will all beneficiaries have adequate access to benefits and products during and after the project?	10
3.6 Will the project contribute to gender equality?	11
3.7 Will the implementing agencies be able to provide follow-up after the project?	11
3.8 Does the EcoFin (Financial and Economic) Analysis provide sufficient information on the questions raised above?	12
USING THE QUALITY IMPROVEMENT TOOL TO IDENTIFY INFORMATION NEEDS	13
QUALITY RATING SHEET FOR FINANCING PROPOSALS / FEASIBILITY STUDIES	16
Revision March 2002	

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 written on an information sheet, and fed back to the relevant parties for inclusion in a modified version of the proposal.

Figure 36: How the Quality Assessment Tool Works

PCM Training

Improving the Quality of a Financing Proposal / Feasibility Study

1.3 Are the problems of the target groups and final beneficiaries sufficiently described?

Problems are descriptions of existing negative situations in a given context. Very often, project proposals only describe macro-economic problems, or limit themselves to the problems of implementing institutions. Description of their problems is necessary, but in order to verify the project's relevance, these problems must be linked to the problems faced by the target groups / final beneficiaries. Their problems should be analysed in detail in relation to the project's area of intervention, and the relative importance of these problems explained.

Scoring indicators: *Problems of beneficiaries are described sufficiently...*

	<i>when...</i>
<i>fully:</i>	Problems are described in detail, including information on the specific problems faced by the target groups and the final beneficiaries.
<i>fairly:</i>	Problems are described in reasonable detail, but information on specific problems of different sub-groups is incomplete or missing.
<i>hardly:</i>	Few problems faced by target groups / final beneficiaries have been described.
<i>not at all</i>	No problems from the viewpoint of target groups / final beneficiaries are stated.

5. ANNEXES

5.1. Sector Programmes

Origin of
SWAPs

Efforts have been made to ensure that projects are part of a national policy and that donor co-ordination is improved. However, such an approach is insufficient particularly in countries, which have sufficient national capacity to elaborate and implement national policies and co-ordinate donor activities. Sector (-wide) approaches (SWAPs) were born in the mid-eighties under the aegis of the World Bank and Scandinavian donors, concerned about the lack of impact of individual project on the overall sectoral situation in developing countries, about the need for deeper political dialogue to ensure sustainability and ownership, and about the need to focus rare funds on real priorities. At EU level, the Commission started work on SWAPs around 1990 and this term was officially introduced in the Lome IV review in 1995. The Council issued a Resolution in November 1996 on Human Social Development which included a reference to such programmes.

Researching
a better im-
pact

A sector approach aims at broadening the notion of impact beyond the scope of one specific donor. It aims at providing a public expenditure framework for both local and external resources in support of the development and implementation of an equitable, well balanced, and satisfactory policy. As a result, donors evolve from supporting specific activities to co-financing a policy with the partner country and other donors. These co-ordinated efforts are made on the basis of objectives set by the government and in the framework of a coherent public sector expenditure programme. In this context it is clear that external assistance will be more and more directly integrated into government plans and the national budget. It should also be stressed that sector programmes are of a process character.

The Communication from the Commission to the Council and the European Parliament on the European Community's Development Policy (26/04/00)²⁴ specifies that "this approach facilitates ownership by the partner countries, donor co-ordination, harmonisation of procedures, greater effectiveness of financial support and provides an overall view of the problems of the sector. This process needs to be carefully led with a view to ensuring effective additionality of resources for the supported sectors, good management of public finance, and respect for national sovereignty. It facilitates the use of direct budgetary aid where the partnership and the capacity in a given sector are sufficiently mature, and represents a more result-oriented support. It requires a comprehensive policy dialogue on specific sectors, capacity building, coherence and linkage with macroeconomic support."

5.1.1. How Do Sector Programmes Work?

Sector programmes have three main features:

Three main
features

1. Through a sectoral policy document and strategic framework *government takes responsibility* for setting policies, priorities and standards which apply to all public activity in the sector including that financed by donors.
2. *All significant funding* for the sector supports a single sector policy and expenditure programme under government leadership (sector expenditure framework and annual budget).
3. *Partners adopt common approaches* across the sector and for sub-sectors, and tend to develop, if conditions allow, towards co-financing and budget support.

In the framework of sector programmes, funds are to be provided through the public sector budgets where they should be managed in an effective, transparent and accountable manner. The objective of Sector Programmes is to enhance this process,

²⁴

http://europa.eu.int/comm/external_relations/asia/doc/com00_212.pdf

sharpen the formulation of national policies, improve the effectiveness of implementation strategies, as well as the management of national and external resources.

The *rules of the game* are thus as follows:

Rules of the game?

- All partners finance the same Government defined sector expenditure programme and establish agreed consultation procedures, including procedures to solve disagreements. Changes in policy will not be implemented without prior consultation and donors will only support activities within the sector programme.
- All partners use agreed appraisal, procurement, disbursement, accounting, and audit procedures based as far as possible on those of the government. Common reporting and monitoring arrangements serve all needs and donors minimise earmarking of funds where priorities are shared. There is a consensus among donors to move towards increasingly harmonised and integrated procedures.
- Government is in control. Donors negotiate aid with the central budget authorities (but also with the concerned line ministry) consistent with the policies, resources and standards set by government. All technical assistance should focus on facilitation and capacity building and should be under control of government.

A Sector Programme may be *financed* in different ways:

How to finance?

- budgetary support (targeted, i.e. funds are to be used only for specific budget headings, components or for activities in a specific region, or non-targeted)
- common donor fund (“basket funding” - this implies the existence of clear procedures which are harmonised and common to all donors; funds are then, deposited in a “common pot”)
- specific donor procedures (similar to the one used for projects but in a common framework)

Given that sector programmes aim at improving overall public sector financial management they will seek to harmonise donor implementation procedures. The prevailing trend is to move towards giving donor support through the government budget, provided a minimum of clear procedures and financial control systems are in place. The programme will then include specific measures to strengthen such procedures and establishing a transparent and accountable financial and budgetary system.

5.1.2. Devising a Sector Programme: Issues to Consider

There are a number of issues that need thorough consideration when devising a sector programme:

1. Sector programmes require a mid-term public expenditure plan. When external resources are provided, the planning of the support needs to look carefully into the *sustainability of government funding* in the long term. It is important that the share of government contribution increases during programme implementation to a level where programme impacts can be sustained and the financing of recurrent cost can be ensured.
2. In general, *public sector service users* must be consulted on the objectives of the sectoral policy before it is adopted by the government, and must also be associated in its implementation (“stakeholder and target group orientation”). When services are to be decentralised, mechanisms must be devised to allow users’ control of the results. Therefore, sectoral programmes will often foresee the *institutional strengthening of local administrations and the empowering of local communities* to enhance their capacity to participate in the planning and management of resources and services and/or to control their quality and their management.

- | | |
|--|---|
| Targeting funds | <p>3. The targeting of funds is a way of securing funds for the execution of a particular activity. Sector policy and strategy design and expenditure planning allow to mainstream important cross-cutting issues as gender and environment.</p> <p>4. Since a sector programme means co-financing of all resources deployed to implement a given policy, perfect control of only a fraction of the budget makes little sense while the rest of the sector's resources may be poorly managed. Therefore, the question of <i>good governance</i> must be openly addressed at the initial stages of programme design. It is crucial that the quality of public finance management be assessed during the design of budget support programme so that the potential needs for institutional support can be quickly identified. <i>Assessment of financial management procedures and internal/external audit systems</i> must be foreseen from the outset, and the measures to be taken in the case of mismanagement of funds must be clearly spelt out.</p> <p>5. The <i>level of external support</i> is determined by the analysis of the results achieved in improving services to the beneficiaries (populations and/or economic players) as measured on the basis of performance and outcome indicators. This dependence should be explicitly formulated from the start of the programme. One of the main interests of the sector approach is to allow for great flexibility in implementation. Over-planning should therefore be avoided and <i>flexible programming</i>, based on rolling plans (e.g. of three years) situated within a medium-term framework should be preferred. Such plans should be based on <i>agreed principles and strategic priorities and be accompanied by joint reviews of annual expenditure programmes</i>. Due to these reasons, the sectoral approach must be accompanied by <i>efficient and effective monitoring and evaluation systems</i> (established by the government / ministry), oriented towards the assessment of impact and outcomes.</p> |
| Conditionalities, performance and outcomes | <p>6. As for the issue of <i>conditionality</i>, only a limited number of strong <i>Pre-conditions</i> should be identified under the sectoral approach, while medium-term implementation should be subject to <i>conditions based on performance and outcomes</i>. This will result in the amount of support being modulated on the basis of the level of achievement of objectives and the amount of services provided to the beneficiaries. In addition, the government should commit itself to a set of "<i>basic principles</i>" agreed with donors which should be respected throughout implementation. Such principles might include issues such as the equitable distribution of resources between central and local administrations, the necessary transparency of the budgetary process and accounting system, the implementation of administrative and institutional reforms, etc.</p> <p>7. During the <i>implementation</i> of a programme, conflicts, major governance problems, budgetary incoherence, inconsistency with the agreed principles, withdrawal of main donors, etc. may lead to reconsidering support: Implementation will have to be designed taking into account the overall coherence of support and it may involve the outright suspension of the programme or a substantial modification of the implementation arrangements. In the case of budgetary aid it would be appropriate to explicitly foresee from the start the eventuality of reverting to project-type procedures should a serious problem arise with the management of public funds. This would avoid sudden suspension of support, and the related likely adverse impacts.</p> |

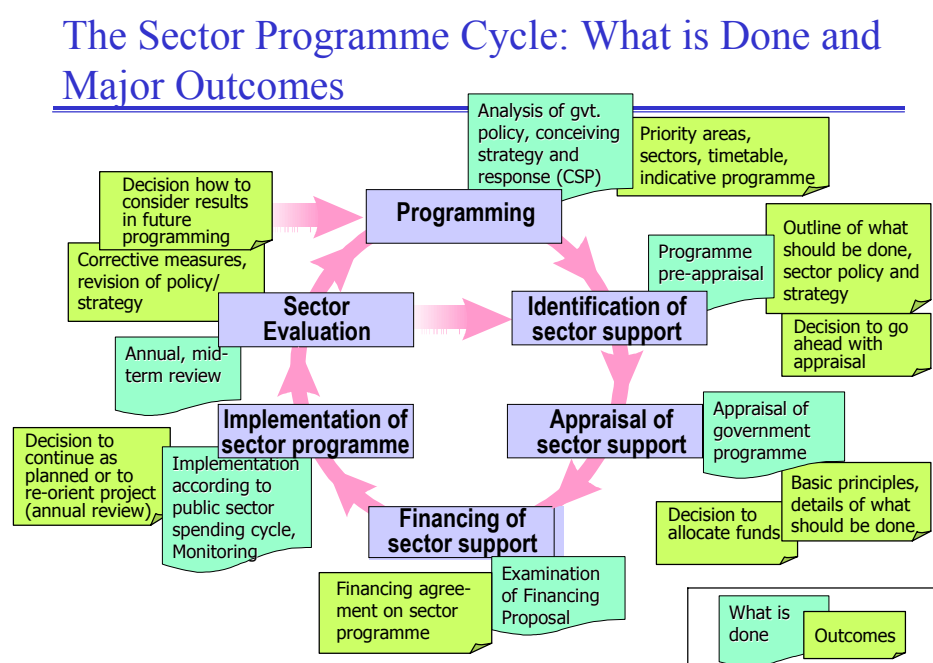
5.1.3. The Sector Programme Cycle

The *Sector Programme Cycle* is comparable to the project cycle, the starting point being the Country Support Strategy / Country Strategy Paper:

