

MANUAL

PROJECT CYCLE MANAGEMENT

INTEGRATED APPROACH AND LOGICAL FRAMEWORK

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TABLE OF CONTENTS

I INTRODUCTION

1. Preliminary remarks	9
2. The integrated approach	
2.1 The six phases of the project cycle.....	11
2.2 The standard basic format.....	12
3. The logical framework	14
4. Limitations of the project cycle management method.....	15

II THE LOGICAL FRAMEWORK

1. Analysis of the situation	
1.1 Introduction	18
1.2 Problem analysis	19
1.3 Analysis of objectives	20
1.4 Strategy analysis	21
2. Planning	
2.1 Introduction	22
2.2 Description of the logical framework.....	23
2.3 Intervention logic	24
2.4 Assumptions.....	29
2.5 Factors ensuring sustainability	33
2.6 Indicators and sources of verification	36
2.7 Means and costs	39
2.8 Final review.....	40
3. Application	
3.1 Interlocking logical frameworks	42
3.2 The logical framework and operational responsibilities	44
3.3 Time schedule	44
3.4 Monitoring	45

III THE INTEGRATED APPROACH AND THE LOGICAL FRAMEWORK

1. Introduction	48
2. The basic format and guidelines	48
3. Project phases	
3.1 Preparation	57
3.2 Implementation.....	59
3.3 Evaluation	60
3.4 Transition from one phase to the next.....	61
 Annexes	
I. Glossary.....	62
II. Decision taking between the phases of the project cycle	65

I. INTRODUCTION

1. Preliminary remarks

2. The integrated approach

- 2.1 The six phases of the project cycle
- 2.2 The basic format of the documents used

3. The logical framework

4. Limitations of the project-cycle management method

I. INTRODUCTION

1. BETTER PROJECT CYCLE MANAGEMENT: WHAT SHOULD BE DONE?

The experiences of various bilateral and multilateral donors illustrate the difficulty of learning from past experience in order to perform better in future. And yet this is precisely the objective of project cycle management (PCM).

To achieve this objective, we must first tackle the causes of the main problems identified in evaluation studies. In other words, seek to eliminate the major weaknesses that are at the root of most poor results through better project-cycle management.¹

Experience teaches us that such weaknesses fall into two categories:

- one or more essential factors for success are overlooked during preparation and implementation, and/or
- the discipline needed to make the right decisions at the right time over the project cycle is lacking.

The things that may be overlooked include:

- creation by the recipient country of a rational framework of sectoral policies;
- a clear and realistic definition of specific objectives that must always entail sustainable benefits for the recipients;
- the drawing of a clear distinction between objectives and the means of achieving them;
- the need to choose appropriate technologies, using, for example, locally renewable resources;
- environmental protection;
- respect for the socio-cultural values of the people involved;
- strengthening of the management capacity of the bodies, whether public or private, called on to run the projects;
- the need to emphasize the economic and financial viability of projects, not only during implementation but, above all, afterwards;
- provision for risks.

(1) The word "project" is used here in a broad sense to cover a range of operations, from individual projects to complex programmes and studies.

This also means, turning to the second category of weaknesses, that invalid ideas for projects slip through at the indicative programming stage; that valid project ideas are not subjected to pre-feasibility scrutiny; that feasibility studies are not based on the conclusions of such prior scrutiny; that financing is accorded without a detailed feasibility study; that there is a failure to monitor, during project implementation, whether or not it is achieving its objectives; that the necessary remedial action is not taken or the project, including the objectives, is not redesigned, even though evaluation shows that this is what is needed.

Can we do better? The answer would seem to be yes.

Following successful use of the logical framework by other bilateral and multilateral donors, especially EC donors, and discussions among members of the OECD Development Assistance Committee (DAC), the Commission has adopted "Project Cycle Management". This instrument will help all those in charge of project preparation, implementation and evaluation to take account of essential factors throughout the project cycle, from the first 'idea' to the last ex-post evaluation some years after completion. Henceforth, the key documents that accompany a project cycle will be structured in a standardized way, which is why the term "integrated approach" has been coined. The elements of this integrated approach form part of a method that has been developed in a lengthy effort to link theory and practice, known as the logical framework. Project cycle management integrates factors for sustainability and their influence on activities of the project under preparation.

Another aspect of the proposed method is that the active participation of decision-makers, planners, implementing agents and beneficiaries in the identification stage, is of vital importance for ensuring the success of projects/programmes.

These guidelines currently applied to Community aid give rise to hopes of real progress in making Community aid more effective in coming years.

Other complementary efforts are being undertaken within the Commission towards the same end. These include the preparation of sectoral guides and revision of the methods used for economic and financial analysis.

Project cycle management is obviously no more than a relatively simple tool that can help us to establish the factors that affect the success of an operation. It is not a panacea or a miracle solution to the everyday problems of implementing development aid. Its usefulness will depend on how well it is applied.

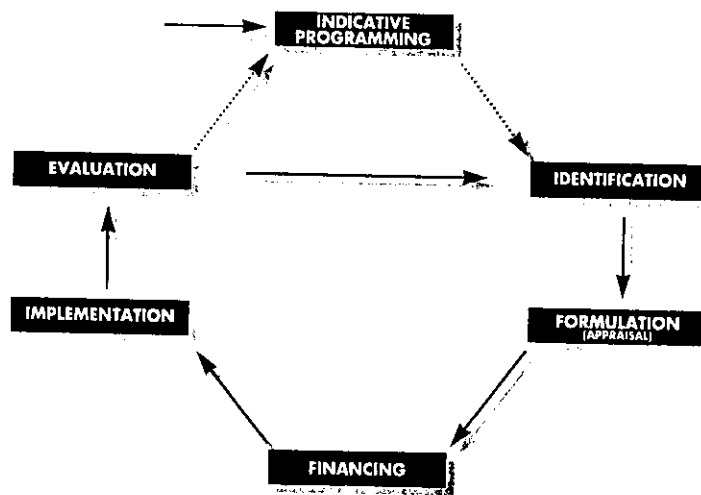
The objective of this manual is to present a tool which enables civil and other stakeholders to question critically the proposed project design and assumptions, while also taking the factors of sustainability into account.

N.B.: A glossary of the terms most frequently used in this manual can be found in Annex 1.

2. THE INTEGRATED APPROACH

The integrated approach is a method for managing the various phases of a project cycle. It covers the six phases of the project cycle by analysing the most important elements of each phase and the criteria for cohesion and sustainability applicable throughout the project cycle. It specifies the documents to be produced in each phase, which in turn provide the basis for the necessary decisions. These documents have the same basic format.

2.1 THE SIX PHASES OF THE PROJECT CYCLE



Indicative programming:

The establishment of general guidelines and principles for cooperation with the Community. It covers the sectoral and thematic focusing of aid in a country or region and may set out a number of ideas for projects/programmes.

Identification:

Initial formulation of project ideas in terms of objectives, results and activities with the aim of establishing whether or not it is worth going ahead with a feasibility study. If so, the study's terms of reference are drawn up.

Formulation (Appraisal):

All the details of the project are specified on the basis of a feasibility study; internal examination by the Commission of the merits of the project and the way it fits in with sectoral policies. This leads to a decision on whether or not to draw up a financing proposal.

Financing:

Drafting of the financing proposal; examination by relevant financing committee; financing decision taken by the Commission on approval by the committee; drafting and signing of financing agreement.

12**Implementation:**

Execution of the project by drawing on the resources provided for in the financing agreement to achieve the desired results and the purpose of the project - drafting of Plan of Operation and monitoring reports.

Evaluation:

Analysis of results and impact of the project during or after implementation with a view to possible remedial action and/or framing of recommendations for the guidance of similar projects in the future. If the financing agreement provides for a number of implementation phases, the start of the next stage will normally depend on the conclusions of the evaluation of the previous stage.

2.2 THE BASIC FORMAT OF THE DOCUMENTS USED

1. Summary
2. Background
 - 2.1 Government/sectoral policy
 - 2.2 Features of sector
 - 2.3 Beneficiaries and parties involved
 - 2.4 Problems to be addressed
 - 2.5 Other interventions
 - 2.6 Documentation available
3. Intervention
 - 3.1 Overall objectives
 - 3.2 Project purpose
 - 3.3 Results
 - 3.4 Activities
4. Assumptions
 - 4.1 Assumptions at different levels
 - 4.2 Risks and flexibility
5. Implementation
 - 5.1 Physical and non-physical means
 - 5.2 Organization & implementation procedures
 - 5.3 Timetable
 - 5.4 Cost estimate and financing plan
 - 5.5 Special conditions: accompanying measures taken by the Government
6. Factors ensuring sustainability
 - 6.1 Policy support
 - 6.2 Appropriate technology
 - 6.3 Environmental protection
 - 6.4 Socio-cultural aspects/women in development
 - 6.5 Institutional and management capacity, public and private
 - 6.6 Economic and financial analysis
7. Monitoring and evaluation
 - 7.1 Monitoring indicators
 - 7.2 Reviews/evaluations
8. Conclusions and proposals

The format mainly reflects the tasks involved in project preparation, but does not change significantly for the implementation or evaluation stages.

Further details of the basic format and explanations or remarks about the various headings and their application at various stages of the project cycle can be found in Section III of this Manual.

3. THE LOGICAL FRAMEWORK

The logical framework was developed in the 1970s and has been used by a variety of development agencies.

The method consists of an analytical process and a way of presenting the results of this process, which makes it possible to set out systematically and logically the project/programme's objectives and the causal relationships between them, to indicate how to check whether these objectives have been achieved and to establish what assumptions outside the scope of the project/programme may influence its success.

The main results of this process are summarized in a matrix which shows the most important aspects of a project in a logical format.

14

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
Overall objectives				
Project purpose				
Results				
Activities		Means	Costs	
				Preconditions

There are thus close links between the logical framework and the basic document format, above all in the form of the section/paragraph headings on overall objectives, project purpose, results, activities, means and costs, assumptions and indicators. A critical analysis of sustainability factors

may lead to adjustments to the project purpose, results, activities and assumptions, or more detailed specifications by indicators.

The logical framework is used for the implementation of a project/programme, as well as for its preparation and evaluation.

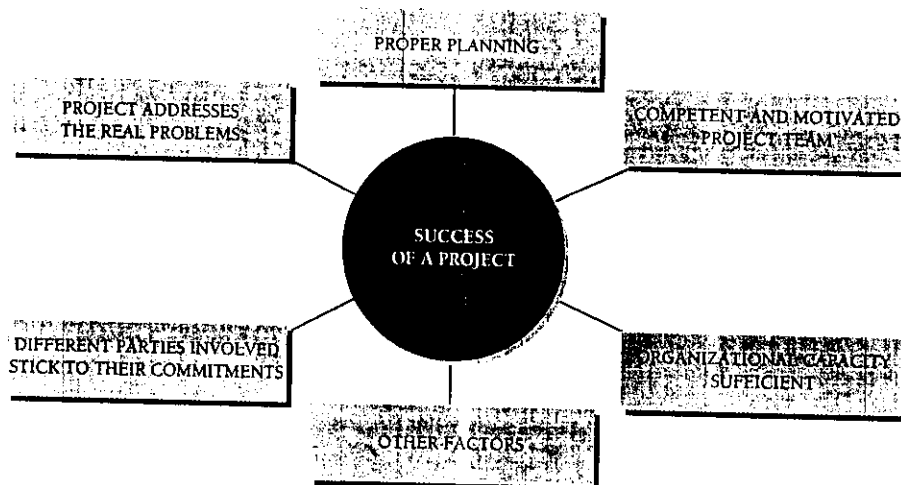
It thus plays a role in each phase of the cycle. During preparation (identification) the framework should be drawn up, although it cannot be completed at this stage. That will happen gradually in the ensuing phases formulation (appraisal), financing, implementation and evaluation so that the logical framework becomes the tool for managing each phase of the project cycle, a "master tool" for creating other tools, such as the detailed budget, the breakdown of responsibilities, the implementation timetable and a monitoring plan.

