

MODULE 2: OVERVIEW OF PROJECT MANAGEMENT

MEPAP

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1.0 The Project Cycle in the context of changing Aid delivery approaches

1.1 Projects, Programmes, And Policies

Projects often constitute a clear and distinct element of a larger programme.

A **programme** can be described as a set of 'joined-up' projects, for example, a series of investments for rural transport, comprising a number of project components or an ongoing investment in the provision of services such as those for HIV/AIDs prevention.

Policies refer to broad plans of action by government, private sector or civil society. A policy is a set of interrelated decisions concerning the selection of goals and the means of achieving them in a given situation. Policies often guide decisions as to whether projects or programmes should be funded.

1.2 Key Stages

Projects and programmes, although diverse, tend to follow a similar sequence of activities – the project cycle which traditionally, comprises of five key steps:

- Identification
- Preparation and analysis
- Appraisal
- Implementation
- Evaluation

The concept of the project cycle was first popularized by a World Bank publication by Warren Baum in 1970 with four elements (identification, preparation and analysis, appraisal and implementation) and evaluation was added in a later version in 1978.

- Appraisal refers to analysis of the project plan before implementation
- Evaluation refers to assessment of the project effects and impact during and after implementation

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- Assessments and analyses make take place at any time in the project cycle, but note that a number of analyses of the project plan, for example financial, economic, social, and environmental analyses, will be part of preparation and final appraisal
- A final assessment of project success and impact is commonly referred to as an ex-post evaluation, or post project evaluation)

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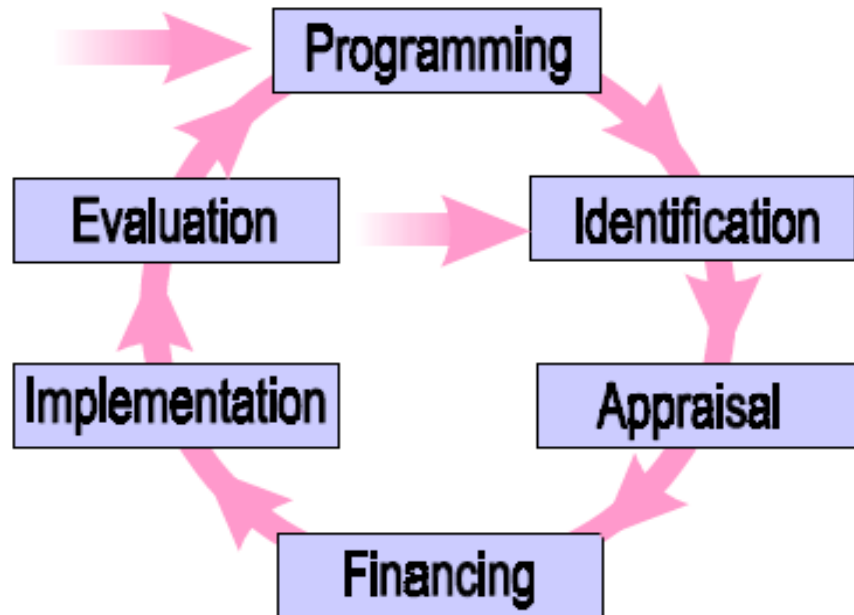
1.3 The key processes at each project step

Identification	Potential projects suggestions emerge from specialists, local leaders and national development strategies. Identification of potential stakeholders, particularly primary stakeholders. Carry out problem assessment and decide upon key objectives. Assess alternative strategies for meeting objective.
Preparation and analysis	The technical, institutional, economic, environmental, and financial issues facing the project studied and addressed—including whether there are alternative methods for achieving the same objectives. Assessing feasibility as to whether and determining whether to carry out more advanced planning. Project plan developed which can be appraised.
Appraisal	Critical review or independent appraisal of project plan.
Implementation and monitoring	The project plan is implemented over a specified time period. Monitoring of project performance with a management information system to enable correction of implementation problems as they arise.
Evaluation	On-going and final assessment of the success of the project against original objectives, to learn lessons to help improve future projects.

1.4 Adaptations of the project cycle

Numerous adaptations of the project cycle have developed to reflect evolving thinking and the particular systems and procedures of different organizations that have shaped that shaped the aid delivery landscape. The following figures highlight project management cycles for the European Commission, the World Bank and the UNDP.