1. During the *Programming* phase, the Country Support Strategy identifies the sectors to be supported by the EC. In a process of dialogue between government,

- donors and other stakeholders at the national and sector level, *macroeconomic and budgetary situation, quality of public finance management, issues of good governance, sector policies* and the soundness of the objectives are assessed, the appropriateness of the expenditure framework and the coherence of the Annual Work Plans and budgets are analysed. The *outcome is an agreement on which sectors to support*.
2. During the *Identification* phase, pre-appraisal of the sector programme takes place. Government and the donor reach broad agreement on the sector policy and strategy (normally agreed with other donors also). The *outcome is a decision on whether or not to go ahead with a sector programme to be jointly designed*.
 3. During the *Appraisal* phase emphasis is on detailed design and on reaching agreement on *the principles that will govern the implementation of the programme*. Such principles might include issues such as the equitable allocation of resources between central and local administrations, the necessary transparency of the budgetary process and accounting system, the implementation of administrative and institutional reforms, etc. Details of programme priorities, sector reforms and investments are agreed, normally with both government and other donors. The outcome is a decision whether or not to propose the programme for financing. *Conditionalities* should be specified during this phase.
 4. During the *Financing* phase, a decision is taken on whether or not to fund the programme.
 5. During the *Implementation* phase, the sector programme is implemented within the framework of the public sector expenditure programme. Under joint funding arrangements, the follow-up of expenditure is not limited to the EC contribution only but extends to the entire sector financing, including government and other donors' funds also. Indicators of sector programmes are often linked to internationally set targets (OECD / DAC International Development Goals).
 6. During the *Evaluation* phase, the focus is on conclusions and recommendations with regard to the outcomes of the programme, and possible improvements to the sector policy and programme.

Figure 37: The Sector Programme Cycle: What is Done and Major Outcomes



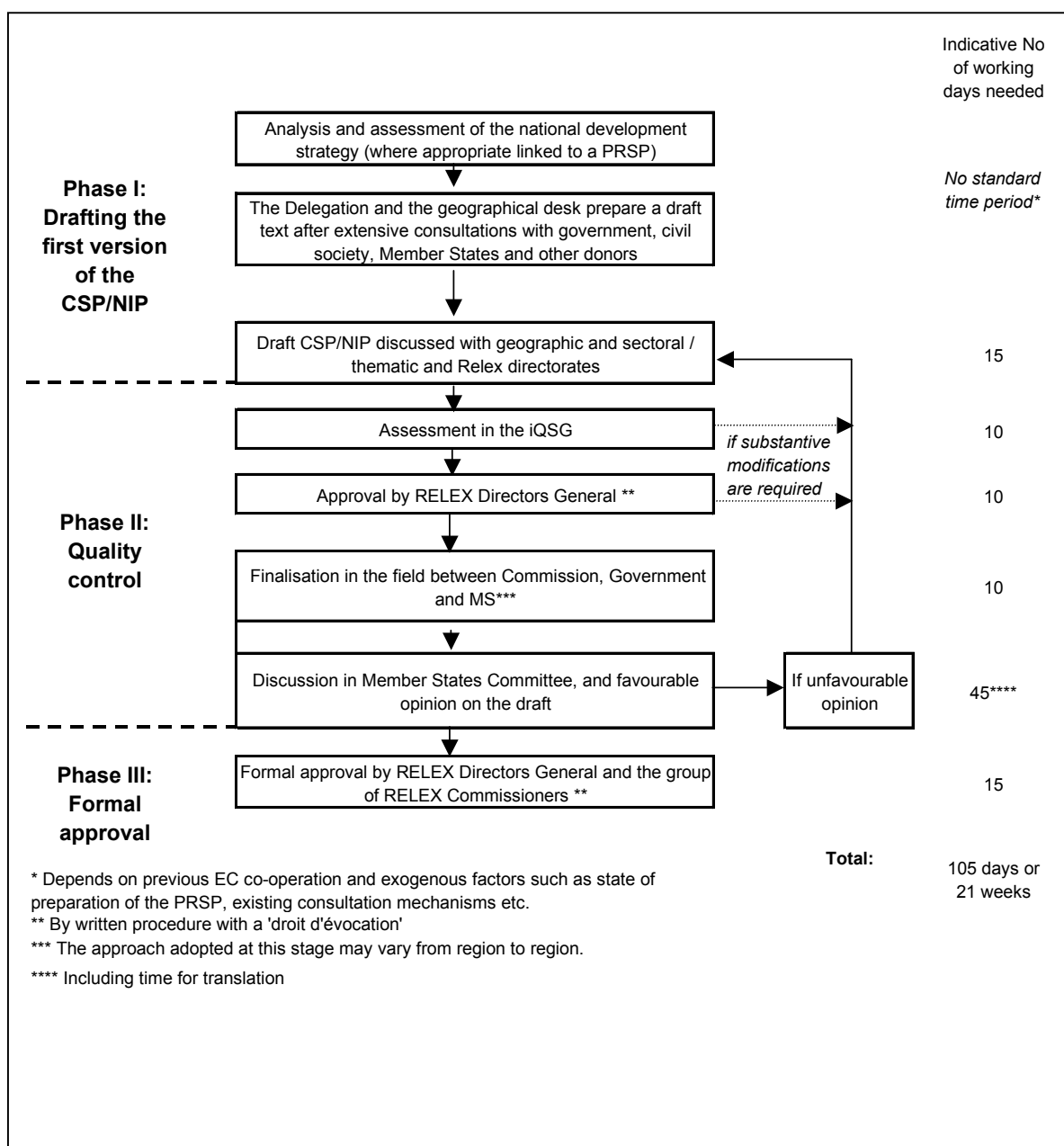
5.2. Developing a Country Strategy Paper (CSP)

There are *three key phases* in the development of a CSP:

1. Drafting the first version of the CSP/NIP
2. Quality control
3. Formal approval

The following table provides an overview, while details about the phases can be found in the “Guidelines for the Implementation of the Common Framework for Country Strategy Papers”.

Figure 38: Developing a CSP



Before starting the programming exercise, a realistic timetable for CSP/NIP preparation shall be established. This timetable should spell out the expected time needed for each step in the programming exercise.

5.3. Details About Implementation

5.3.1. Implementation: Three Main Periods

5.3.1.1. The Inception Period

Project implementation begins with the inception period often covering a period of several months during which project organisation including administrative, financial and technical responsibilities are set up, and the initial planning of the appraisal phase is updated and refined. The mechanisms and tools developed for this purpose are then used throughout the following periods of implementation. The inception period usually consists of the following elements:

- Set-up of the project office and staff recruitment;
- If required, implementation of a study to update baseline information;
- Discussions with major stakeholders, if possible including target groups, to complete and update the Logical Framework, to prepare the Overall Work Plan and the Activity and Resource Schedules. Ideally, this should be done in a participatory workshop session (which will last 3 – 5 days, depending on the complexity of the project);
- Preparation and submission of the Overall Work Plan (incorporating the project's internal Monitoring and Evaluation Plan) and of the first Annual Work Plan.

Refining and
adjusting
planning

Very often, between the preparatory phase and implementation, a number of changes will have occurred in the project's context. This means that adjustments will need to be made in the Logical Framework to reflect these new circumstances. Often, a study will have to be undertaken, updating the baseline information and thus describing the situation at the start of the project. Its results will serve as an initial point of reference for the Indicators. The detailed Indicators should be developed and incorporated within the Logical Framework and the Activity Schedule before project Activities begin. However, in no case should this revision substitute the drawing-up of basic indicators during the appraisal.

Using these indicators as a point of reference, project staff will be able to regularly monitor the project's progress throughout its implementation. They will allow assessments to be made as to whether the project is achieving its objectives, to demonstrate its technical quality and if necessary, to undertake any corrective actions required to ensuring its success.

5.3.1.2. Main Implementation Period

The main implementation period begins with the implementation of the First Annual Work Plan. In relation to the contract/financing agreement, the implementing agency/TA will have particular responsibility for:

- The preparation of work plans covering each year of the project, taking into account the time taken up by the approval process;
- Planning and monitoring of implementation;
- The preparation and submission of progress reports, usually quarterly;
- The preparation and submission of an Annual Report every twelve months from the start of the project;
- The collaboration with external consultants responsible for evaluations and audits, if required.

5.3.1.3. Final Period

The final period involves carrying out all the necessary steps to finalize the project. It will usually consist of arranging the deployment of human resources and handing

over goods procured under the project budget to those stipulated in the relevant agreement. In addition, a final report should be prepared taking care to provide concrete recommendations for any subsequent possible action in the same field. The lessons learned and conclusions drawn from the project should allow a decision to be made as to whether or not a follow-up of the project should take place. The report should as well provide sufficient information to be used as a basis for reflection in discussing the preparatory phase of a next project and, to the extent possible, for further programming.

5.3.2. Implementation: Three Major Principles

5.3.2.1. Planning and Re-planning: What, When and How?

Planning and re-planning are part of project management that have to be done at regular intervals. Apart from a weekly, monthly or quarterly team planning, project management has to prepare an annual planning, and, at the beginning of implementation, the planning of the whole project implementation period. These work plans are important management tools. As mentioned above, regularly updating the Implementation Schedule is also part of the tasks of project management.

5.3.2.2. Overall Work Plan

The Overall Work Plan covers the whole of project implementation. The *key functions of a work plan* are:

- to guide and enable the project team to create a joint perception on what should be done, when and by whom in order to ensure that the project is on the right track;
- to lay down the basis for monitoring of the work done and to ensure that the project is leading towards the desired objectives;
- to ensure efficient and effective project implementation;
- to lay down a solid basis for reporting.

The Overall Work Plan indicates:

- what achievements are expected by the end of the project (Results and Purpose and related Indicators);
- what the project team intends to do in order to achieve the Results: Activities (including management activities) and the time schedule for Activities;
- what resources are needed to carry out the work (time, human and material resources, equipment, etc.) and who is in charge of the tasks (responsibilities).

As a document it must be submitted with the Inception report, at the end of the inception period, usually after 3 months. The graphical form of the Overall Work Plan corresponds to the Overall Activity Schedule (see Figure 39). It follows logically from the logical framework matrix, breaking down Activities per quarter over the entire project duration, and assigning overall responsibilities. Its main purpose is to constitute a form of complete and coherent ‘instrument panel’ designed to assist with the process of project implementation. Already at this stage, it will be very useful to break down the Activities into sub-activities (see Figure 41).

Table 21 shows the standard formats for the drawing-up Overall and Annual Work Plans and outlines the major issues that should be described under the different chapters.

5.3.2.3. Annual Work Plans

The Annual Work Plan is an important management tool both for the Commission as well as for the implementing agency/TA. Great care should be taken in drawing it up. It is worked out on the basis of the Overall Work Plan, itself based on the Logical Framework. Whereas the Overall Work Plan provides a general overview, summarising all aspects of project implementation, the Annual Work Plan provides precise details about what Activities are to be carried out, when they are to be carried out and how much they will cost, and the financing plan. It also provides a complete overview of all the Activities to be executed during the 12-month period covered helping to improve the planning of Activities and to avoid any duplications. This aspect is especially important in the case of complex projects where financing is provided by the EC, the Government and other donors.