4. LIMITATIONS OF THE PROJECT CYCLE MANAGEMENT METHOD

A tool, however good it is, cannot alone guarantee successful results. It also depends on the sincerity and the know-how of the people using it.

The logical framework will be useful for those who prepare and implement projects to structure and formulate better their ideas and set them out in clear, standardized form. This is its only purpose. If the policy is misconceived or if the criteria are badly chosen, the logical framework will reveal the contradictions and oversights, but cannot of itself change or replace the policy or criteria.

The logical framework is thus just a tool for improving project planning and implementation. Many other factors also will influence its success.



including the organizational skills of the team or organization in charge of implementation.

One of the misunderstandings that needs to be addressed is that the establishment of a logical framework and adoption of the integrated approach is merely a formal, technocratic exercise based on the 'blueprint' principle. It should never be forgotten that each logical framework is the fruit of an analysis made at a certain moment in the project cycle. The same is true of the different Terms of References: they are developed using the integrated approach format at a given moment in the cycle, and reflect the knowledge and concerns at that moment. Consequently, these tools have to be adapted to the changing situation.

Before a logical framework can be drawn up, sufficient reliable data have to be gathered and an analysis has to be made of the situation. The analysis of the problems will provide the basis for defining the objectives of the proposed operation. The analysis phase is important for the description of the background (see basic document format).

II. THE LOGICAL FRAMEWORK

1. Analysis of the situation

- 1.1 Introduction
- 1.2 Problem analysis
- 1.3 Analysis of objectives
- 1.4 Strategy analysis

2. Planning

- 2.1. Introduction
- 2.2 Description of the logical framework
- 2.3 The intervention logic
- 2.4 Assumptions
- 2.5 Factors ensuring sustainability
- 2.6 Indicators and sources of verification
- 2.7 Means and costs
- 2.8 Final review

3. Application

- 3.1 Interlocking logical frameworks
- 3.2 The logical framework and operational responsibilities
- 3.3 Time schedule
- 3.4 Monitoring

II. THE LOGICAL FRAMEWORK

1. ANALYSIS OF THE SITUATION

1.1 INTRODUCTION

A properly planned project addressing the real needs of target groups cannot be achieved without a full and accurate analysis of the existing situation.

The existing situation has to be interpreted in the light of the interests and activities of parties concerned, who often see it in completely different ways.

There are different ways of analysing a situation. Studies carried out by consultants will give answers to the questions posed by the consultants. Interviews with representatives of concerned groups and organizations will reveal their perceptions. A gathering of these representatives with the consultants will arrive at a shared analysis, which is the aim of the exercise. These methods are complementary and will lead to a single 'image of reality' which will provide the basis for devising projects with objectives that are accepted and supported by all parties concerned.

18

In this chapter the following three steps will be discussed:

- analysis of the problems (image of reality);
- analysis of objectives (the image of an improved situation in the future);
- analysis of strategies (comparison of different 'chains of objectives').

The result of these three steps, which form the identification phase, is the selection of a set of objectives which will be worked out during the formulation/ appraisal phase.

In order to ensure that the design of a project dovetails with the real needs of the target group, the problems, objectives and possible choices of strategy have to be analysed, preferably in conjunction with the various players involved.

Each step consists of a brief description, illustrated by a simple example.

1.2 PROBLEM ANALYSIS

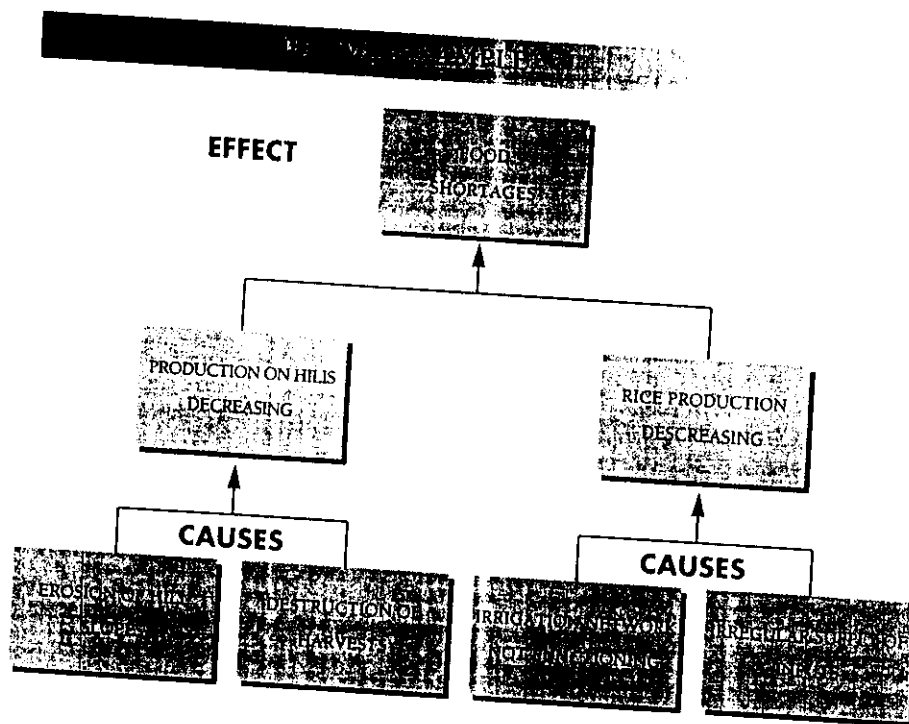
Problem analysis is of major importance for planning, since it governs the design of a possible operation.

The suggested procedure is

- precise definition of the framework and subject of analysis;
- an analysis of parties involved;
- the identification of problems and establishment of a hierarchy;
- illustration of cause-effect relations in a diagram.

Problem analysis establishes cause-effect relations between the negative aspects of an existing situation. The analysis is aimed at identifying the real bottle-necks to which the parties involved attach priority. The problems are identified at this stage thanks to the contributions of formal and informal groups, the institutions/organizations concerned and the consultants.

The analysis is presented in diagram form showing effects of a problem on top and its causes underneath.



The value of the diagram increases if it is prepared at a meeting or workshop of those concerned (and who therefore know the problems) led by a person who understands the group's dynamics and way of working (a moderator). This approach can be combined with others such as technical, economic or social studies, the results of which may complement the analysis of the group.

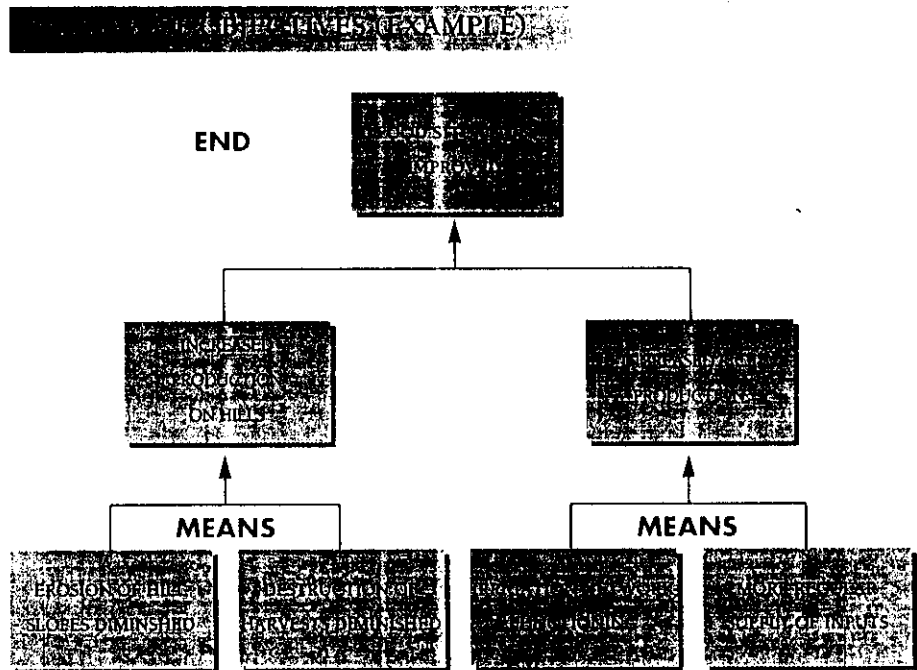
1.3 ANALYSIS OF OBJECTIVES

Having carried out a number of studies and analysed the problems, the next step is to set the objectives.

Analysis of objectives is a methodological approach employed to:

- describe the situation in the future once the problems have been remedied;
- verify the hierarchy of objectives;
- illustrate the means-end relationships in a diagram.

The 'negative situations' of the problems diagram are converted into 'positive achievements'. For example, 'low agricultural production' is converted into 'increased agricultural production'. These positive achievements are presented in a diagram of objectives showing a means-end hierarchy.



This diagram provides a clear overview of the desired future situation. Often such a diagram shows some objectives that cannot be achieved by the project envisaged, and so a choice has to be made (see strategy analysis).

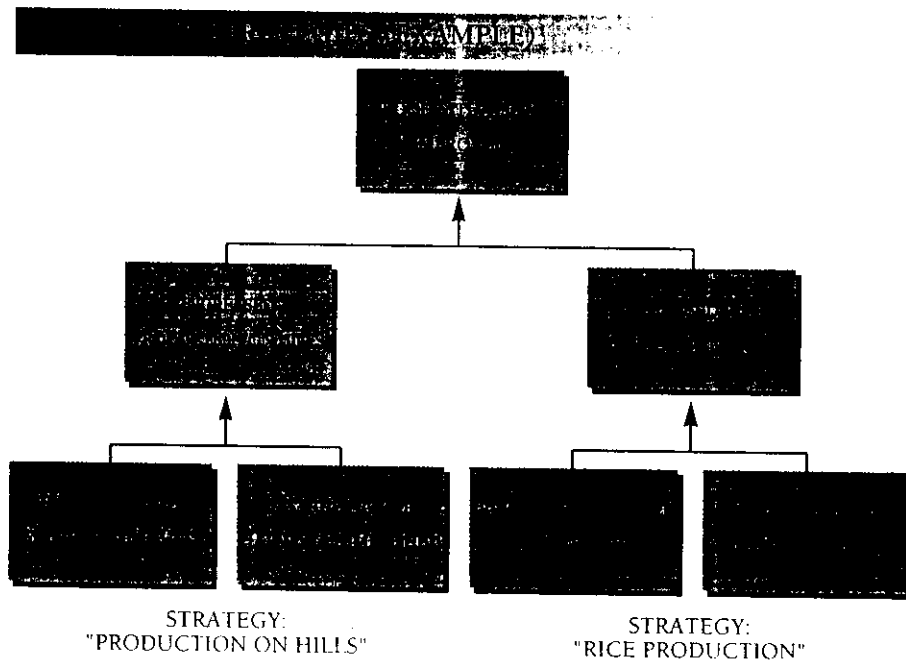
Furthermore, some objectives may prove to be unrealistic, so other solutions to the problem need to be found or the attempt to solve it has to be abandoned. If, for example, the solution to the problem 'too many mosquitoes' is the objective reduced number of mosquitoes, and a feasibility analysis shows that this objective is not feasible, one might find an alternative solution in 'increased resistance of population concerned'. Alternatively, there is the choice of not tackling the problem, failing an adequate solution.