3.2.1 The European Commission project cycle



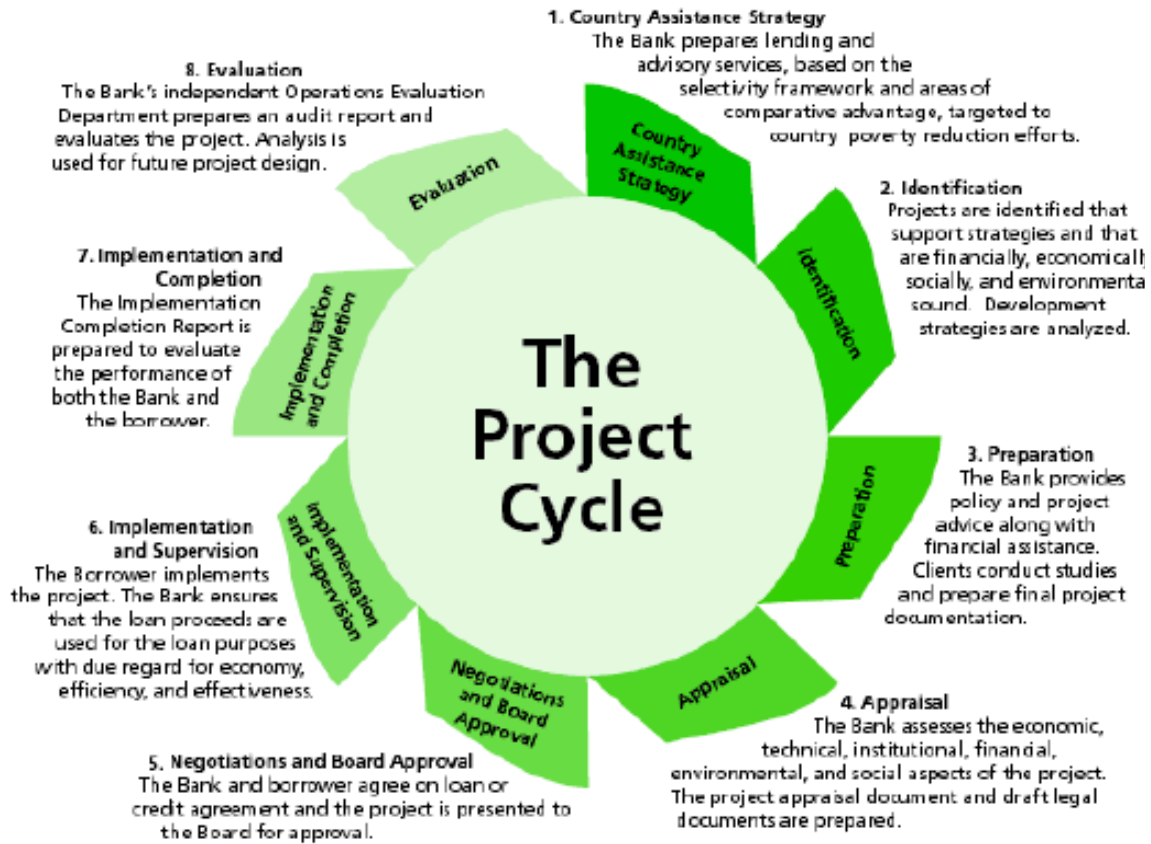
Source: European Commission (2002) p. 3.

The sector programme cycle is comparable to the project cycle, the starting point being the Country Support Strategy:

- 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, macro-economic 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 analyzed. The outcome is an agreement on which sectors to support.

- 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.
- 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. As for the issue of conditionality, only a limited number of strong pre-conditions should be identified under the sectoral approach, while medium-term implementation should be subject to conditions based on performance and outcomes. 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.
- During the **financing** phase, a decision is taken on whether or not to fund the programme.
- 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).
- 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.