The text format of the Annual Work Plan is similar though not identical to that of the Overall Work Plan. The graphic format of an Annual Work Plan is the Activity Schedule, while the Annual Resource Schedule visualises Means and Cost graphically (For detailed examples, including instructions how to prepare them, see Chapter 5.5).

The process of work planning helps amending and adjusting the project according to the changes and new developments in the operating environment. It also helps to integrate lessons learned during implementation into the future process, developing and further specifying / operationalising the project.

Figure 39: An Example for an Overall Work Plan/Activity Schedule

Overa I Workplan - Activity Schedule																
Feeder Roads Rehabilitation in Southern Region																
Result	Activity	Person Responsible	Completion Date by Quarter													
Result 1: Feeder roads are rehabilitated	1.1 Identify priority feeder roads to rehabilitate 1.2 Monitor road rehabilitation, including shelter, etc. 1.3 Improve collection of road tolls and taxes 1.4 Devise and apply system for reinvestment 1.5	Road managment unit, Project manager Road managment unit Finance & investment department Municipalities Investment department	1*	2 (Main implementatin period)											3**	
			Year 1				Year 2				Year 3				Yr.4	
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3	Q1	Q2	Q3	Q4	Q1	Q2
Result 2: Quality of feeder road network is improved	2.1 2.2 2.3 2.4 Involve private sector in maintenance ...															
1 = Inception period 3 = Final phase																
Ultimate responsibility for carrying out the above-mentioned tasks lies with the Project Manager																
Project duration: 42 months (3 months inception phase, 36 months main implementation period, 3 months final phase)																

Responsibility for Tasks

Ultimate responsibility for carrying out the above-mentioned tasks lies with the Project Manager

Project duration: 42 months

(3 months inception phase, 36 months main implementation period, 3 months final phase)

1 = Inception period

3 = Final phase

Figure 40: An Example for an Overall Work Plan/Activity Schedule

Annual Work Plan - Activity Schedule																	Year: 1 2002 - 12 2002									
Feeder Roads Rehabilitation in Southern Region																										
Result	Activity	Unit/Person Responsible					Completion Date by Month												Milestones	Month	Time required (days)					
		PM	RMU	FID	MU	VMT	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12			PM	RMU	FID	MU	VMT	
Result 1: Feeder roads are rehabilitated	1.1 Identify priority feeder roads to rehabilitate	x	x																							
	1.1.1 Create identification team	x	x																							
																			Members identified by	Apr 01	3	10				
																			Members convened to meeting latest	Apr 15		1				
																			First meeting held by	Apr 30	1	10	2	3	5	
	1.1.2 Determine priority criteria	x	x	x	x	x														List of criteria established (during 2nd meeting)	May 31	2	10	2	3	5
	1.1.3 Classify and select roads (priority list)	x	x	x	x	x														Classification done by	Jun 15	1	20	5	10	20
																				Priorities agreed upon during 3rd meeting	Jun 30	1	5	2	3	10
	1.1.4 Establish rehabilitation schedule	x	x	x		x														Schedule agreed upon by	Jul 31	1	10	3	5	20
																				Schedule submitted to MOT by	Aug 15		1			
	1.1.5 Get schedule approved	x	x																	Schedule approved by MOT by	Sep 30	5	10			
	1.2 Monitor road rehabilitation, including shelter, etc.	x	x																							
	1.2.1 Recruit and train monitoring team	x	x																		1	60				
	1.2.2 ...																					...				
1.3 Improve collection of road tolls and taxes				x																						
1.3.1																										
1.3.2																										
1.4 Devise and apply system for reinvestment				x																						
1.5																										
Result 2: Quality of feeder road network is improved	2.1																									
	2.2																									
	2.3																									
	2.4 Involve private sector in maintenance																									
...																										
Result ...																										
																	Total			200	620	150	260	1500		

Responsibility for Tasks

PM = Project Manager

RMU = Road Maintenance Unit

FID = Finance & Investment Department

MU = Municipalities

VMT = Village Maintenance Teams

x bold = ultimate responsibility

= overall duration of activity

= duration of sub-activity

Table 21: Draft Standard Formats for Overall and Annual Work Plans and Major Issues to be Described

<i>OVERALL WORK PLAN</i>		<i>ANNUAL WORK PLAN</i>	<i>REQUIRED CONTENTS</i>
<i>EXECUTIVE SUMMARY</i>		<i>EXECUTIVE SUMMARY</i>	The Executive Summary of the Overall Work Plan should describe in narrative form what the project intends to achieve and how it is going to achieve it; in addition to this, the summary of the Annual Work Plan should also provide information on how the project has been implemented to date. For further details, see below.
<i>A</i>	<i>IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS</i>	<i>A</i>	<i>IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS (FOR NEXT YEAR)</i>
1.	Implementation framework	1.	Implementation framework
8.1	Context (economic, social, environmental)	1.1	Context (economic, social, environmental)
8.2	Objectives (summary)	1.2	Objectives (summary)
8.3	Institutional set-up and overall project organisation	1.3	Institutional set-up and overall project organisation
8.4	Staff and qualification	1.4	Staff and qualification
8.5	Monitoring and co-ordination arrangements	1.5	Monitoring and co-ordination arrangements
<i>B</i>	<i>PROJECT DESCRIPTION (ENTIRE DURATION)</i>	<i>B</i>	<i>PROJECT DESCRIPTION (ENTIRE DURATION)</i>
2.	Project description	2.	Project description
2.1	Objectives to be achieved: Results, Purpose, Overall Objectives, including Indicators	2.1	Objectives to be achieved: Results, Purpose, Overall Objectives, including Indicators
2.2	Activities and Means planned	2.2	Activities and Means planned
2.3	Assumptions and Risks at different levels	2.3	Assumptions and Risks at different levels
2.4	Special Activities to ensure sustainability	2.4	Special Activities to ensure sustainability
2.5	Respect of and contribution to overarching policy issues	2.5	Respect of and contribution to overarching policy issues
2.6	Linkage with other operations, complementarity and sectoral co-ordination between donors	2.6	Linkage with other operations, complementarity and sectoral co-ordination between donors

OVERALL WORK PLAN		ANNUAL WORK PLAN	REQUIRED CONTENTS
		<i>C PROJECT PERFORMANCE (EFFICIENCY, EFFECTIVENESS) AND IMPACT TO DATE*</i> 3. Efficiency, including reasons for deviation 3.1 Activities planned and implemented (per Result, & assessment of Assumptions related to Activities) 3.2 Means planned and used 3.3 Progress towards Results (and assessment of Assumptions) 4 Effectiveness and Impact, including reasons for deviation 4.1 Progress towards Purpose (and assessment of Assumptions) 4.2 Progress towards a contribution to Overall Objectives 4.3 Respect of and contribution to overarching policy issues 4.4 Linkage with other operations, complementarity and sectoral co-ordination between donors	Here comparison between plans and achievements including reasons for deviations (and mitigating measures) should be provided covering the entire implementation period so far. This concerns both the efficiency and the effectiveness levels. As for the first level, the analysis should provide information about the current status with regard to achievement of Results, as well as about cost per unit produced. Evidence of validity of the Results should as well be provided. For the second level progress towards these objectives and prospects to achieve them should be presented. The influence of external factors and reaction of management to reduce risks should as well be highlighted.
<i>C</i>	<i>SUSTAINABILITY PROSPECTS</i>	<i>D</i>	<i>SUSTAINABILITY PROSPECTS*</i>
3	Background and present situation with regard to sustainability / quality 3.1 Participation and ownership by beneficiaries 3.2 Policy support 3.3 Appropriate technology 3.4 Socio-cultural aspects 3.5 Gender equality 3.6 Environmental protection 3.7 Institutional and management capacity 3.8 Economic and financial viability	5	Background and progress to date towards sustainability / quality 5.1 Participation and ownership by beneficiaries 5.2 Policy support 5.3 Appropriate technology 5.4 Socio-cultural aspects 5.5 Gender equality 5.6 Environmental protection 5.7 Institutional and management capacity 5.8 Economic and financial viability
			Ensuring sustainability of benefits to be generated by the project requires careful consideration of a number of factors. This section should present the main issues that impact on sustainability. It should then reflect how the project dealt with each of the issues (if relevant), and which further action is required to achieving sustainable benefits.

<i>OVERALL WORK PLAN</i>		<i>ANNUAL WORK PLAN</i>	<i>REQUIRED CONTENTS</i>
<i>D</i>	<i>CONCLUSIONS AND RECOMMENDATIONS</i>	<i>E</i>	<i>CONCLUSIONS AND RECOMMENDATIONS</i>
4.	Conclusions and recommendations	6.	Conclusions and recommendations
	4.1 Overall conclusions on implementation (including critical issues/risks) – entire duration		6.1 Overall conclusions on implementation (including critical issues/risks) – entire duration to date
	4.2 Overall recommendations for the next implementation period		6.2 Overall recommendations for the next implementation period
		7.	Proposed Work Plan for the next implementation period (year)
			7.1 Results to be produced (and to which extent by the end of the period)
			7.2 Activity Schedule, including milestones, responsibilities
			7.3 Special Activities to ensure sustainability
			7.4 Risks and Assumptions
			7.5 Resource Schedule
<i>E</i>	<i>ANNEXES</i>	<i>F</i>	<i>ANNEXES</i>
	5.1 Updated Logical Framework		8.1 Updated Logical Framework
	5.2 Updated implementation Schedule		8.2 Updated Implementation Schedule
	5.3 Overall Work Plan		8.3 Updated Overall Work Plan
	5.4 Resource Schedule for entire period		8.4 Resource Schedule for entire period
	5.5 Others		8.5 Annual Work Plan/Activity Schedule for next implementation year
			8.6 Annual Resource Schedule for next implementation year (annual reports)
			8.7 Others

* Describing progress during the entire implementation period to date.

What should an Executive Summary comprise?

The core text of the work plans reports should not exceed 15 pages for the Overall Work Plan and 20 pages for the Annual Work Plans. The *Executive Summary* should give a brief overview on the following major issues:

1. Implementation environment, including context of the project, institutional set-up (and any major changes);
2. Major objectives to be achieved and major Activities to be carried out and resources to be used during the forthcoming year;
3. For Annual Work Plan: Major Activities carried out and resources used during the past year, including comparison with planning; an analysis of constraints and failures, and how they have been solved, or why they were not solved; overall progress towards objectives set, including delays if any;
4. Major issues to be considered with regard to sustainability and measures foreseen (and taken – in Annual Work Plans);
5. Conclusions and outlook for the entire planning period – for Overall Work Plan – and for the next year – for both types of work plans – i.e. focus, most important aspects, resources required, etc.;
6. Key observations, action required and by whom.

The summary should not exceed 2 pages. It could be used as an annual summary about the project's status quo and planning from the Delegation level to EC headquarters (see Figure 8).

5.3.2.4. Planning of Management Activities

Usually, *management activities* are not included in the logframe. However, they need to be planned as thoroughly as project Activities, and their planning can be *added to the work plans* (they will as well require human and financial resources). Major management activities will comprise the following:

1. quality control
2. information, communication and reporting
3. financial planning (budget control, stock taking)
4. staff management (training, team building, etc.)