1.4 STRATEGY ANALYSIS

This step involves:

- identification of the different possible strategies to achieve the project purpose;
- choice of the project strategy.

In the diagram 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 the future operation. The most pertinent and feasible strategy is selected on the basis of a number of criteria, for instance, priorities of



those concerned, budget available, relevance of the strategy, likelihood of success, period of time to be covered, etc.

These criteria will be used to weigh the alternative strategies and choose one or more for future action; they are established by the parties concerned, primarily the decision-makers (Government and donors) but without overlooking the importance of the priorities of the main protagonists, the beneficiaries themselves.

The choice of one or more strategies will usually be made after the project purpose has been decided. The choice is made by comparing a number of objectives at the same level; a project purpose high in the hierarchy of objectives often entails a multi-component programme whereas a purpose lower down in the scale would call for a smaller project.

The selected strategy is drawn up and appears in the first column of the logical framework.

2. PLANNING

2.1 INTRODUCTION

22

The logical framework is a set of related concepts that describe in an operational way in matrix form the most important aspects of an operation. It provides a way of checking whether the operation has been well designed and it facilitates improved monitoring and evaluation.

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
Overall objectives				
Project Purpose				
Results				
Activities		Means	Costs	
	LOGICAL FRAMEWORK FORMAT			Preconditions

The logical framework is a way of presenting the substance of an operation. The overall objectives, project purpose, results, activities and their causal relationships are presented systematically (vertical logic). Establishing a logical framework is possible only after thorough analysis of available information (problems, objectives and opportunities).

In addition to the logical relationship between activities, results, project purpose and overall objectives, there are external factors (assumptions) that influence the success of a project and they are also included in the logical framework.

The overall objectives, project purpose and results are described by means of indicators and the sources of verification necessary to obtain the information by which they are measured. Means and costs are detailed in the bottom row.

The matrix is concise, easy to use and to apply in reports, so lessening the workload of those responsible for the various phases of the project cycle.

The logical framework can be prepared and presented by a project preparation workshop. It also helps structure discussions before and during the project, especially when presented in the form of diagrams with cards on wallcharts. This gives a clearer view of what is under discussion. It is thus a tool for understanding the purpose of the project, the strategy to achieve it and the means deployed. The same logical framework is used as a point of reference during monitoring and evaluation, to analyse the operation's results and impact.

2.2 DESCRIPTION OF THE LOGICAL FRAMEWORK

First column (four rows): intervention logic

Overall objectives: objectives wider than that of the project itself (e.g. sub-sector objectives). Other projects and activities will also contribute to the achievement of these objectives.

Project purpose: the objective to be reached by implementing the project and which is likely to outlive the project. Sustainable benefits for the target groups are always the aim.

Results: 'products' of the activities undertaken, the combination of which will achieve the purpose of the project, namely: a start to enjoyment of sustainable benefits for the target groups.

Activities: the things that must be done to achieve the results.

Second column: objectively verifiable indicators

Here we have an operational description of the overall objectives, project purpose and results in terms of quantity and quality of results for a target group, indicating time and place.

The physical and non-physical **means** (inputs) necessary to carry out the **planned activities** are placed in the 'bottom' row.

Third column: sources of verification

Sources of verification indicate where and in what form information on the achievement of project purpose and results can be found (described by the objectively verifiable indicators).

The **costs and sources of financing** (EC, Government, etc.) are placed in the bottom row.

fourth column: assumptions

These are external factors that are outside the direct control of the project, but crucial for the achievement of activities results, the project purpose and the overall objectives.

For example: 'no sabotage of irrigation system' may be a decisive factor for one of the results to be achieved for the project purpose. This is an assumption as it is outside direct control of the project.

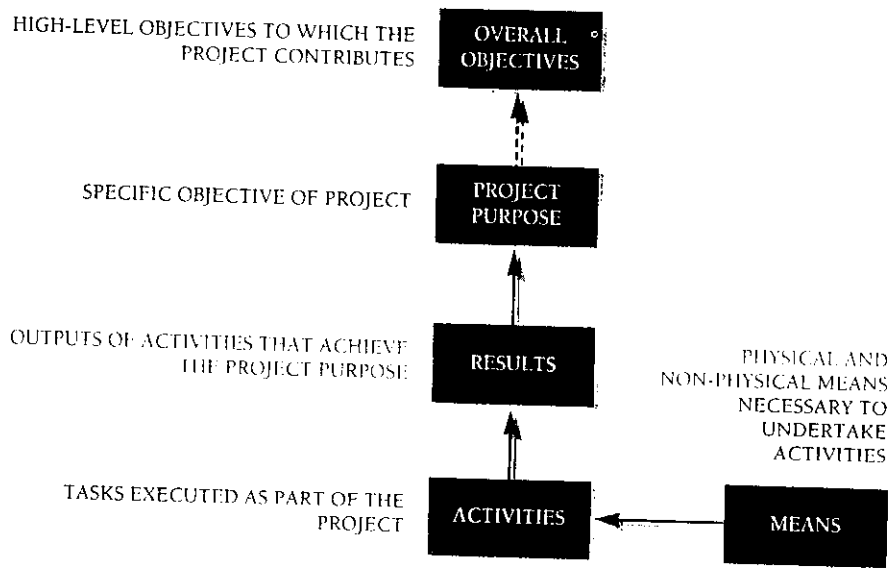
Assumptions concern activities, results, the project purpose and fulfilment of preconditions and taking of back-up measures by the Government.

2.3 INTERVENTION LOGIC

Definition

The first column sets out the intervention logic, which is the basic strategy underlying the project covering all the steps to be taken within the project framework in order to contribute to the overall objective(s) namely:

- the availability of means by which activities can be undertaken (2nd column, 4th row);
- through these activities, results are achieved;
- results achieve the project purpose;
- this project purpose contributes to the overall objective(s).



How to identify the intervention logic

The 'intervention logic' column is drawn up as follows:

- transpose objectives from the diagram of objectives to the corresponding level in the intervention logic;
- identify other possibilities/risks that are translated into results or activities.

1. Identification of the project purpose
(sustainable benefits for target groups)

Select the objective at the top of the strategy chain selected from the diagram of objectives. The choice is made by using specific criteria to compare different objectives in the diagram.

Example: of the strategies 'rice production' and 'hill-slope production', the first has been chosen since it is a priority for the Government and the target group, is feasible and requires outside intervention.

Where other objectives at the same level in the diagram as this project purpose are selected, a second (and third) logical framework is drawn up or they are transformed into assumptions, which will be dealt with, for example by an other organization.

2. Identification of the overall objectives

Select from the diagram of objectives one or more objectives at the top of the diagram which describes the goal(s) to which the project will contribute. Usually, these will be sub-sector level objectives.

Example: in the case in question there is only one overall objective, namely 'improved food situation'.

3. Identification of results

Select from the objectives diagram the objectives that - by the means-end logic - achieve the project purpose, and are thus results.

Add other results that also further the project purpose; they are identified following a supplementary analysis of the opportunities and risks of the situation in question (see the result marked with an asterisk in the example of the northern province of Bogo, page 27).

Example: All objectives at the result level lead to the project purpose chosen: 'irrigation network functioning' and 'more regular supply of inputs'.

4. Identification of activities

Select from the objectives diagram the objectives that - by the means-end logic - produce the results and translate them into activities.

Example: "northern Bogo province", page 27

Add other activities identified after supplementary analysis of the opportunities and risks of the situation in question (see activities marked with an asterisk in example on page 27).

At the following page the development of the logical framework has been presented:

INTERVENTION LOGIC

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
OVERALL OBJECTIVES	FOOD SITUATION IMPROVED			
PROJECT PURPOSE	INCREASED RICE PRODUCTION			
RESULTS	1. IRRIGATION NETWORK FUNCTIONING			
	2. MORE REGULAR SUPPLY OF INPUTS			
	3. FARMERS USING NEW FARMING SKILLS*			
ACTIVITIES	3.1 ORGANIZE RURAL FARMERS 1.1 CLEAR BLOCKED CHANNELS 1.3 RAISE DAMS			
	2.1 ORGANISE PURCHASING OF INPUTS*			
	2.2 ORGANISE DISTRIBUTION OF INPUTS*			
	3.1 ORGANIZE EXTENSION SERVICE*			
	3.2 TRAIN EXTENSION WORKERS*			

NB. Outputs and activities without an asterisk in the first column emerged from the objectives diagram (N.B. they correspond directly with the problems identified). Only after more detailed study of the possibilities and risks of the situation in question are the outputs and activities with an asterisk identified and added.

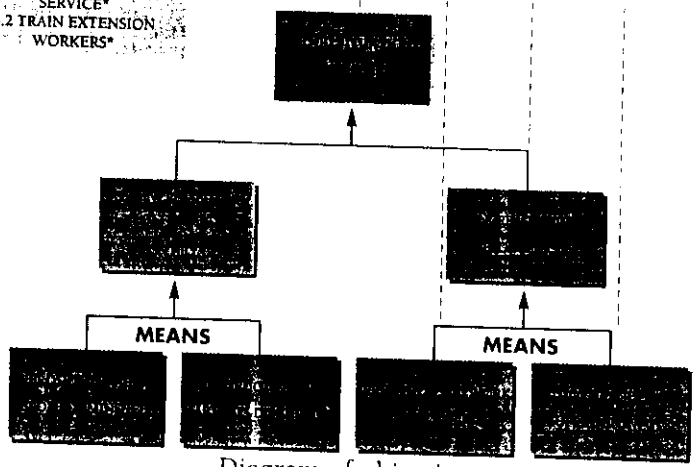


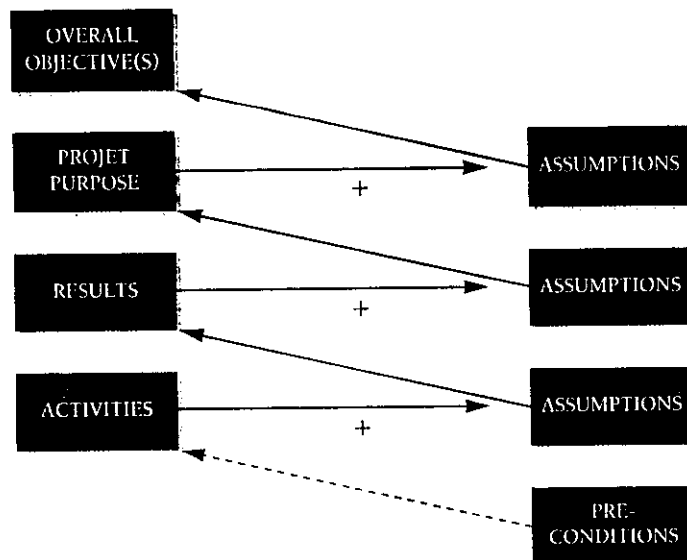
Diagram of objectives

What is the importance of the overall objective(s)?	The overall objectives set the framework in which the project is implemented. Other projects may also contribute to this objective.
What is the importance of the project purpose?	The project purpose is the key point of reference, the true 'centre of gravity', for project management and permitting measurement of the project's success or failure in terms of sustainable benefits for the target group. The project management is expected to ensure that the project purpose is being achieved.
When is the project at an end?	When the project purpose is achieved, i.e. when the 'product' has been made and 'sold' to the benefit of the target group, and it is believed that this situation will continue. The project has reached the 'point of no return'.
Why is there only one project purpose?	There is only one project purpose per project to avoid undue complexity and management problems. It is better, for instance, to have two well-targeted projects (parallel and inter-related) than one project with two project purposes.
How are the results decided on?	They emerge either from the diagram of objectives or from specific technical studies.
How are the activities decided on?	Activities: - are deduced from the diagram of objectives; - emerge from specific technical studies; - emerge from consultation with the parties involved.
Why do activities have to be planned?	Activities need to be planned in sufficient detail to make it possible, with some degree of certainty, to: - draw up a tentative timetable of work and estimate the likely duration of the operation; - calculate the necessary physical and non-physical resources; - draw up the budget.