When planning and implementing management activities, project managers should at least consider the following major issues:

Table 22: Major Management Activities for Project Managers

Issues	Steps
1. Quality control (processes and outputs)	⇒ Define what type of information needs to be collected, how it should be systematised and stored ⇒ Define when monitoring Activities should take place, how to organise them and whom to involve ⇒ Define how to use and present monitoring results, conclusions and recommendations ⇒ Define whom to inform about decisions and their implications on budgets, resource mobilisation, activity re-scheduling, etc. ⇒ Plan timely for evaluations involving a wider range of stakeholders
2. Information, communication and reporting	⇒ Define what is necessary in terms of formal communication, when, to whom and in which form the information should be made available For reporting: see below
3. Financial planning	⇒ Forecast financial resources over time, to the level of detail required (see resource scheduling) ⇒ Determine when to review expenditures and to adjust forecasts to ensure availability of funds when required
4. Staff / personnel management	⇒ Define tasks and responsibilities (see Activity scheduling) ⇒ Identify training needs to perform tasks; organise required training ⇒ Ensure team building and motivation of staff

As for all other activities, management activities should periodically be reviewed and adjusted.

5.3.3. Monitoring: Some Basic Steps

Monitoring creates the information base required for steering and decision-taking during implementation. Since monitoring is not only done within a project but also by the different levels within EC, the partner government, etc. decision must be taken, what information is required to control the project implementation process and how it is to be obtained, collected, analysed, dispatched. Therefore, monitoring will usually involve the following steps:

Table 23: Basic Steps of Monitoring

Step	Content
1. Collecting data (facts, observation and measurement) and documenting them	- Indicators for objectives at all levels of the Logical Framework - Quality and appropriateness of Activities and use of resources (performance) - Project environment (Indicators for Assumptions) - Project impact - Co-operation with target groups and partners
2. Analysing and drawing conclusions (interpretation)	- Comparison of planned and actual achievements (planned and unforeseen), and identification of deviations (review) and conclusions - Changes in project environment and consequences for project; drawing conclusions - Comparison of planned and actual mechanisms and procedures of project organisation and co-operation with target groups; identification of deviations and conclusions
3. Making recommendations (judgement) and taking corrective action	- Adjustment of timing of Activities and resources - Adjustment of objectives - Adjustment of procedures and co-operation mechanisms

Internal monitoring documents and progress reports record and present the results of this process (for reporting formats see below). The main *responsibility will usually be with the project management* (partly delegated to an M&E unit).

5.3.3.1. Major Monitoring Issues: Overview and Support Material

5.3.3.2. Monitoring of Activities and Means / Resources

Monitoring of *Activities* compares time planned for and finally required to carry out an individual activity. Thus, it can be judged whether the Overall Work Plan can be adhered to. The major tool is the Annual Work Plan that should be sufficiently detailed to allow for such a judgement. In this framework deadlines are defined as the point time until which a specific Activity has to be completed; while “milestones” are key events in the implementation of Activities that provide a measure of progress and a target for the project team to aim at. The simplest possible milestones are deadlines.

Both milestones and deadlines provide the basis on which project implementation is monitored and managed. Whenever individual Activities deviate from the schedule, the consequences on other Activities and resources must be considered. Causes of these deviations need to be analysed and timing may have to be adjusted.

If deadlines for Activities that are on the “critical path” (see chapter 5.4) or influence the timing of other Activities cannot be respected, project management is also required to react by adjusting plans, shifting resources, etc.

The role of milestones

Resources need to be available at the time required in sufficient quantities and quality. The time required for making them available is often underestimated. This concerns both human resources and physical resources. To ensure the project's liquidity, availability of funds for the future must always be monitored, including situation of the public budget, exchange rates, etc. If target groups contribute to financing project activities, it must be assured that they can meet the requirements. Purchase of equipment, contracting for works and supplies will have to follow the applicable EC rules. Project management has to ensure that planning of Activities reflects the time required to mobilise the resources.

The utilisation of the required resources is monitored on the basis of the Activity and Resource Schedules. Monitoring the use of resources mainly concerns analysing the resources used as to the Results they achieved. This will allow estimates of *project efficiency*. Properly managing the use of resources means identifying deviations from the scheduling, and taking corrective action if required. The control of funds requires regular budget reviews and possibly subsequent updates of the budget. Major modifications in the budget will require amendments to contracts or financing agreements.

The following table ("Monitoring sheet") provides a summary template in a tabular format (with an example) of monitoring of Activities and resources. It would summarise (cumulate) resource use at the end of a certain period. It will be based on the Activity Schedule and a detailed resource monitoring form (e.g. per quarter), itself based on the Resource Schedule. The table may as well be used for reporting purposes and could form part of the progress reports to be produced by the project (see Chapter 5.3.4).

Table 24: Monitoring of Activities: Cumulative Monitoring Sheet

Cumulative monitoring of Activities and Resources Situation at the end of quarter 3																															
No.	Activity/sub-activity	Indicators, timing and responsibility					Comments on activities and action required		Human resources used										Physical resources used										Comments on resources and action required		
									Project					MU			VMT		Type of resource	Project			MU			VMT					
		Indicator/ milestone	Time	Achieved when (date or Y/N)	Revised timing	Responsible	Comments	Action required	PM	RMU	FID	Unit rate (€)	Cost (€)	MU	Unit rate (€)	Cost (€)	VMT	Unit rate (€)	Cost (€)		Units	Unit rate (€)	Cost (€)	Units	Unit rate (€)	Cost (€)	Units	Unit rate (€)	Cost (€)	Comments	Action required
1.1	Identify priority feeder roads to rehabilitate					PM																									
1.1.1	Create identification team	Members identified by	Apr 01	Y		RMU			3	10	0	500	0	0	150	0	0	100	0		0	0	0	0	0	0	0	0	0		
		Members convened to meeting latest	Apr 15	Y		RMU			0	1	0	500	500	0	150	0	0	100	0		0	0	0	0	0	0	0	0	0		
		First meeting held by	Apr 30	Y		RMU			1	10	2	500	6500	3	150	450	5	100	500	Travel cost	0	0	0	100	0,7	70	100	0,7	70		
																			Per diem	0	30	0	3	30	90	5	30	150			
1.1.2	Determine priority criteria	List of criteria established (during 2nd meeting)	May 31	Jul 15		RMU	Establishment delayed due to annual leave period		2	10	2	500	7000	3	150	450	5	100	500	Travel cost	100	0,7	70	0	0	0	100	0,7	70		
																			Per diem	0	0	0	3	30	90	5	30	150			
1.1.3	Classify and select roads (priority list)	Classification done by	Jun 15	Sep 15		RMU, VMT, MU			1	20	5	500	13000	10	150	1500	20	100	2000	Travel cost	0	0	0	100	0,7	70	100	0,7	70		
																			Per diem	0	30	0	2	30	60	5	30	150			
		Priorities agreed upon during 3rd meeting	Jun 30	Sep 30		RMU, VMT, MU			1	5	2	500	4000	3	150	450	10	100	1000	Travel cost	100	0,7	70	0	0	0	100	0,7	70		
																			Per diem	3	30	90	3	30	90	5	30	150			
1.1.4	Establish rehabilitation schedule	Schedule agreed upon by	Jul 31	N	Oct 7	RMU, VMT, MU			1	10	3	500	7000	5	150	750	20	100	2000	Travel cost	100	0,7	70	0	0	0	100	0,7	70		
		Schedule submitted to MOT by	Aug 15	N	Oct 15	RMU	Delayed establishment of schedule, so no submission yet possible	Speed up process of submission and approval	0	1	0	500	500	0	150	0	0	100	0		3	30	90	0	0	0	3	30	90		
																			Per diem	1	30	30	0	0	0	0	0	0			
1.1.5	Get schedule approved	Schedule approved by MOT by	Sep 30	N	Oct 31	PM		Meeting with Minister to arrange; Delegation to be asked to support approval	5	10	0	500	7500	0	150	0	0	100	0	Travel cost	1000	0,7	700	0	0	0	0	0	0		
	TOTAL planned for Activity 1.1								14	77	14		46000	24		3600	60		6000				1190			470			1040		
	TOTAL used for Activity 1.1 during quarter								8	56	11		31000	19		2850	40		4000				230			470			880		
	BALANCE to be used								6	21	3		15000	5		750	20		2000				960			0			160		
PM = Project manager RMU = Road Maintenance Unit FID = Finance & Investment Department MU = Municipalities VMT = Village Maintenance Teams																															
= To be continued during next quarter																															

5.3.3.3. Monitoring of Results

Monitoring of Results is based on the Indicators for the Results. The Indicators represent the desired situation at a specific time or at the end of the planning period. However, this may not be sufficient for managing the project, since very often decisions have to be taken at shorter intervals to control implementation. Therefore, Results may have to be broken down in interim Results and described by additional Indicators that cover the relevant planning period (e.g. Indicators should be set for Annual Work Plans).

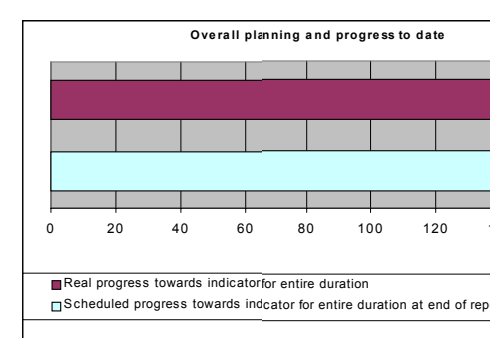
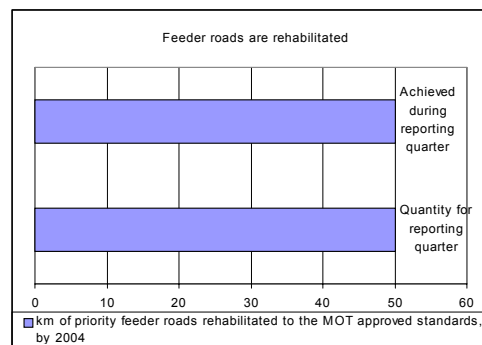
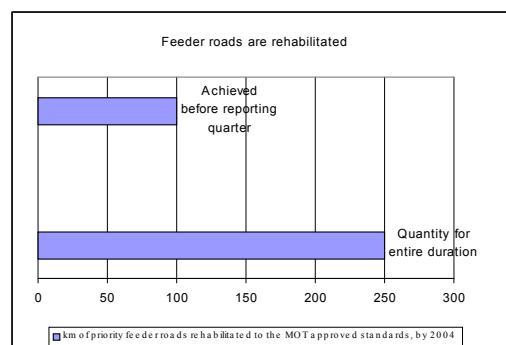
Progress is assessed by comparing an initial situation with the current situation. When establishing the initial situation (which should have been done during project preparation, and updated during the inception period), it should be kept in mind that a wide range of data collection methods exist. It is very often not the so-called exhaustive baseline survey that provides the most appropriate data required for project management decisions, but rather less time- and cost-consuming methods that may be found in the Rapid Appraisal toolbox and that will provide sufficient details about the initial situation.

The following table shows a template of how monitoring of Results could be summarised in a table format (with an example), including breakdown of Indicators for a given period – quarterly and cumulative monitoring. The table will immediately provide a visual overview of the progress towards the Results, and relevant remarks and suggested corrective action. It could form part of the progress reports to be produced by the project (see Chapter 5.3.4).