2.4 ASSUMPTIONS

Assumptions concern factors that are important for the success of the project, but lie outside its scope.

Assumptions are the answer to the question: "What external factors are not influenced by the project, but may affect its implementation and long-term sustainability?"



29

The diagram should be read as follows:

- once the preconditions are met, the activities start up;
- once the activities have been carried out, and the assumptions at this level are fulfilled, there will be results;
- these results and fulfilment of assumptions at this level will accomplish the project purpose;
- once the project purpose and the assumptions at this level are fulfilled, the overall objective(s) will be achieved.

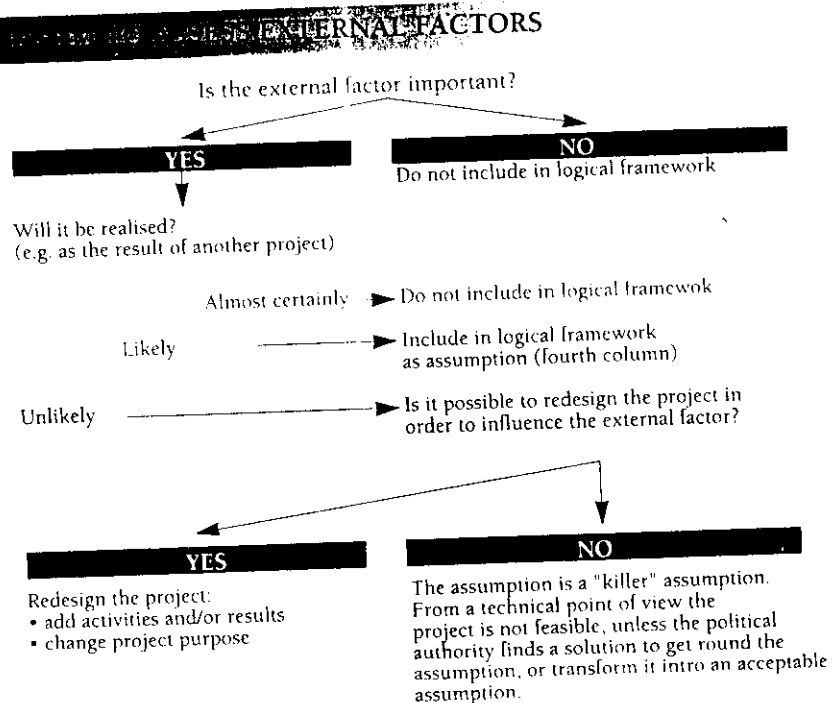
How to identify assumptions

1. Identify in the diagram objectives not covered by the intervention logic (first column) but important for the success of the operation.
2. Place them as external factors at the appropriate level.
3. Identify other external factors not included in the diagram, but crucial to the success of the operation.
4. Assess importance of external factors and likelihood of assumptions using the algorithm depicted below.

Depending on the conclusions:

- take out the external factor (almost certainly);
 - include the external factor as an assumption (likely);
 - redesign the project (unlikely).
5. Check back in four stages, beginning with the preconditions, to see whether the intervention logic is indeed logical and overlooks nothing.

30



NORTHERN PROVINCE, BOGO

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
OVERALL OBJECTIVES	FOOD SITUATION IMPROVED			
PROJECT PURPOSE	INCREASED RICE PRODUCTION			Increased rice production Increased agricultural output on hills over 50% of rice crop consumed by producers
RESULTS	1. IRRIGATION NETWORK FUNCTIONING			No sabotage of irrigation system Farmer associations carry out maintenance of irrigation system
	2. MORE REGULAR SUPPLY OF INPUTS			Mechanized rice production Sale of rice surplus covers production costs (inputs)
	3. FARMERS USING NEW FARMING SKILLS			Sale of rice covers production costs (input)
ACTIVITIES	1.1 ORGANIZE RURAL FARMERS 1.2 CLEAR BLOCKED CHANNELS 1.3 RAISE DAMS 1.4 TRAIN FARMERS IN MANAGEMENT AND PARTICIPATION			Access roads in good condition (see 2.1) Extension workers motivated by incentives (see 3.1) Extension workers able to establish dialogue with farmers (see 3.1)
	2.1 ORGANIZE PURCHASE OF INPUTS 2.2 ORGANIZE INPUTS DISTRIBUTION			
	3.1 ORGANIZE EXTENSION SERVICE 3.2 TRAIN EXTENSION WORKERS 3.3 TRAIN INSTRUCTORS (MEN & WOMEN)			
				PRECONDITIONS Disputes between hill farmers and lowland farmers are settled Official approval of organizational set-up

THE RELEVANT SUBJECTS OF THE ASSUMPTIONS

Why introduce assumptions?	Intervention logic never covers the whole reality. External factors often have an important influence on the success of a project, and should therefore be identified and taken into account.
What is the importance of assumptions?	They influence or even determine the achievement of results, the project purpose and the overall objective(s). These external factors should be identified and their likely influence assessed, as early as the planning stage.
How are these external factors identified?	Some of the 'objectives' included in the diagram of objectives may be external factors. Others may be identified by experts or other parties involved.
When do external factors become assumptions?	The importance of these external factors for the project's success should be assessed during appraisal applying the algorithm. If they are important but cannot be covered by the intervention logic, they become assumptions.
What do we do if assumptions which are important for project success are unlikely to be achieved (killer assumptions)?	Abandon or redesign the project, adding results to be achieved or adjusting the project purpose.
How do we formulate assumptions?	As the achieved desired situation. That way they can be verified and assessed.
At what level should assumptions be included?	Assumptions link different levels of intervention logic. They should therefore be included at the appropriate level. That level depends on whether the assumption contributes to the achievement of the overall objective, the project purpose, or (one of) the results.
What is a precondition?	A precondition is a condition that must be satisfied before project activities can start up.

2.5. FACTORS ENSURING SUSTAINABILITY

Projects must be checked for sustainability in all possible ways before start-up. A project may be said to be sustainable when it can deliver benefits to the target group for an extended period of time after the main assistance from a donor is at an end.²

Possible factors affecting sustainability

The following factors should be taken into account when preparing and implementing projects/programmes:

- policy support measures
- appropriate technology
- environmental protection
- socio-cultural aspects / women in development
- institutional and management capacity
- economic and financial aspects

This is merely a list of headings, the substance of which will depend on the context and specific features of the project. These factors are dealt with in greater detail in existing manuals or manuals in preparation.

When applying the above sustainability factors, due account should be taken of the project's individual features and environment, and the need to retain sufficient flexibility at the design and implementation stages. Consideration also has to be given to likely improvements in administrative capacity and the level of skills and maintenance as a spin-off of the development process over time.³

Indeed, the question of what the project can do to improve capacity in these fields should be posed when drawing up or adjusting the logical framework, always keeping in mind the project purpose, however.

Sustainability factors and preparation of the logical framework

Having established the intervention logic (first column) and the assumptions (fourth column), the preparation of the logical framework continues with questions concerning the project's sustainability.

(2) DAC principles for project assessment, Paris 1988.

(3) *Idem*.

The response to these questions may lead to three types of change: the intervention logic is changed to include additional results and/or activities; assumptions and preconditions are added; additional studies are commissioned to delve more fully into the issues and make proposals for activities, results and/or assumptions.

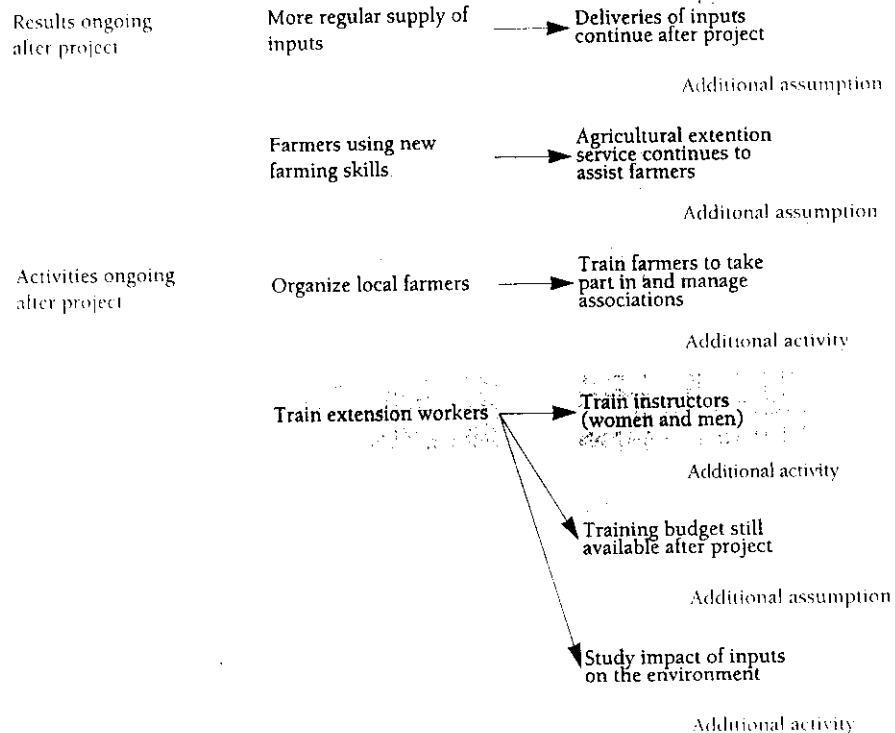
Consideration of other assumptions may throw doubt over the whole project.

How to plan a sustainable project:

1. Set out the results and activities which should be sustained after most external aid has come to an end.
2. Formulate pertinent questions concerning each sustainability factor (the questions and answers will be different in each phase).
3. Scrutinize 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 preconditions;
 - commission further studies;
 - formulate recommendations for implementation.

34

Example:



PROVINCE BOGO

OVERALL OBJECTIVES	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
PROJECT PURPOSE	FOOD SITUATION IMPROVED			Increased agricultural production in hills over 30% of rice crop cultivated by producers
RESULTS	INCREASED RICE PRODUCTION			No sabotage of irrigation system Farmer associations carry out maintenance of irrigation system
	1. IRRIGATION NETWORK FUNCTIONING			Mechanized rice production sale of rice surplus covers production costs (input)
	2. MOVE REGULAR SUPPLY OF INPUTS			Sale of rice surplus covers production costs (input)
	3. FARMERS USING NEW FARMING SKILLS			
ACTIVITIES	1.1 ORGANIZE RURAL FARMERS 1.2 CLEAR BLOCKED CHANNELS 1.3 RAISE DAMS 1.4 TRAIN FARMERS IN MANAGEMENT AND PARTICIPATION	NB. Assumptions and activities with an asterisk result from analysis of factors ensuring sustainability		Extension workers able to establish rapport with farmers (see 3.1) Traders continue to supply inputs Extension workers available to meet training needs of farmers Budget for training still available post-project
	2.1 ORGANIZE PURCHASE OF INPUTS 2.2 ORGANIZE INPUTS DISTRIBUTION			Traders continue to supply inputs
	3.1 ORGANIZE EXTENSION SERVICE 3.2 TRAIN EXTENSION WORKERS 3.3 TRAIN INSTRUCTORS (MEN & WOMEN)* 3.4 STUDY EFFECTS OF USE OF INPUTS ON ENVIRONMENT*			Extension workers available to meet training needs of farmers Budget for training still available post-project
				<p>PRECONDITIONS</p> <p>Disputes between hill farmers and lowland farmers are settled</p> <p>Official approval of organizational set-up</p>

2.6 OBJECTIVELY VERIFIABLE INDICATORS AND SOURCES OF VERIFICATION

Objectively verifiable indicators (OVIs) describe overall objectives, project purpose, and results into operationally measurable terms (quantity and quality, target group(s), time and place); they should give an adequate picture of the situation and be measurable in a consistent way at an acceptable cost.

Operational descriptions give insights into the overall objectives, project purpose and results, enabling us to:

- check the pertinence and viability of the project purpose and results;
- monitor progress towards achieving them.

An operational description in the form of an OVI must give answers to the following questions:

- What is the quality and quantity of the 'product' of the project? (e.g. x tonnes of g grade palm oil);
- How is it 'paid for' (and distributed)? (e.g. sold on the world market)
- Who will benefit (target group) from the 'product'? (e.g. factory and plantation workers)
- Over what period of time will the 'product' be available? (e.g. from the fifth to the twentieth year)
- Where is it produced and consumed? (if this is not obvious)

OVI's often need to be specified in greater detail and tailored to the needs of the operation during the implementation phase to allow for effective monitoring.

Indicators concerning the overall objective tend to be more qualitative than those applicable to results and purpose, which have more quantitatively measurable components.

The choice of indicators and their sources of verification is governed, among other things, by considerations of the costs involved in monitoring. Excessively complex or numerous indicators lead to high costs, which could be a reason to seek others - indirect indicators, for instance - for which the data are easier to obtain, so requiring less research and entailing less expense.

Example: instead of conducting a survey on incomes, the number of bicycles sold in the village might be counted.

The sources of verification are documents, reports and other sources providing information that makes it possible to gauge actual progress towards the planned results and project purpose, which are translated into operationally applicable form by OVIs.

How to define OVIs

1. Specify for each result, the project purpose and sometimes the overall objective(s):
 - the quantity:.....how much?
 - the quality:what?
 - the target group:who?
 - the time/ period:.....starting when and for how long?
 - the place:.....where?
2. Check whether the indicator or indicators describe the overall objective, purpose or results accurately. If not, other indicators will have to 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'.

37

How to choose sources of verification

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. Sources outside the project should be checked 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 costs of obtaining the information are reasonable.
4. OVIs for which no suitable sources can be found should be replaced by others.

KEY ASPECTS OF INDICATORS

Why define OVIs?

To:

- clarify the characteristics of the overall objective, the project purpose and results;
- manage projects more objectively;
- provide the basis for more objective monitoring and evaluation.

What criteria should they meet?

OVIs should be:

- specific as to quantity and quality;
- relevant
- independent of each other, each one relating to a specific objective or result;
- verifiable, i.e. based on accessible information (where and when?).

Is there just one OVI per result or purpose?

Often it is necessary to establish a number of indicators which, together, will provide reliable information on achievement of an objective, purpose, or result.

Is it always possible to find one?

A good OVI provides a direct measurement, e.g. 'increased production' is measured by adding up harvest results. If direct measurement is impossible, 'proxy indicators' have to be found, e.g. 'increased income of farmers' may be reflected in improvements in housing conditions (tiles, use of cement, etc.).

Can all objectives be described in operational terms by OVIs?

Sometimes it is difficult to put objectives in operational terms, but efforts should always be made to find quantifiable, qualitative and verifiable OVIs. Any improvement in this sense is a valuable contribution to better and more objective project management, monitoring and evaluation.

Why should the sources of verification be described?	To ensure that accurate information can be obtained about the project purpose and results in operational terms (i.e. OVIs).
Where can they be found?	<ul style="list-style-type: none"> • Outside the project: provision has to be made, where appropriate, for payment for this information. • Within the project: where necessary, plan data-gathering activities.
What are the criteria for evaluating them?	They should provide reliable and accessible data.
When should the sources of verification be established?	During the preparation phase, when project purpose and results are decided. They can be worked out during implementation.

2.7 MEANS AND COSTS

Means are physical and non-physical resources (inputs) that are necessary to carry out the planned activities and manage the project. A distinction is drawn between human, material and financial resources (costs).

Costs are the translation into financial terms of all the identified means. They should preferably be presented in a standardized format, which will specify the contribution of the EC, the Government and any other party (other donors, beneficiaries).

The activities must therefore be worked out sufficiently to enable estimates of the physical and non-physical means to be made. If this proves to be impossible, it would be advisable either to work the activities out in more detail or to make a rough estimate.

How to establish means and costs

1. Work out the human, material and financial means necessary to carry out the planned activities.
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 coordination office, administrative and accounting staff etc.).

3. Calculate the cost of the resources thus established and shared among the financing partners; prepare the total budget.
4. Classify the costs by budget origin: EC, Government, target group or other donors.

List a summary of means in the 2nd column, 4th row of the logical framework and summarize the costs by budget origin in the 3rd column, 4th row.

2.8 FINAL REVIEW

Once the means and costs have been established, the logical framework is complete. It should now be reviewed one last time to check, among other things, whether:

- the vertical logic is complete and accurate;
- indicators and sources of verification are accessible and reliable;
- the preconditions are realistic;
- the assumptions are realistic and overlook nothing;
- the risks are acceptable;
- the likelihood of success is reasonably strong;
- sustainability factors have been taken into account and, where appropriate, translated into activities, results or assumptions;
- the benefits cover the costs;
- other studies are needed.

This check can be carried out independently by persons other than those who drew up the logical framework.

Particularly this check is expected to be done by officials from NAO offices, Delegations and Commission in Brussels.

PROVINCIAL DEVELOPMENT PROJECT

	INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS
OVERALL OBJECTIVES	FOOD SITUATION IMPROVED	Food situation improved. After 1997, 300 kg rice or 600 kg maize consumed same (market) price as in 1992.	Survey by Ministry of Agriculture in 1998.	
PROJECT PURPOSE	INCREASED RICE PRODUCTION	Increase rice production per ha (3.7 t/ha input sold) 9.495 (3.7 t/ha) 10% 20% 30% 40% * 10% increase in production	Project report: 9/9/96/97	Increased agricultural output on hills over 50% of rice crop consumed by producers
RESULTS	1. IRRIGATION NETWORK FUNCTIONING	From 1995 all fields adequately irrigated	Survey of peasant farmer 4/95/96/97 Reports from extension services and project team	No sabotage of irrigation system Farmer associations carry out maintenance of irrigation system Mechanized rice production
	2. MORE REGULAR SUPPLY OF INPUTS	A month before planting all peasant farmers have seedlings and 80% fertilizer per ha		Select rice surplus covers production costs (inputs)
	3. FARMERS USING NEW FARMING SKILLS	Farmers apply agricultural skills and plant at right distance from borders		
ACTIVITIES	1.1 ORGANIZE RURAL FARMERS 1.2 CLEAR BLOCKED CHANNELS 1.3 RAISE DYKES 1.4 TRAIN FARMERS IN MANAGEMENT AND PARTICIPATION	EC 120 m/m human resources invested 240 m/m human resources invested 4 houses running	1200 500 1000 120 40 40 200	Access roads in good condition (see 2.1) Extension workers motivated by incentives (see 2.1) Hill farmers able to establish dialogue with farmers (see 2.1) Traders continue to supply inputs Extension service continues to meet changing needs of farmers Budget for training still available post project
	2.1 ORGANIZE PURCHASE OF INPUTS 2.2 ORGANIZE INPUTS DISTRIBUTION			
	3.1 ORGANIZE EXTENSION SERVICE 3.2 TRAIN EXTENSION WORKERS 3.3 TRAIN INSTRUCTORS (MEN & WOMEN) 3.4 STUDY EFFECTS OF USE OF INPUTS ON ENVIRONMENT			

PRECONDITIONS
Disputes between hill farmers and lowland farmers are settled
Official approval of organizational set-up

3. APPLICATION OF THE LOGICAL FRAMEWORK

3.1 Interlocking logical frameworks

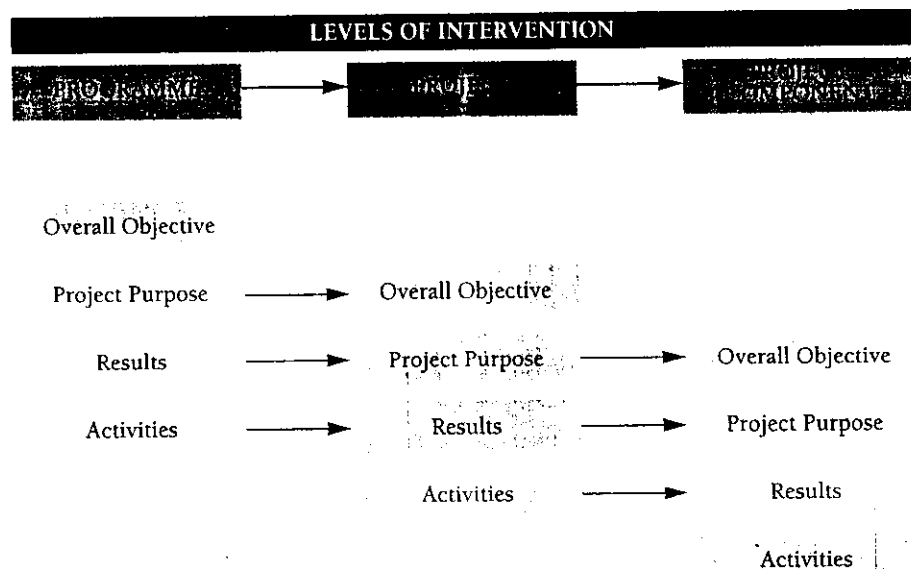
Each logical framework can be worked out in sub-logical frameworks. Each of these sub-logical frameworks describe components of the "master" logical framework (programme) on a more detailed level (project).

The same system of sub-deviding a logical framework can be applied to components of a project.

The project purpose of the "master" logical framework becomes the overall objective of the sub-logical framework, while each result becomes the project purpose of one of the sub-logical frameworks. Major activities listed in the "master" logical framework become results in one of the sub-logical frameworks. New detailed activities have to be identified for the sub-logical framework.

The system of sub-deviding 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. The interlocking logical frameworks at different level (e.g. programme, projects, components) will be required for the management at these different levels and visualize the different responsibilities of these management levels.

The following diagram visualizes this process of interlocking logical frameworks.



3.2 The logical framework and operational responsibilities

The logical framework for a project elaborates, often quite broadly, what activities have to be undertaken. It may be used to specify the responsibilities and/or contributions of each party to the project in relation to each planned activity.

PROJECT FOR THE RURAL DEVELOPMENT IN THE NORTHERN PROVINCE OF BOGO						
ACTIVITIES	PARTIES INVOLVED IN THE PROJECT'S IMPLEMENTATION					
	WATER DEPT.	MARKETING BOARD	LOCAL BUILDERS	EXTENSION SERVICE		
1.1.1. ORGANIZING FARMERS	X					
1.1.2. DIGGING CHANNELS	XX		X			
1.1.3. RAISING DYKES	XX					
1.2.1. ORGANIZING PURCHASE INPUTS		XX		X		
1.2.2. ORGANIZING DISTRIBUTION INPUTS		X		XX		
1.3.1. ORGANIZING AGRICULTURAL SERVICE	X					
1.3.2. OTHER						

X = INVOLVED XX = RESPONSIBLE

3.3 TIME SCHEDULE

The activities set out in the logical framework are listed (in logical order) in a column and the overall period is divided into subperiods in adjoining columns.