Table 25: Monitoring of Results: Quarterly and Cumulative Monitoring Sheet

Quarterly and cumulative monitoring of Results

No.	Result	Planning and progress towards Results														Validity of indicators and sources of verification		Remarks	Action to be taken
		Planning for entire duration			Achieved before reporting quarter			Planning and progress for reporting quarter				Overall planning and progress to date							
		Indicator						Indicator		Achieved during reporting quarter		Scheduled progress towards indicator for entire duration at end of reporting quarter		Real progress towards indicator for entire duration	Unit	Real progress towards indicator for entire duration	Indicator valid (Y/N)	Sources valid (Y/N)	
			Quantity for entire duration	Unit	Achieved before reporting quarter	Unit	%		Quantity for reporting quarter	Achieved during reporting quarter	Unit	%				%			
1	Feeder roads are rehabilitated	km of priority feeder roads rehabilitated to the MOT approved standards, by 2004	250	km	100	km	40	km of priority feeder roads rehabilitated to the MOT approved standards, by 2004	50	50	km	100	150	150	km	60	Y	Y	



2	Quality of feeder road network is improved	% of the feeder roads are regularly maintained, to the MOT approved standards	50		15	%	30	Additional % of the feeder roads are maintained	10	8	%	80	50	46			Y	Y	Reduced maintenance due to the fact that all activities traditionally slow down during August.	Review the time schedule and check if it is necessary to reallocate funds
---	--	---	----	--	----	---	----	---	----	---	---	----	----	----	--	--	---	---	--	---

etc.

5.3.3.4. Monitoring of Assumptions

While Activities and Results are very often regularly monitored, adequate monitoring of Assumptions and Risks is rather rarely done. As for Results, Assumptions can also be tagged with Indicators and Sources of Verification. The following table provides an overview sheet for monitoring of Assumptions. It will form the basis for a quarterly monitoring of Assumptions (see Table 27), which will work in a comparable way as the sheet for Results monitoring, i.e. providing an overview of the achievement (or progress towards) the Assumptions, and relevant remarks and suggested corrective action. Project management is asked to react as immediately as possible if Assumptions do not hold true and jeopardise project success, e.g. through adjusting planning, convening meetings with concerned parties and partners.

The tables could form part of the progress reports to be produced by the project. Further Assumptions need to be added if required, i.e. if factors have been overlooked or new possible risks arise in the project environment.

Table 26: Monitoring of Assumptions: Overview Sheet

Monitoring of Assumptions: Overview Sheet				
Level in LF	Assumption	Indicators For entire duration	Sources of verification For entire duration	Comments / consequences if Assumptions do not hold true
Project Purpose	.....	.....	.....	.....
Result 1	.....	.....	.....	.....
Result 2	Load limits are respected by lorries and busses	By 2005, 80 % of controlled lorries and busses respect the load limit	Quarterly traffic control report of the municipality	Damage to roads will reduce impact of maintenance efforts and quality of network
				Additional cost will occur for gvt. and drivers (maintenance)
		By 2003, at least 60 % of controlled lorries and busses respect the load limit		Review of collaboration mechanisms with traffic police necessary
				Meet and discuss enforcement and driver training policy with MOT and traffic police
Result...				
Activity 1.1.	.....	.....	.....	.....
etc.				

Table 27: Monitoring of Assumptions: Quarterly and Cumulative Monitoring Sheet

Monitoring of Assumptions: Quarterly Monitoring Sheet										
Level in LF	Assumption	Indicators					Sources of verification		Remarks	Action to be taken
		For entire duration	For reporting quarter	Achieved during reporting quarter	Achieved during reporting quarter (%)	Indicator valid (Y/N)	For entire duration	Sources valid (Y/N)		
Project Purpose	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Result 1	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Result 2	Load limits are respected by lorries and busses	By 2005, 80 % of controlled lorries and busses respect the load limit	At least 50 % of controlled lorries and busses respected the load limit	55 % of controlled lorries and busses respected the load limit	100	Y	Quarterly traffic control report of the municipality	N	Reports of municipality regularly delayed. Therefore change was made of SoV to gvt. reports which are more reliable	Update LF and report change to contracting authority
Result...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Activity 1.1.										
etc.										

5.3.3.5. Monitoring of Impacts

Impact monitoring looks at:

- project effectiveness (“doing the right things”) and beyond, i.e. the positive and intended impacts;
- the side effects not included in the logframe;
- the negative impacts.

These effects and impacts may become evident during the course of a project or only later. Impact monitoring should be set up during the course of a project. Apart from the project level, the analysis becomes most important for evaluation, strategic steering and policy formulation for future undertakings.

The monitoring of effects and impacts is different from other kinds of monitoring because of

- the long-term period of observation, i.e. there may be a considerable time gap between the achievement of the Results and the emergence of benefits and impacts. In such cases it may be helpful to work with process-oriented indicators, i.e. indicators that are likely to show first and subsequent signs of the intended impact. They should at least give a good indication of whether the project is on the right track. Usually the assessment will involve direct feedback from and assessment by the target groups;
- a close connection between changes due directly to a project or programme, and its environment and context, i.e. that it is often difficult to distinguish between changes occurring directly due to the project and changes that would already have taken place without the project (“incremental benefits”).

The procedure and instruments for impact monitoring are the same as for monitoring of Results: collecting information in the form of tables and time sequences, etc.

5.3.4. Reporting on Progress: What, When and How?

In general, reports can be categorised as follows depending on the time they are to be submitted by the project management to the respective authorities.

1. An Inception Report shortly (1-3- months) after the launch of the project
2. Progress Reports during the project implementation, usually quarterly or half-yearly reports plus
3. Annual Reports
4. A Final Report when the project has been completed.

To whom exactly to submit – Government, contracting authority, steering group, EC, etc. – and within which delays, is usually defined in the financing agreement or contract under which the project is implemented. As a general rule, reports should be submitted not later than one month after the period about which they are reporting. Only this may allow corrective measures to be taken at EC and partner country level within reasonable delays

Reports create the basis for the Integrated Approach. The key principle of reporting is that attention is paid to the same important and critical elements from the early preparation until the very end, project completion.

In general, reporting should focus on the following key elements:

- Project environment
- Project performance vis-à-vis the objectives and plans
- Risks and Assumptions
- Sustainability
- Recommendations and detailed work plan and budget for the following implementation period.

Focus of
reporting

Table 28 provides an overview on the various report types. The same principles as for work plans apply with regard to the contents of the chapters. The structure and contents requirements of the different types of reports are briefly described in the following table. These are outlines that may need adjustments to a specific project environment. Its contents are derived from the basic document format and the suggested format for financing proposals, thus forming a coherent set of documents to be produced during the project cycle. By requesting the same structure to be followed, an approach is taken that enables lessons learned to be incorporated in decision making systems and future work.

The monitoring sheets presented above should be used in the relevant chapters, thus helping to summarise the situation at the end of the reporting period.

Finally, monitoring and reporting should not be misunderstood and regarded as a bureaucratic act. Reporting is often neglected and legitimised by concentrating on the “real work”, the fieldwork. However, a good monitoring and reporting system creates a solid basis for assessment, decision making and planning. In the end, analytical and transparent reporting also justifies the use of public funds.

Table 28: Draft Standard Formats for Project Reports

INCEPTION REPORT		PROGRESS REPORTS & ANNUAL REPORTS		FINAL REPORT	
<i>EXECUTIVE SUMMARY</i>		<i>EXECUTIVE SUMMARY</i>		<i>EXECUTIVE SUMMARY</i>	
A	IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS	A	IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS (UPDATE)	A	IMPLEMENTATION ENVIRONMENT AND ARRANGEMENTS
1.	Implementation framework	1.	Implementation framework	1.	Implementation framework
	1.1 Context (economic, social, environmental)		1.1 Context (economic, social, environmental)		1.1 Context (economic, social, environmental)
	1.2 Objectives (summary)		1.2 Objectives (summary)		1.2 Objectives (summary)
	1.3 Institutional set-up and overall project organisation		1.3 Institutional set-up and overall project organisation		1.3 Institutional set-up and overall project organisation
	1.4 Staff and qualification		1.4 Staff and qualification		1.4 Staff and qualification
	1.5 Monitoring and co-ordination arrangements		1.5 Monitoring and co-ordination arrangements		1.5 Monitoring and co-ordination arrangements
B	OVERALL WORK PLAN (ENTIRE DURATION)	B	PROJECT PERFORMANCE (EFFICIENCY, EFFECTIVENESS) AND IMPACT*	B	PROJECT PERFORMANCE (EFFICIENCY, EFFECTIVENESS) AND IMPACT (ENTIRE DURATION)*
2.	Project description	2.	Efficiency, including reasons for deviation	2.	Efficiency, including reasons for deviation
	2.1 Objectives to be achieved: Results, Purpose, Overall Objectives, including Indicators		2.1 Activities planned and implemented (per Result, & assessment of Assumptions related to Activities)		2.1 Activities planned and implemented (per Result, & assessment of Assumptions related to Activities)
	2.2 Activities and Means planned		2.2 Means planned and used		2.2 Means planned and used
	2.3 Assumptions and Risks at different levels		2.3 Progress towards Results (and assessment of Assumptions)		2.3 Achievement of Results (and assessment of Assumptions)
	2.4 Respect of and contribution to overarching policy issues				
	2.5 Linkage with other operations, complementarity and sectoral co-ordination between donors	3	Effectiveness and Impact, including reasons for deviation	3	Effectiveness and Impact, including reasons for deviation
			3.1 Progress towards Purpose (and assessment of Assumptions)		3.1 Achievement of Purpose (and assessment of Assumptions)
			3.2 Progress towards a contribution to Overall Objectives		3.2 Level of contribution to Overall Objectives
			3.3 Respect of and contribution to overarching policy issues		3.3 Respect of and contribution to overarching policy issues
			3.4 Linkage with other operations, complementarity and sectoral co-ordination between donors		3.4 Linkage with other operations, complementarity and sectoral co-ordination between donors