PROJECT FOR THE RURAL DEVELOPMENT IN THE NORTHERN PROVINCE OF BOGO																
ACTIVITIES	YEAR 1				YEAR 2				YEAR 3				YEAR 4			
	I	II	III	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV
1.1.1.1 LISTING OBSTACLES TO ORGANIZATION	X	X														
1.1.1.2 LISTING MANAGEMENT TRAINING NEEDS			X													
1.1.1.3 ORGANIZING MANAGEMENT TRAINING			X	X	X											
1.1.1.4 ESTABLISHING LEGAL POSITION OF COMMITTEES				X	X											
1.1.2.1 FINALIZING PLANS FOR CHANNELS, WORKS				X	X											
1.1.2.2 SIGNING CONTRACTS					X	X	X									
1.1.2.3 SUPERVISING WORKS							X	X	X	X	X					
1.1.3.1 ESTABLISHING QUANTITIES (WORKS)					X	X										
1.1.3.2 SIGNING CONTRACTS					X	X	X									
1.1.3.3 SUPERVISING WORKS							X	X	X							

BOGOR PROVINCE BOGO

FOOD PROGRAMME	RICE PROJECT	INFRASTRUCTURE COMPONENT	LEVEL OF OBJECTIVES
Overall objective: Improved standard of living			Sustainable economic and social benefits
Project purpose: Improved food situation	Overall objective: Improved food situation		Sustainable economic and social benefits contributed by the project
Results: 1. Increased rice production 2. Increased production on hills 3. Improved storage and distribution: more consumption	Project purpose: 1. Increased production of rice	Overall objectives: 1. Increased production of rice	Sustainable economic and social benefits for target group thanks to project
Activities: 1.1 Repair irrigation systems 1.2 Ensure supply of inputs 1.3 Improve farming skills. Other	Results: 1.1 Functioning irrigation network 1.2 More regular supply of inputs to farmers 1.3 Farmers using new farming skills	Project purpose: 1.1 Irrigation network functioning	Level of utilization of goods, services or infrastructure by target group
	Activities: 1.1.1. Organize farmers 1.1.2. Dig channels 1.1.3. Raise dykes 1.2.1. Organize purchase of inputs 1.2.2. Organize distribution of inputs 1.3.3. Organize agricultural service 1.3.2. Other	Results: 1.1.1. Farmers set up management committees 1.1.2. Channels and works 1.1.3. Dykes raised	Good services or infrastructure made available to target groups
		Activities: 1.1.1.1. List obstacles to organization 1.1.1.2. List management training requirements 1.1.1.3. Organize management training 1.1.1.4. Establish legal position of committees 1.1.2.1. Finalize plans for channels works 1.1.2.2. Sign contracts 1.1.2.3. Supervise works 1.1.3.1. Establish quantities for work 1.1.3.2. Sign contracts 1.1.3.3. Supervise works	Works required

3.4 MONITORING

The information requirements for monitoring project implementation are decided at various levels: project/programme personnel, the Delegation, the Ministry, or DG VIII in Brussels. The logical framework can be used by management staff at their specific level to answer questions about progress on the project/programme.

Examples:

A. The project team

- What activities are under way and what progress has been made (e.g. at weekly intervals)?
- At what rate are means being used and costs incurred in relation to progress in implementation (e.g. monthly)?
- Are the desired results being achieved and do they satisfy the quality criteria (e.g. quarterly update)?
- To what extent are these results furthering the project purpose (e.g. half-yearly analysis)?

The information should be collected by the management concerned with reference to the logical framework for the project. If progress falls short of what was planned, corrective actions should be taken by the responsible management levels.

B. Delegations, Ministries and Brussels departments

The same questions in relation to the logical framework need to be asked at these levels, although not all the details will be required. The frequency of progress updates could be quarterly to half-yearly, for example. Where necessary, and in the light of what is reported by the project leader, the planned results may need to be modified.

III. THE INTEGRATED APPROACH AND THE LOGICAL FRAMEWORK

1. Introduction

2. The basic format and guidelines

3. Project phases

3.1. Preparation

3.2. Implementation

3.3 Evaluation

3.4 Transition from one phase to the next

III. THE INTEGRATED APPROACH AND THE LOGICAL FRAMEWORK

1. INTRODUCTION

The logical framework is applied during preparation, implementation and evaluation of a project or programme. It is filled in as and when the information on the context, objectives/impact, results, sustainability perspectives, etc. become available.

It is worth recalling at this point that the care taken in gathering and analysing information at each stage of the project cycle is crucial to the proper application of the logical framework.

This section reviews the following aspects:

- the basic format for all the documents used during the project cycle, guidelines for the format's use and general remarks;
- the different stages of the project cycle and the special features of documents for each phase compared with the basic format.

2. THE BASIC FORMAT AND GUIDELINES

1. Summary

2. Background

2.1 Government/sectoral policy

2.2 Features of the sector

2.3 Beneficiaries and parties involved

2.4 Problems to be addressed

2.5 Other operations

2.6 Documentation available

3. Intervention

3.1 Overall objectives

3.2 Project purpose

3.3 Results

3.4 Activities

4. Assumptions

4.1 Assumptions at different levels

4.2 Risks and flexibility

5.	Implementation
5.1	Physical and non-physical means
5.2	Organization and implementation procedures
5.3	Timetable
5.4	Costs and financing plan
5.5	Special conditions accompanying measures taken by the Government
6.	Factors ensuring sustainability
6.1	Policy support measures
6.2	Appropriate technology
6.3	Environmental protection
6.4	Socio-cultural aspects
6.5	Institutional arrangements
6.6	Economic and financial aspects
7.	Monitoring and evaluation
7.1	Monitoring indicators
7.2	Reviews/evaluation reports
8.	Conclusions and proposals

The basic format set out above is only a rough guide that will be of use particularly during the preparatory stage of a project. However, it does not change significantly during project implementation, or evaluation.

DESCRIPTION OF CHAPTERS

1. Summary

The summary should be structured on the lines of the logical framework and give a brief overview of the key elements, such as the overall objective, the project purpose, results, activities, means, costs, indicators and assumptions. The logical framework itself, duly adapted, should always be attached as Annex.
2. Background

This heading covers a description of the general framework in which the project will be carried out and an analysis of the problems the project is designed to solve.

 - 2.1 Government/sectoral policy

This heading consists of an analysis of the macroeconomic context as laid down in the development plan or the Government's policy declarations. It will be supplemented by a brief outline of Government policy in the sector in which the project will be carried out.

development plan

2.2 Features of the sector

traffic } The description should be confined to what is necessary to understand the nature of the problems that the project is attempting to solve (potential and constraints, including demographic and gender issues).

2.3 Beneficiaries and parties involved

3 } Analysis of the interests of the target group(s) (or others affected), with their participation if possible, is a crucial step towards proper understanding of the problems to be tackled, the objectives and the action needed.

2.4 Problems to be addressed

we the problems
Putting problems in hierarchical order makes them easier to identify and structure logically (cause and effect) at the various levels.

2.5 Other interventions

3 } Past, present and future projects of the Government and other donors that may be relevant should be studied.

2.6 Documentation available

Available documentation on the sector, area, past projects, etc., plus documents from the preparation stage are to be mentioned. Special reference should be made to pre-feasibility and feasibility studies and earlier evaluation reports.

3. Intervention

Once the problems have been analysed, the objectives, results and activities can be established. There should also be an explanation of the strategy chosen and reasons for this choice (compared with alternatives).

3.1 Overall objective(s)

This heading concerns the wider development objectives or goals (reflecting the thrust of macroeconomic and sectoral policy) to which the project is meant to contribute. They must be consistent with programming guidelines as set out in the national indicative programme (or with updated guidelines emerging from the policy dialogue between the two parties). In most cases the overall objectives should refer to the sector or subsector of the project. If the objectives thus defined are achieved, they will be identical to the expected impact.

3.2 Project purpose

Throughout the project cycle, care should be taken to ensure that the project purpose is consistent with the overall objective. The points below are meant to help to define the project purpose (which should in no way be confused with the results or even the activities of the project):

- The project purpose is a positive statement about resolving the main problem identified.
- It should be conceived as a sustainable flow of benefits for the target group that are maintained without external aid (i.e. all costs - operating, maintenance and depreciation - must be covered).
- The benefits are always linked to a 'product' (in the broad sense) expressed in either tangible or intangible values (e.g. x tonnes of tea grown and sold, y veterinary surgeons trained and usefully employed).
- It is important to establish at the same time objectively verifiable indicators (OVIs) and the corresponding sources of verification in order to check whether the project purpose is being achieved.
- If possible, there should be only one specific objective per logical framework. If there are several (in the case of a highly complex project or programme, for instance), a logical framework should be drawn up for each one.

52

3.3 Results

To define
inclusion
Horizon
This heading should cover the main physical and non-physical results of the project needed for the purpose (e.g. x ha of tea planted, y km of roads built, z dispensaries functioning, n cooperatives established, and so on). The objectively verifiable indicators and their sources of verification should also be specified.

3.4 Activities

To define
Refer to the main activities to be carried out to obtain the desired results. Each result will call for a number of different activities e.g. drawing up estimates, issuing invitations to tender, executing and supervising works will lead to the result: schools built. Training nurses, buying vaccines, organizing vaccination campaigns will have as a result x number of children vaccinated.

4. Assumptions

This section deals with external factors outside the immediate control of the project, that will be important for its success.

4.1 Assumptions at different levels

Having established the preconditions which are required in order to start the activities, thought has to be given to other, external factors which may be important for the success of the project but are not under the control of those financing and implementing it.

Assumptions might exist of the levels of activities, results and the project purpose. Where possible, indicators should be established to check periodically whether such assumptions, which are crucial for the project's sustainability, are indeed realized.

4.2 Risks and flexibility

Any project entails natural, political, social, financial and economic risks that must be spelled out where possible. To deal with unforeseen situations or uncontrollable factors there has to be some degree of flexibility and the machinery for making any necessary changes, for which there should be provision for financing if need be.

5. Implementation

This section deals with the internal organization of the project implementation.

53

5.1 Physical and non-physical means

Means or inputs, namely investments in the broadest sense, including technical assistance, need to be specified in detail. They are categorized as infrastructure, equipment, operational inputs, local personnel, services (studies, project execution technical assistance works, supervision, evaluation) special funds (credit lines) and contingency funds.

5.2 Organization and procedures

Implementation procedures and the responsibilities of the people and public/private bodies involved are described here: proper planning and regular checks on implementation (monitoring reports) are essential.

5.3 Timetable

The timetable should be realistic and verifiable.

5.4 Cost estimate and financing plan

Costs should be broken down by component and by type of input. They should be expressed in local currency and foreign exchange, specifying the source of financing and, where applicable, cofinancing arrangements.

5.5 Special conditions and accompanying measures taken by the Government

This point is particularly important because it summarizes the commitments the Government has made to ensure the success of the project.

The special conditions are the initiatives or decisions that have to be taken before the project can start up (for instance, administrative decisions concerning, say pricing policy).

Accompanying measures are measures that the Government takes during and after implementation of the project.

All these measures should be timetabled in a verifiable manner.

6. Factors ensuring sustainability

Experience teaches us that a project's sustainability hinges mainly on the following factors. These factors of sustainability must be taken into account all along the project cycle.

54

6.1 Policy support

These are a set of policies that must be realized in addition to the project-specific accompanying Government measures. They will often call for new legislation or regulations. No project can be viable in an unsupportive policy environment. If assistance is required for the drafting or implementation of such policies, it should be specified under this point.

6.2 Appropriate technology

This heading covers the technical ways and means of carrying out activities. Among other things, the different needs and roles of women and men should be taken into account. Only after plausible alternatives have been examined for the best solution, should the choice of the most appropriate technology for the recipient country be made.

6.3 Environmental protection

The importance of environmental considerations is now widely recognized, although obviously environmental factors may be negligible in some cases, important in others and crucial in others still. If protection measures are necessary, they should be described here.

6.4 Socio-cultural aspects/women in development

In most cases the social and cultural factors influencing motivation, and hence the active participation and accepting responsibility by the people concerned, are of crucial importance. If measures need to be taken to stimulate participation, they should be described here.

Special attention should be paid to the involvement of women in implementation and their sharing of the fruits of the project, especially access to factors of production and support services - land, labour, credit, extension services, technology and training - and their rights such as land ownership and inheritance.

6.5 Institutional and management capacity (public and private)

Evaluation reports have shown that weak institutions are the single most important factor in the failure of "people-oriented" projects, above all in agriculture and related areas. Institution and management capacity building activities will therefore play an important role in most cases. Particular attention should be paid to institutions' capacity to address and involve women. The choice between public and/or private forms of organization must be explicitly addressed. The same applies to the structure of participating bodies, their cooperation/coordination and the allocation of responsibilities (who does what?).

6.6 Economic and financial analysis

The methods for such analysis are, for example: economic and financial rates-of-return for 'productive' projects, cost/benefit calculations for social infrastructure and sensitivity analyses. It is essential to forecast realistically the economic and financial sustainability of the project after its implementation (coverage of running, maintenance and depreciation costs) and the distribution of surplus revenue among beneficiary groups and institutions, including the Government.

Refer to the separate manual on 'Economic and Financial Analysis'.

7. Monitoring and evaluation

7.1 Monitoring indicators

Monitoring (either internal or external) must be accurate and effective. Key indicators have to be established to compare actual achievements at various levels against the objectives. The method for collecting relevant information must be specified. Monitoring will be carried out by the Commission, the recipient country or the project team itself (often with technical assistance back-up). Monitoring reports must follow the standard format, with a few minor adjustments .

7.2 Reviews/evaluation

Provision should be made for independent evaluation at some point during implementation (often mid-term), and at the end of external financing and/or ex-post (i.e. some years after completion). Evaluation should deal with all aspects of project preparation, design, the background, the objectives and results, assumptions and risks, implementation, operation and impact (whether intended or not) in the light of sustainability criteria.

8. Conclusions and proposals

The documents will conclude with relevant proposals; the nature of which will obviously vary according to the stage of advancement through the different phases.

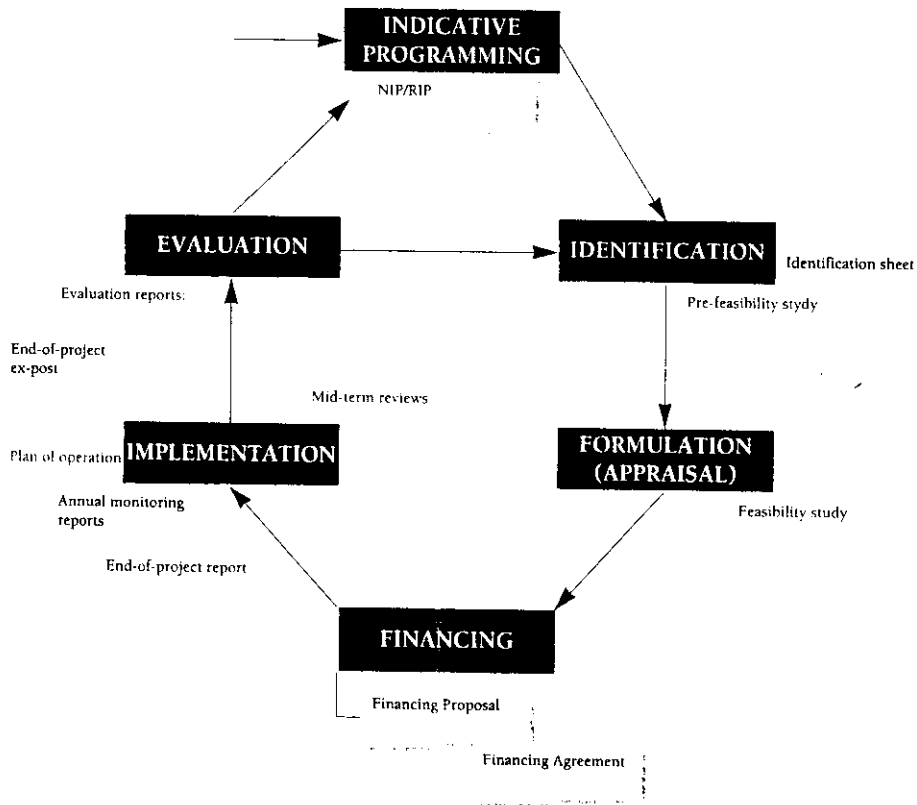
3. PROJECT PHASES

The project cycle falls into three main stages:

- preparation (indicative programming, identification, formulation, financing)
- implementation
- evaluation

The project cycle goes through six phases, each with its own characteristics and standard documents with the formats for 'implementation' and 'evaluation' differ slightly from the basic one for 'preparation' (see diagram on page 62).

THE DIFFERENT PHASES OF THE INTERVENTION



3.1 PREPARATION

1. Programming

In the introduction (Part I) it was noted that the guidelines set out in the national or regional indicative programme constitute the framework for operations. The logical framework approach could be used for preparing the NIP or RIP, especially for analysing the problems to be tackled and setting the overall cooperation objectives of Community aid. It may contain some 'project ideas', other possible

projects will be identified later. When ideas for projects are identified, they should be checked on conformity with NIP.

2. Identification

The project ideas that have been included in the Indicative Programmes (NIP/RIP) will then be subjected to a pre-feasibility study that will loosely draw on the basic format. The study will present an identification document and might conclude by proposing whether appraisal of the project should continue with a detailed feasibility study. An identification sheet ending this phase will be drawn up. The Terms of Reference for that study could then be prepared.

3. Formulation (Appraisal)

The issues to be studied in the feasibility study will be based on the basic format. Since each case is unique, the basic format is obviously only a guide that helps to ensure that important elements are not overlooked and that the specific features of that particular project are incorporated at the right place.

The Terms of Reference (TOR) will, additionally to the issues to be studied (format), also reveal procedural matters dealing with the organisation of the feasibility study itself.

The terms of reference should deal with the following chapters:

1. Introduction

Explains the reasons for carrying out the study and its nature

2. Objectives of the study

The major issues to be studied

3. Background of the project

4. Issues to be studied

Issues to be studied should be structured according to the basic format. However, allow room for the consultant to elaborate on additional important issues not mentioned.

5. Plan of work

Specify methodology of the study and important resource persons to be consulted

6. Expertise required

Stipulate the profile of the consultants.

7. Reporting

Specify the language, date of delivery, number of copies and recipients of the report, also those responsible and the time-limits for submission of comments and approval.

8. Time schedule

Duration of the study

4. Financing

The financing proposal is entirely structured on the basis of the standard format (tailored to the specific needs of the particular project). The overall logical framework should be annexed to the proposal, which should conclude with the following text, obligatory for all EC financing allocations:

Having regard to the opinion delivered by the Committee and having regard to the supporting arguments set out above, it is proposed that the Commission take the following decision:

Financing proposal

The Commission has decided:

- to approve, under the conditions laid down in the proposal before it, the project described hereunder:

Registration N°	Title of project	Financing authorized
-----------------	------------------	----------------------

- to grant commitment authorizations for a total sum of ... ECU in the form of ... financed on the ... EDF

Once the decision on financing has been taken, the financing agreement is drawn up (incorporating the text of sections 1, 3, 4, 5 and 6 of the basic format).

59

3.2 IMPLEMENTATION

The implementing organisation should prepare and present a detailed plan of operations based upon the financing proposal / agreement and previous studies. The plan of operations should be structured according to the basic format.

For the monitoring of a project a distinction is drawn between:

- (a) the monitoring carried out by the Commission and the recipient country (day-to-day monitoring, mission reports, internal memos).

When a project is implemented a monitoring report should be drawn up at least once a year; it gives a critical assessment of progress towards

achieving the project's objectives and the likelihood of sustainable benefits for the target group once the project has been implemented. The assessment should highlight any major threats to the project's sustainability, and if there is a serious risk to recommend remedial action to improve sustainability. The annual monitoring report will incorporate practically all the main headings of the basic format (objectives and results, assumptions, state of implementation, likelihood of sustainability, monitoring and evaluation). The report should start with an introductory section on the nature of the project and a general assessment of it, plus the comments of the services in Brussels (which will also provide feedback to the Delegation that drew up the report). For more details, see middle column of the overview at the end of this chapter.

(b) the monitoring, supervision/general technical assistance carried out by bodies other than the Commission or by consultants contracted to help with the implementation of often quite complex projects. Such interim monitoring reports, produced every three or four months, should also follow the basic format used for the project implementation phase, adding the technical and financial details necessary for a proper understanding of the project's implementation.

3.3 EVALUATION

60

Evaluation can take place:

- when the project is still under way: such interim evaluation may take place mid-term or at the end of a particular phase of the project;
- on completion of the project (end-of-project evaluation);
- a number of years after completion (ex-post evaluation).

Any evaluation report should look at the project's impact (intended or not), its contribution to the overall objective and performance thus far in terms of project purpose and results. Recommendations should be made concerning either the project in question or similar projects in future. The evaluation report should mirror the basic format, taking into account the nature of the project and the stage at which evaluation is taking place. It should focus on the soundness of the choices made in relation to the context, objectives, means, likelihood of sustainability, etc. and include brief remarks on any adjustments made in response to developments up to the moment of evaluation.

Apart from specific variants,⁽⁴⁾ the terms of reference for an evaluation study will for the most part follow the format used for the feasibility study.