<i>INCEPTION REPORT</i>		<i>PROGRESS REPORTS & ANNUAL REPORTS</i>		<i>FINAL REPORT</i>	
<i>C</i>	<i>SUSTAINABILITY PROSPECTS</i>	<i>C</i>	<i>SUSTAINABILITY*</i>	<i>C</i>	<i>SUSTAINABILITY*</i>
3	Background and present situation with regard to sustainability / quality	4	Progress towards sustainability / quality	4	Measures undertaken and prospects for sustainability / quality
	3.1 Participation and ownership by beneficiaries		4.1 Participation and ownership by beneficiaries		4.1 Participation and ownership by beneficiaries
	3.2 Policy support		4.2 Policy support		4.2 Policy support
	3.3 Appropriate technology		4.3 Appropriate technology		4.3 Appropriate technology
	3.4 Socio-cultural aspects		4.4 Socio-cultural aspects		4.4 Socio-cultural aspects
	3.5 Gender equality		4.5 Gender equality		4.5 Gender equality
	3.6 Environmental protection		4.6 Environmental protection		4.6 Environmental protection
	3.7 Institutional and management capacity		4.7 Institutional and management capacity		4.7 Institutional and management capacity
	3.8 Economic and financial viability		4.8 Economic and financial viability		4.8 Economic and financial viability
<i>D</i>	<i>CONCLUSIONS AND RECOMMENDATIONS</i>	<i>D</i>	<i>CONCLUSIONS AND RECOMMENDATIONS</i>	<i>D</i>	<i>CONCLUSIONS AND RECOMMENDATIONS</i>
4.	Conclusions and recommendations	5.	Conclusions and recommendations	5.	Conclusions and recommendations
	4.1 Overall conclusions on implementation (including critical issues/risks) – entire duration		5.1 Overall conclusions on implementation (including critical issues/risks)		5.1 Overall conclusions on implementation (including critical issues/risks) – entire duration
	4.2 Overall recommendations for the next implementation period		5.2 Recommendations for the next implementation period		5.2 Recommendations for future programmes and projects (lessons learnt)
5.	Detailed Work Plan for the next implementation period (Annual Work Plan)	6.	Proposed Work Plan for the next implementation period		
	5.1 Results to be produced (and to which extent by the end of the period)		6.1 Results to be produced (and to which extent by the end of the period)		
	5.2 Activity Schedule, including milestones, responsibilities		6.2 Activity Schedule, including milestones, responsibilities		
	5.3 Special Activities to ensure sustainability		6.3 Special Activities to ensure sustainability		
	5.4 Assumptions and Risks		6.4 Assumptions and Risks		
	5.5 Resource Schedule		6.5 Resource Schedule		
<i>E</i>	<i>ANNEXES</i>	<i>E</i>	<i>ANNEXES</i>	<i>E</i>	<i>ANNEXES</i>
	6.1 Updated Logical Framework		7.1 Updated Logical Framework		6.1 Updated Logical Framework
	6.2 Updated Implementation Schedule		7.2 Updated Implementation Schedule		6.2 Updated Implementation Schedule
	6.3 Overall Work Plan		7.3 Updated Overall Work Plan		6.3 Updated and final Overall Work Plan
	6.4 Resource Schedule for entire period		7.4 Updated Overall Resource Schedule		6.4 Updated Annual Work Plan/Activity Schedule of last year of implementation
	6.5 Annual Work Plan/Activity Schedule		7.5 Annual Work Plan/Activity Schedule for next implementation year (annual reports)		6.5 Updated Overall Resource Schedule and cost summary/financial status
	6.6 Annual Resource Schedule		7.6 Annual Resource Schedule for next implementation year (annual reports)		6.6 Others
	6.7 Others		7.7 Others		

* Each time, where possible, describing both progress during last reporting period and during the entire implementation period to date.

What should an Executive Summary comprise?

The core text of the reports should not exceed 15 pages. The *Executive Summary* should describe in narrative form how the project has been implemented during the period covered by the report. It should give a brief overview on the following major issues:

1. Implementation environment, including the context of the project, the institutional set-up and any major changes
2. Major Activities carried out and resources used during the reporting period, including comparison with planning
3. Constraints and failures, and how they have been solved, or why they were not solved
4. Overall progress towards objectives set, including delays if any
5. Overall progress towards sustainability and measures taken
6. Conclusions and outlook for the next planning period (focus, most important aspects, resources required, etc.), and lessons to be learnt
7. Key observations, action required and by whom

The summary should not exceed 2 pages. It could be used as a basis for reporting from the Delegation level to EC headquarters (see Figure 8).

5.3.4.1. Reporting Types and Formats

The *Inception Report* is highly recommended for all projects, not depending on their size or duration. This is primarily because it might provide the project management with the first real possibility to review the project with the concerned stakeholder groups and to ensure that the project logic does actually make sense for them, thus strengthening their commitment. Secondly, the inception period provides the project with the possibility to screen its environment and to match the resources available to that context. This is usually necessary even if the project preparation included detailed background studies. In addition this is a good opportunity to rectify and adjust, if required, the initial logframe.

Annual Reports are compulsory for every project. The time period covered may differ from the calendar year. Any deviations from the work plan must be mentioned. The main purpose is to summarise the main achievements and the changes in the work plan during the year. The report primarily compares the actual performance with the planned objectives. In addition, any changes in conditions, unexpected events or decisions to change the work plan should be reported. The report should yet be comprehensive.

The annual report should also include relevant updated background information on the economic environment as well as on any changes in the policies in the concerned sector. It should give an overview on the prospects for sustainability as well. A short Executive Summary specifically addressing the decisions and actions needed from relevant stakeholders should be presented at the beginning of each Annual Report. Annual Reports must be distributed as stipulated in the contract, usually during the second month of the following year.

Quarterly Reports are similar to Annual Reports, but should be shorter. They should be distributed during the following month.

Final Reports should reflect the whole implementation period taking a review perspective and critically analysing project success. In addition, lessons learnt should be formulated in a way that they may guide future projects and programming.

5.4. 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 Resource Schedules. A step-by-step approach can be followed:

5.4.1. 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.

5.4.2. 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.

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. This is where individual planning of tasks of project team members starts.

5.4.3. 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.

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

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

5.4.5. 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.

5.4.6. 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 January 200x*.

5.4.7. 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.

5.4.8. 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 to define 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.

5.4.9. Step 9 – Estimate Time Required for Team Members

Based upon experience, this step requires a realistic estimate of the time that will be required for each of the allocated tasks, and a check whether there are at least manageable overlaps between individual tasks of the team members. Having done this exercise for all project Activities, a review should be made to check again timing and sequencing of tasks and thus workload for each individual team member.

Using the Critical Path Method

The method shown for activity scheduling includes elements of the *Critical Path Analysis*, which is a common tool for operational planning. The "*Critical Path*" is the *longest sequence of dependent Activities that lead to the completion of the plan*. Any delay of a stage in the critical path will delay the completion of the whole plan unless future sequential Activities are speeded up. The method can equally be applied in aid projects to calculate the minimum length of time in which the project can be completed, and which Activities should be prioritised to complete by that date. The Critical Path Analysis is thus an effective method of planning and analysing complex projects helping to focus on the essential Activities to which attention and resources should be devoted. It gives an effective basis for the scheduling and monitoring of progress.

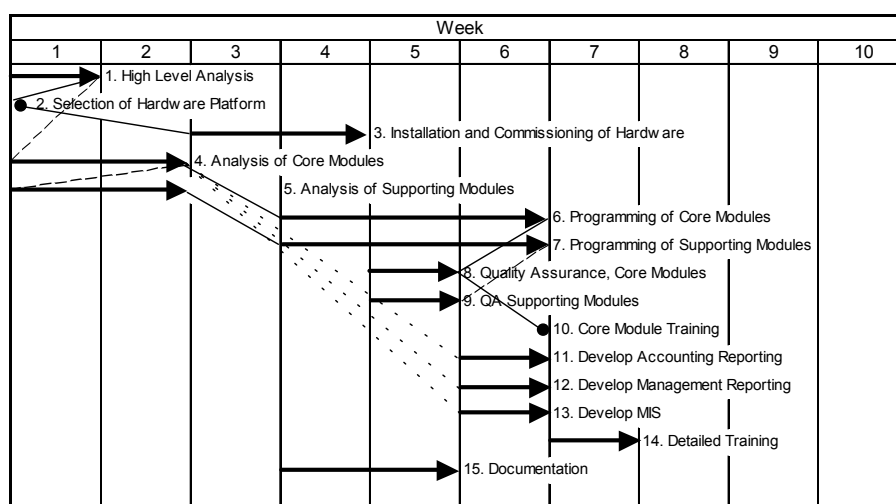
Table 29: Overview on Critical Path Analysis**Principle: Distinguishing sequential and parallel activities**

The essential concept behind the Critical Path Analysis is that some activities are dependent on other activities being completed first. These dependent activities need to be completed in a sequence, with each activity being more-or-less completed before the next activity can begin. Dependent activities are also called 'sequential' activities.

Other activities are not dependent on completion of any other tasks, or may be done at any time before or after a particular stage is reached. These are non-dependent or 'parallel' tasks.

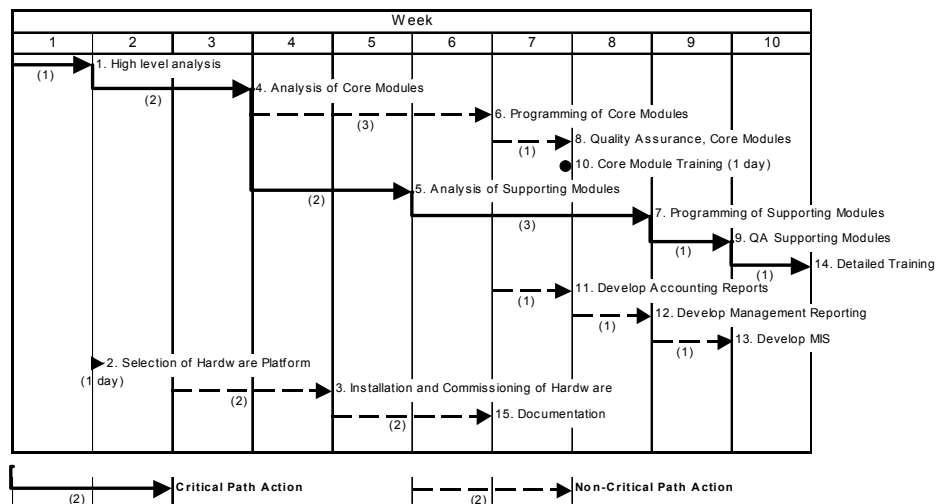
Steps to follow

1. List all activities: Show the earliest start date, estimate duration and whether the tasks are parallel or sequential. If the tasks are sequential, show what they depend on.
2. Head up graph paper with the days or weeks through to task completion
3. Plot the tasks on the graph paper: Start on the earliest start dates, and mark on the duration. Show the tasks as arrows, and the ends of tasks with dots. Above the tasks arrows, mark the time taken to complete the task. Once you have plotted the tasks, plot in lines to show dependencies. This will produce a draft analysis like the one below:

Critical Path Analysis - First Draft

4. Schedule Activities: Take the draft analysis, and use it to schedule the actions in the plan, in such a way that sequential actions are carried out in the required sequence. Parallel actions should be scheduled so that they do not interfere with sequential actions on the critical path, if possible. While scheduling, bear in mind the resources you have available, and allow some time in the schedule for hold-ups, over-runs, failures in delivery, etc.
5. Presenting the Analysis: The final stage in this process is to prepare a clean final copy of the analysis. This should combine the draft analysis with the scheduling and analysis of resources to show when you anticipate that task should start and finish. Gantt Charts are a presentation format. A redrawn and scheduled version of the analysis is shown below, in the format of a Gantt chart:

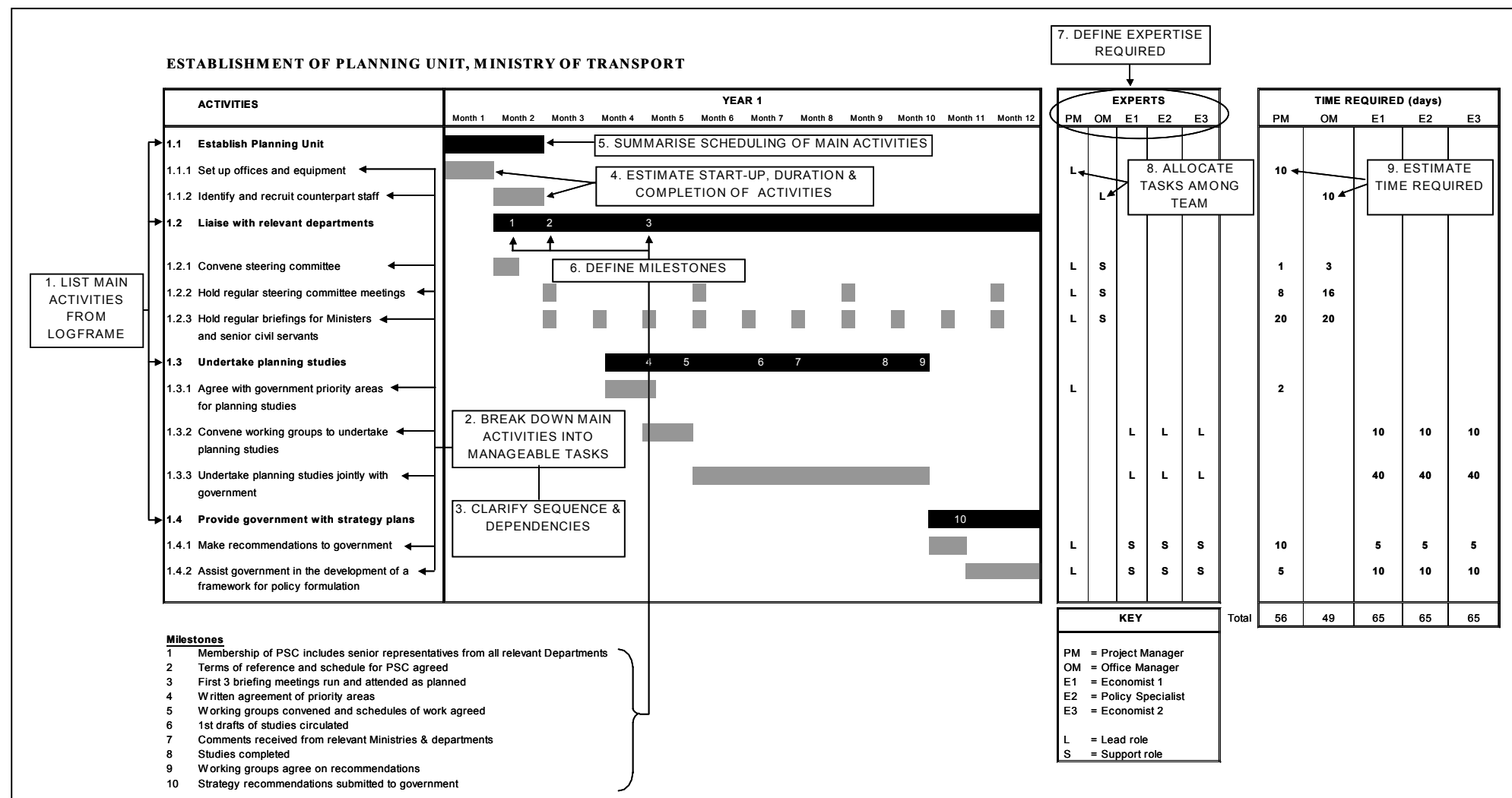
Critical Path Analysis - Schedule Activities



Here time is marked out in columns across the chart, with individual tasks represented as arrows terminating at dots. The length and positions of the arrows show the start date and duration of the tasks. You may prefer to show tasks in pure Gantt format, as solid bars rather than arrows terminating in dots. Similarly you may prefer not to show the linkages between related tasks - this is a matter of personal taste and personal convention.

Source: Mindtools

Figure 41: Preparing an Activity Schedule



5.5. 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 Resource Schedule pro-forma. Each Activity should then be used as a checklist to ensure that all necessary Means under that Activity are provided for. Budgeting of management activities should not be forgotten at this stage.

5.5.1. A Checklist for Specifying Means and Scheduling Cost

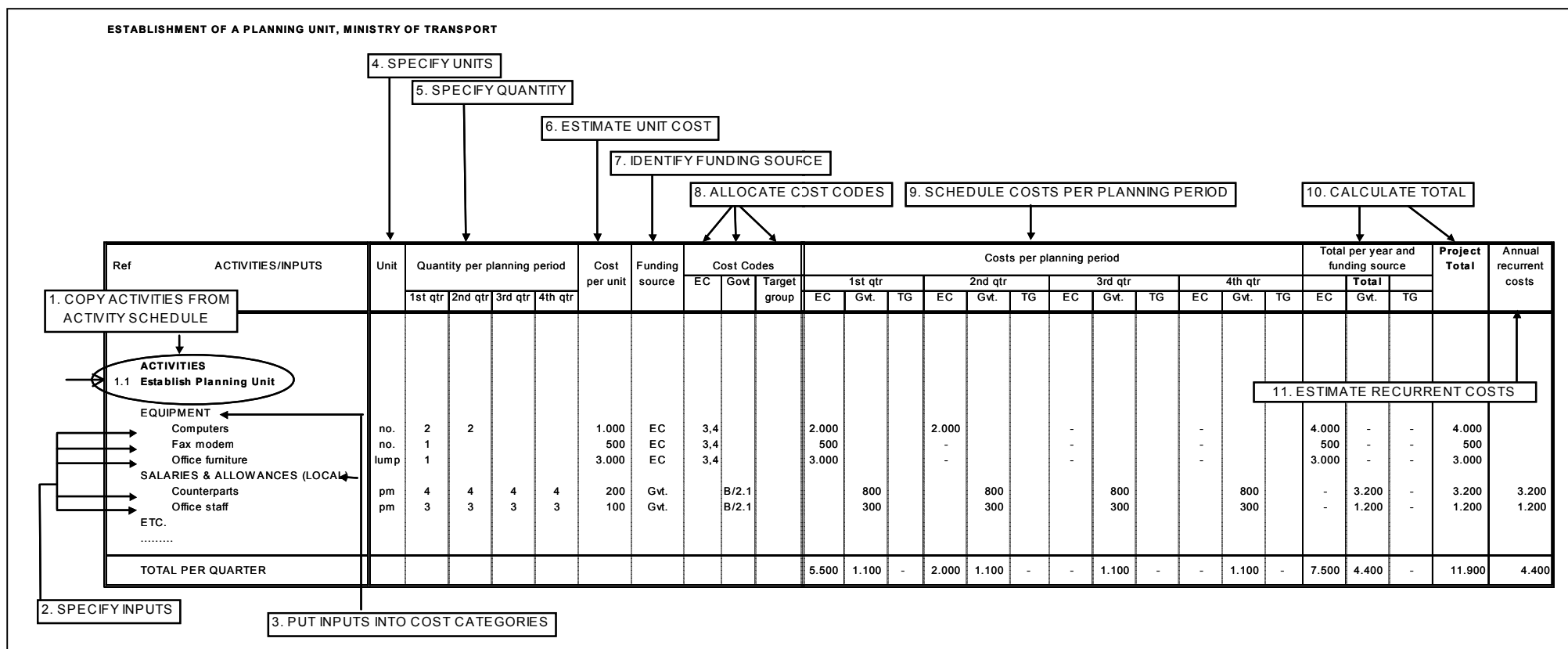
Once the Activities have been entered into the schedule, the Means necessary to undertake the Activities must be specified. As there will be a need to aggregate or summarise the cost information, the Means should be allocated to established cost categories.

For example, in Figure 42 the activity of establishing a Planning Unit requires Equipment and Salaries and Allowances. The *Units*, *Quantity Per Period*, and estimated *Unit Cost* should then be specified. If entered on a spreadsheet, *Cost per Period* and *Total Project Cost* can be calculated using simple formulae.

Project costings should allow the allocation of cost 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 cost 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*, cost can again be sorted to determine total cost by cost category.

It is now possible to *schedule cost* per planning period using simple formulae to multiply the annual quantity by the unit cost. Once *Total Cost* have been calculated, it is important to remember that the implementing agency will be required to meet any recurrent cost of maintaining service provision beyond the life of the project. *Recurrent Cost* 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 42: Preparing a Resource Schedule



5.6. Glossary

Activities	The actions (and Means) that have to be taken / provided to produce the Results. They summarise what will be undertaken by the project.
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 an analysis of objectives is the objective tree / hierarchy of objectives.
Analysis of Strategies	Critical assessment of the alternative ways of achieving objectives, and selection of one or more for inclusion in the proposed project.
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. Term often synonymously used: Feasibility study / Ex-ante evaluation.
Appraisal 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.
Assumptions	External factors which could affect the progress or success of the project, but over which the project manager has no direct control. They form the 4 th column of the logframe, and are formulated in a positive way, e.g.: "Reform of penal procedures successfully implemented".
Bar Chart	See "Gantt Chart".
Beneficiaries	Are those who benefit in whatever way from the implementation of the project. Distinction may be made between: (a) <i>Target group(s)</i>: the group / entity who will be immediately positively affected by the project at the Project Purpose level; (b) <i>Final beneficiaries</i>: those who benefit from the project in the long term at the level of the society or sector at large, e.g. "children" due to increased spending on health and education, or "consumers" due to improved agricultural production and marketing.
Commission	The European Commission.
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.
Contractor	The public or private organisation, consortium or individual with whom the contracting authority enters into a contract. The firm, individual or consortium to which a contract is awarded.
Cost	Costs are the translation into financial terms of all the identified resources ("Means").
Country Strategy Papers	Country Strategy Papers (CSPs) are an instrument for guiding, managing and reviewing EC assistance programmes. The purpose of CSPs is to provide a framework for EU assistance programmes based on EU / EC objectives, the Partner Country government policy agenda, an analysis of the partner country's situation, and the activities of other major partners. CSPs are drawn up for all ACP, MEDA (except Cyprus, Malta and Turkey) and ALA countries.
Country Support Strategy	Term used as a synonym for Country Strategy Papers (CSP).

DAC	Development Assistance Committee of the OECD (Organisation for Economic Co-operation and Development).
Delegation	The diplomatic office representing the European Commission accredited to countries or international institutions at the level of an Embassy. The Head of Delegation is often called Delegate or Ambassador.
Effectiveness	The contribution made by Results to achievement of the Project Purpose, and how Assumptions have affected project achievements.
Efficiency	The fact that the Results were obtained at reasonable cost, i.e. how well Means and Activities were converted into Results, and the quality of the Results achieved.
European Commission	The executive arm of the European Union. It initiates European Union policy and implements programmes and policies established by the EU legislative and budgetary authorities.
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.
Feasibility	Addresses the issue whether the project objectives can be really achieved.
Feasibility Study	A feasibility study, conducted during the Appraisal phase, verifies whether the proposed project is well-founded, and is likely to meet the needs of its intended target groups / beneficiaries. The study should design the project in full operational detail, taking account of all policy, technical, economic, financial, institutional, management, environmental, socio-cultural, gender-related 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 / Memorandum	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 Memorandum	See “Financing Agreement”.
Financing Phase	The fourth phase of the project cycle during which projects are approved for financing.
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.
Gantt Chart	A method of presenting information graphically, often used for activity scheduling. Similar to a bar chart.