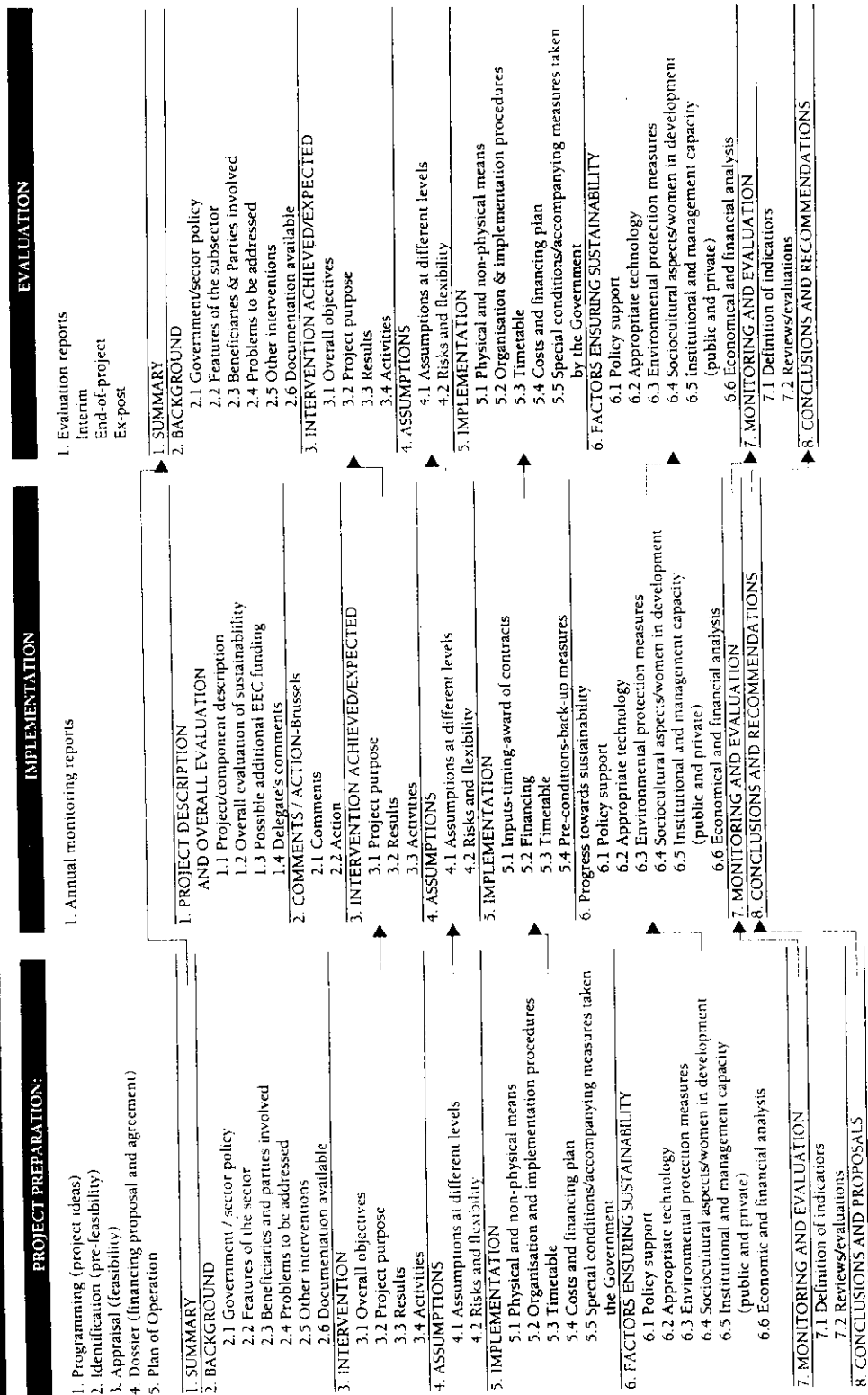
3.4 TRANSITION FROM ONE PHASE TO THE NEXT

The transition from any of the phases described above to the next must take place based on an explicit decision. Such a decision will be taken on the basis of documents/reports available at each of the six phases of the cycle by those responsible for the project in the donor organization and/or the recipient country.

Annex 2 sets out in diagram form the normal progression of the phases and the corresponding decisions.

(4) Point 2.4 of the basic format for evaluation will deal with 'problems solved/to be addressed'; point 3 'objectives and results achieved/expected'; points 3.1 and 3.2 'Objectives /impact'; point 3.4 activities carried out/to be carried out to obtain results'; point 5.5 measures taken/to be taken by the Government; point 8.2 will look at the operational relevance of previous reviews/evaluation reports and the implementation of the recommendations (see diagram on page 62).

PROJECT LIFE CYCLE MANAGEMENT



ANNEX 1

GLOSSARY

Activities:

Work to be undertaken during the project to obtain results.

Analysis of objectives:

Identification and verification of future benefits to which the groups concerned attach priority.

Assumptions:

Important conditions for the success of the project that are not within its control and are applicable to the levels of activities, results and the project purpose.

Diagram of objectives:

Means-end relationships between positive reached situations achieved in the future.

Diagram of problems:

Causal relationships between the negative elements of the existing situation.

Evaluation:

Independent objective examination (during or after project) of the background, objectives, results, activities and means deployed, with a view to drawing lessons that may be more widely applicable.

Feasibility study:

Study carried out on the basis of a terms of reference drawn up at the identification or pre-feasibility stage; if the conclusion is favourable, the financing proposal will be drawn up without the need for further studies.

Formulation (Appraisal):

Establishment of the details of the project on the basis of a feasibility study; internal examination carried out by donor staff to assess the project's merits and consistency with sectoral policies.

Identification (pre-feasibility):

Initial elaboration of project idea in terms of objectives, results and activities with a view to determining whether or not to go ahead with a feasibility study, for which the Terms of Reference will then have to be drawn up.

Implementation:

The process from the signed financing agreement to completion of the project.

Indicative programme:

General guidelines and principles for cooperation with the Community; they specify the focal sectors and themes within a country (or region) and may set out a number of project/programme ideas.

Integrated approach:

This is a method for managing the different phases of a project cycle. It takes account of the six phases of the cycle through an analysis of all the main elements in each phase and application of the same criteria of consistency and sustainability throughout the cycle. It describes the documents for each phase applying the standard format, that will provide the basis for decisions.

Intervention logic (Vertical logic):

Activities lead to results; results lead to project purpose; project purpose contributes to overall objectives.

Logical framework:

A set of related concepts describing the project in operational terms in matrix form.

Means:

The various inputs needed to carry out the planned activities. A distinction is drawn between human, material and financial resources.

Overall objective:

Future improved situation (at high level in framework) to which the project contributes, together with others.

OVI:

Objectively verifiable indicators are operational measurements of overall objectives, project purpose and results, in terms of target groups, quality, quantity, place and time.

Preconditions:

External factors that have to be present and decisions that have to be taken before a project can start up.

Problem analysis:

Identification of the real bottlenecks to which the groups concerned attach priority.

Project cycle:

The six phases of a project: indicative programming (idea); identification (pre-feasibility); formulation (feasibility); financing; implementation (a.o. monitoring); evaluation (interim, end-of-project, ex-post).

Project cycle management:

Method of managing the six project phases, using the integrated approach and logical framework.

Project purpose:

Future improved situation characterized by sustainable benefits for the project's target group, benefits which will start to appear during the project.

Results:

Products of the activities that achieve the project purpose.

Sources of verification:

Specification of origin and form of information on the objectives and results (expressed in operational terms by OVIs).

Strategy analysis:

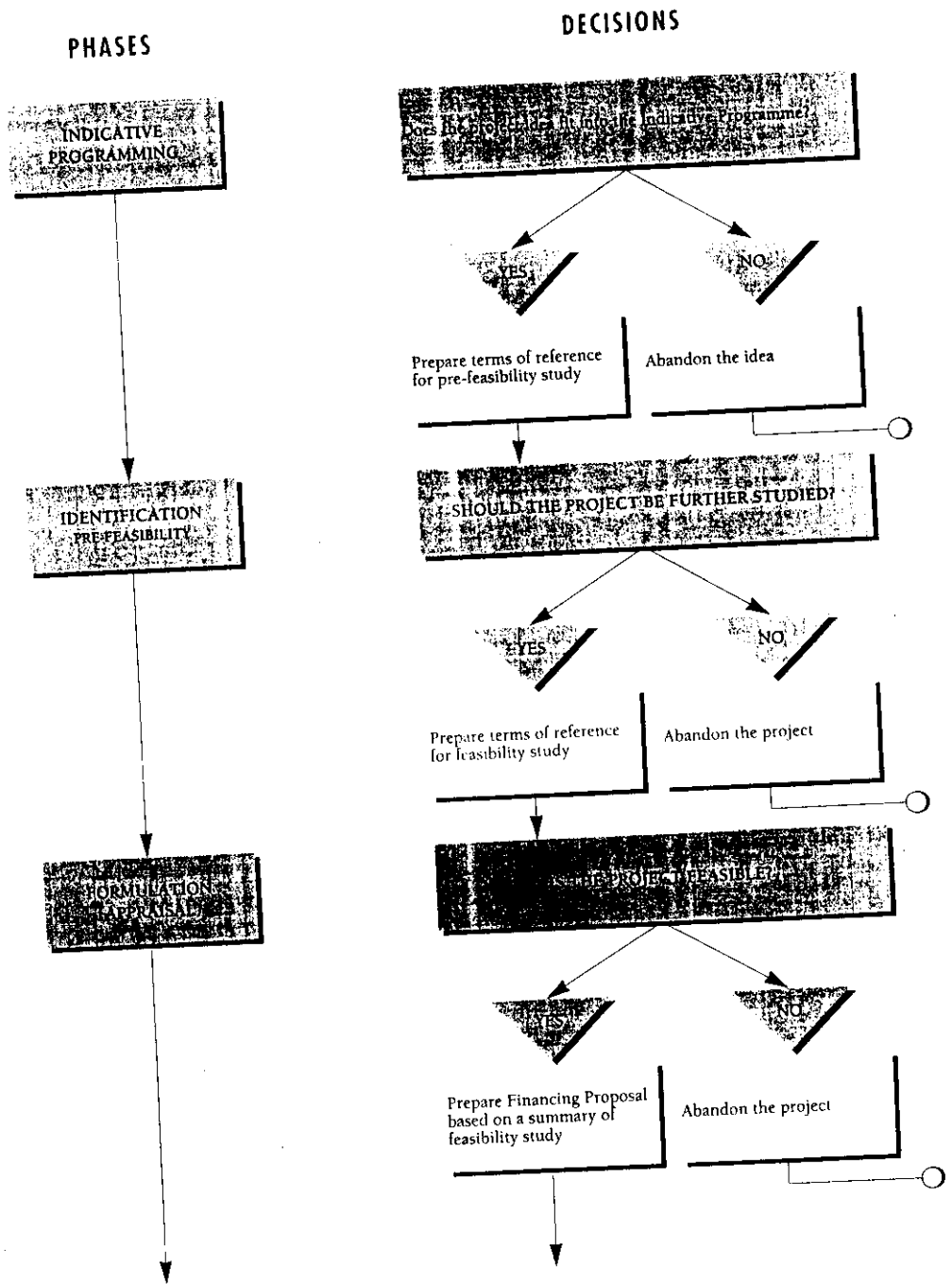
Critical assessment of the alternative ways of achieving objectives and selection of one for the proposed project.

Sustainability:

A project is sustainable when it can provide an acceptable amount of benefits to the target group during a sufficiently long period after the donor's financial and technical assistance ceases.

ANNEX 2

In the ideal case, the different phases of an intervention and the decisions to make may be presented as follows:



FINANCING

IMPLEMENTATION

INTERPHASE EVALUATIONS

EVALUATIONS INTERIM
END OF PROJECT
EX POST

(After negotiation with the benefiting country)
Should the Financing Proposal be presented for final decision?



Prepare and finalize Financing Agreement

Resume preceding negotiations

SHOULD THE PROJECT BE RE-ORIENTED BY CHANGING THE PROJECT PURPOSE AND/OR RESULTS AND/OR ACTIVITIES?



Arrange for the necessary adjustments

Continue implementation without major adjustments

SHOULD THE PROJECT BE RE-ORIENTED BY CHANGING THE PROJECT PURPOSE AND/OR RESULTS AND/OR ACTIVITIES?



Establish necessary re-orientation

Continue for the moment without re-orientations

SHOULD IN FUTURE SIMILAR PROJECTS BE INITIATED?



Without major changes

Changing certain aspects of the conception