Gender	The social differences that are ascribed to and learned by women and men, and that vary over time and from one society or group to another. Gender differs from sex, which refers to the biologically determined differences between women and men.
Gender Analysis	EU policy on gender mainstreaming in development co-operation requires the integration of gender analysis at macro, meso and micro levels, throughout the project cycle. A gender analysis allows the identification and integration of the dynamics of change in a given situation, as well as the monitoring of their evolution, particularly in relation to the disparities between women and men. A gender analysis includes attention to: the different roles (productive, reproductive, decision-making) of women and men; their differential access to and use of resources and their specific needs, interests and problems; and the barriers to the full and equitable participation of women and men in project Activities and to equity between women and men in the benefits obtained.
Gender Equality	The promotion of equality between women and men in relation to their access to social and economic infrastructures and services and to the benefits of development is vital. The objective is reduced disparities between women and men, including in health and education, in employment and economic activity, and in decision-making at all levels. All programmes and projects should actively contribute to reducing gender disparities in their area of intervention.
Hierarchy of Objectives	A diagrammatic representation of the proposed project interventions planned logically, following a problem analysis, and showing a means to ends relationship. Synonym: Objectives tree.
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.
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, and on the achievement of the overarching policy objectives of the EC.
Impact Indicators	See "Development Indicators"
Implementation Phase	The fifth phase of the project cycle during which the project is implemented, and progress towards achieving objectives is monitored.
Inception Period	The period from project start-up until the writing of the inception report, usually two to three months.
Inception Report	The first report produced at the end of the inception period, which updates the project design and or the terms of reference and sets the work plan for the rest of the project.
Indicative Programmes	These are prepared by the European Commission in co-ordination with partner country governments. They provide general guidelines and principles for co-operation with the European Union. They specify focal sectors and themes within a country or region and may set out a number of project ideas.
Indicators	See "Objectively Verifiable Indicators" and "Development Indicators".
Inputs	See "Means".
Integrated Approach	The continuous 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 stakeholder analysis, problem analysis, analysis of objectives, analysis of strategies, preparation of the logframe matrix and Activity and Resource Schedules.
Means	The boxes “Means” and “Cost” replace OVIs and SOV at the level of Activities. Means are physical and non-physical resources (often referred to as “Inputs”) that are necessary to carry out the planned Activities and manage the project. A distinction can be drawn between human resources and material resources.
Milestones	A type of OVI providing indications for short and medium-term objectives (usually Activities), which facilitate measurement of achievements throughout a project rather than just at the end. They also indicate times when decisions should be made or action should be finished.
Monitoring	The systematic and continuous collecting, analysis and using of information for the purpose of management and decision-making.
Objective	Description of the aim of a project or programme. In its generic sense it refers to Activities, Results, Project Purpose and Overall Objectives.
Objective Tree	A diagrammatic representation of the situation in the future once problems have been remedied, following a problem analysis, and showing a means to ends relationship.
Objectively Verifiable Indicators (OVI)	Measurable indicators that will show whether or not objectives have been achieved at the three highest levels of the logframe. OVIs provide the basis for designing an appropriate monitoring system.
Outcome Indicators	See Development Indicators
Output Indicators	See Development Indicators
Overall Objectives	They explain why the project is important to society, in terms of the longer-term benefits to final beneficiaries and the wider benefits to other groups. They also help to show how the programme fits into the regional / sectoral policies of the government / organisations concerned and of the EC, as well as into the overarching policy objectives of EC co-operation. The Overall Objectives will not be achieved by the project alone (it will only provide a contribution to the achievement of the Overall Objectives), but will require the contributions of other programmes and projects as well.
Development Indicators	The OECD, the United Nations and the World Bank have agreed to focus on a series of key goals in partnership with developing countries. These goals have been endorsed by major international conferences. A system for tracking progress has also been agreed. A core set of indicators will be used - at a global level - to monitor performance and adjust development strategies as required. In terms of development policy, the following terminology is applied for indicators: • <i>Input</i> indicators measure the financial, administrative and regulatory resources provided by the Government and donors. It is necessary to establish a link between the resources used and the results achieved in order to assess the efficiency of the actions carried out. <i>E.g.: Share of the budget devoted to education expenditure, abolition of compulsory school uniforms</i> • <i>Output</i> indicators measure the immediate and concrete consequences of the measures taken and resources used: <i>E.g.: Number of schools built, number of teachers trained</i> • <i>Outcome</i> indicators measure the short-term results at the level of beneficiaries. The term ‘results indicators’ is used as well. <i>E.g.: school enrolment, percentage of girls among the children entering in first year of primary school</i> • <i>Impact</i> indicators measure the long-term consequences of the outcomes. They measure the general objectives in terms of national development and poverty reduction. <i>E.g.: Literacy rates</i>

Pre-conditions	Conditions that have to be met before the project can commence, i.e. start with Activities. Pre-conditions (if any) are attached to the provision of aid.
Pre-feasibility Study	The pre-feasibility 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 Quality Factors. 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 appraisal.
Problem Analysis	A structured investigation of the negative aspects of a situation in order to establish causes and their effects.
Problem Tree	A diagrammatic representation of a negative situation, showing a cause-effect relationship.
Programme	A series of projects with a common Overall Objective.
Programming Phase	The first phase of the project cycle during which the Indicative Programme is prepared. See also “Indicative Programme”.
Progress Report	An interim report on progress of work on a project submitted by the project management / contractor to the partner organisation and the Commission within a specific time frame. It includes sections on technical and financial performance. It is usually submitted quarterly.
Project	A series of Activities with set objectives, designed to produce a specific outcome within a limited time frame.
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 each phase in the life of a project. It draws on evaluation to build the lessons of experience into the 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 Partners	Those who implement the projects in the country (ministries, implementation agencies, etc.).
Project Purpose	The central objective of the project. The Purpose should address the core problem, and be defined in terms of <u>sustainable benefits for the target group(s)</u> . The Purpose should also express the <u>equitable</u> benefits for women and men among the target group(s). There should only be one Project Purpose per project.
Quality Factors	Criteria that are known to have had a significant impact on the sustainability of benefits generated by projects in the past, and which have to be taken into account in the design and implementation of each project (previously: “Sustainability Criteria”): ownership by beneficiaries, policy support, economic and financial factors, socio-cultural aspects, gender, appropriate technology, environmental aspects, and institutional and management capacity.
Recurrent Cost	Cost for operation and maintenance that will continue to be incurred after the implementation period of the project.
Relevance	The appropriateness of project objectives to the real problems, needs and priorities of the intended target groups and beneficiaries that the project is supposed to address, and to the physical and policy environment within which it operates.
Resource Schedule	A breakdown of the project budget where Means and Cost are linked to Activities, and detailed per time period selected.

Results	The “products” of the Activities undertaken, the combination of which achieve the Purpose of the project, namely a start of enjoyment of sustainable benefits for the target groups.
Risks	See also “Assumptions”. External factors and events that could affect the progress or success of the project, and that are not very likely to hold true. They are formulated in a negative way, e.g.: “Reform of penal procedures fails”.
Sources of Verification	They form the third column of the logframe and indicate where and in what form information on the achievement of the Overall Objectives, the Project Purpose and the Results can be found (described by the Objectively Verifiable Indicators).
Stakeholder Analysis	Stakeholder analysis involves the identification of all stakeholder groups likely to be affected (either positively or negatively) by the proposed intervention, the identification and analysis of their interests, problems, potentials, etc. The conclusions of this analysis are then integrated into the project design.
Stakeholders	Any individuals, groups of people, institutions or firms that may have a relationship with the project / programme are defined as stakeholders. They may – directly or indirectly, positively or negatively – affect or be affected by the process and the outcomes of projects or programmes. Usually, different sub-groups have to be considered.
Start-up Period	The period of project implementation immediately after the arrival of the contractor / technical assistance.
Sustainability	The likelihood of a continuation in the stream of benefits produced by the project after the period of external support has ended.
Sustainability Criteria	See “Quality Factors”.
SWOT Analysis	Analysis of an organisation’s S trengths and W eaknesses, and the O pportunities and T hreats that it faces. A tool that can be used during all phases of the project cycle.
Target Group(s)	The group / entity who will be positively affected by the project at the Project Purpose level.
Technical Assistance	Specialists, consultants, trainers, advisers, etc. contracted for the transfer of know-how and skills and the creation and strengthening of institutions.
Terms of Reference	Terms of Reference define the tasks required of a contractor and indicate project background and objectives, planned Activities, expected inputs and outputs, budget, timetables and job descriptions.
Work plan	The schedule that sets out the Activities and resources necessary to achieve a project’s Results and Purpose.

5.7. Useful References and Sites

Topic	Institution	Address
Project Cycle Management:		
<i>General:</i>		
PCM Manual and Handbook	EC	http://europa.eu.int/comm/europeaid/evaluation/methods/pcm.htm
PCM Guidelines (in English, French, German, Spanish)	GTZ	http://www.gtz.de/pcm/deutsch/pcmleit.htm
PCM Guidelines, M&E, etc.	UNDP/GEF	http://www.gefweb.org/Operational_Policies/Operational_Strategy/operational_strategy.html
PCM, Monitoring, Evaluation	Swiss Agency for Development and Cooperation	http://194.230.65.134/dezaweb2/home.asp
<i>PCM for specific sectors:</i>		
Guidelines for Forest Sector Development Co-operation (Vol. I in English, French, Portuguese, Spanish, German; Vol. II in English and French)	EC	http://europa.eu.int/comm/development/sector/forestry_en.htm#guideline
Towards Sustainable Water Resource Management (Manual in English, French and Portuguese)	EC	http://europa.eu.int/comm/development/publicat/descript/en/pub440.htm
Towards Sustainable Transport Infrastructure (Manual in English and French)	EC	http://europa.eu.int/comm/development/transport/en/entc.htm
Monitoring & Evaluation:		
Monitoring Guidelines (in English, French, German, Spanish, Portuguese)	GTZ	http://www.gtz.de/pcm/deutsch/monitoring.htm
Monitoring & Evaluation	IADB	http://www.iadb.org/cont/evo/evo_eng.htm
M&E links	GEF	http://www.undp.org/gef/m&e/links.htm
Guidelines for progress control (in English, French, German, Portuguese)	GTZ	http://www.gtz.de/pcm/deutsch/pfk.htm
Evaluation Guidelines	EC	http://europa.eu.int/comm/europeaid/evaluation/methods/index.htm
Indicators:		
International development goals: Indicators of progress	OECD	www.oecd.org/dac/indicators
	IMF	www.paris21.org/betterworld and related OECD Observer: http://www.oecdobserver.org/news/sectionfront.php/locale/70
World Development Indicators	World Bank	www.worldbank.org/data

Topic	Institution	Address
Goals and indicators	UN (United Nations Development Assistance Framework (UN-DAF))	www.cca-undaf.org
Indicators for sustainable development	Consultative Group on Sustainable Development Indicators	http://iisd1.iisd.ca/cgsdi/dashboard.htm
Gender-related indicators	UNDP Gender in Development Programme (GIDP)	http://www.sdn.undp.org/gender/datastats/
Cross-cutting issues:		
Environmental Assessment (manual)	EC	http://europa.eu.int/comm/development/sector/environment/ea/index.htm
Social, Human and Cultural Development and gender issues	EC	http://europa.eu.int/comm/development/sector/social/index_en.htm
Gender Equality	EU/DG Employment (with numerous links)	http://europa.eu.int/comm/employment_social/equopp/links_en.html
	UNIFEM (United Nations Development Fund for Women)	http://www.undp.org/unifem/
	UNIFEM Progress of the world women's report	http://www.unifem.undp.org/progressww/
	UNIFEM Regional Programme	http://www.unifem.undp.org/regional.htm
	UNDP Gender in Development Programme (GIDP)	http://www.undp.org/gender/ (resource book; concepts and tools are to be found under 'gender analysis' within the 'gender mainstreaming' information pack)
	ELDIS (specialised portal)	http://www.ids.ac.uk/eldis/gender/Gender.htm
	BRIDGE Publications	http://www.ids.ac.uk/bridge//bripub.html
	WIDE (networking organisation with a focus on developments related to Europe)	http://www.eurosur.org/wide/porteng.htm