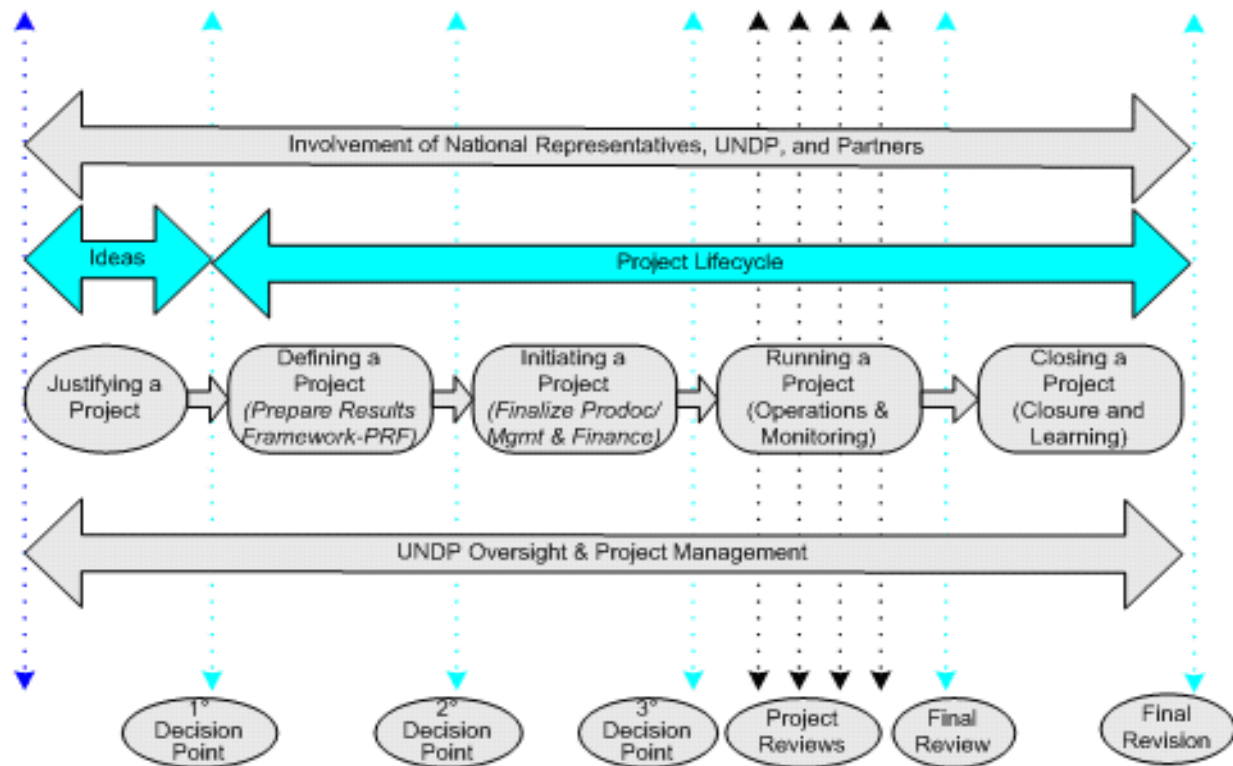
3.2.2 The World Bank's project cycle



Source: World Bank http://siteresources.worldbank.org/OPPORTUNITIES/Images/projectcycle-ar03_big.gif

Source: World Bank http://siteresources.worldbank.org/OPPORTUNITIES/Images/projectcycle-ar03_big.gif

The UNDP Project cycle



(Source: <http://content.undp.org/go/userguide/results/project/>)

2.0 Project Identification, formulation and design

2.1 Using the Stakeholder Analysis

- A stakeholder is any individual, community, group or organization with an interest in the outcome of a project, either as a result of being affected by it positively or negatively or being able to influence the project in a positive or negative way (DFID 2003)
- Though not clear cut, stakeholders may be classified as:

- **Key Stakeholders:** those who can significantly influence the project and are therefore important for the success of the project
- **Primary stakeholders:** those that will be ultimately affected
- **Secondary Stakeholders:** all those that have a stake in the project

◎ **What is stake holder analysis?**

A Stakeholder analysis is a data collection and analytical tool that enables project/program participants to identify individuals, groups or organizations and their interests, influence in order to determine their role in a potential or on-going project.

◎ **Why conduct a stakeholder analysis**

- What are the benefits of using a stakeholder analysis in NEPAD projects?
- Enables identification of groups that may affect or be affected by the project
- Identification of conflicts and risks that could jeopardize project
- Opportunities and relationships to build upon during implementation
- Promoting participation
- Building successful implementation and monitoring teams
- Targeting evaluations

◎ **When to conduct a stakeholder analysis?**

A stake holder analysis can be conducted prior to project preparation to determine whom to involve during the preparation, implementation and monitoring for new projects or prior to midterm reviews or end term evaluations.

◎ **How to conduct a stakeholder analysis?**

- Identify the general development problem or opportunity being addressed / considered
- Identify and list all the individuals and groups that have interest in the project
- Investigate their respective roles, different interests, relative power and capacity to participate in the project
- Identify and explore the extent of cooperation or conflict in the relationships between the stakeholders and the project

- Interpret the findings in terms of :
 - Importance: Meeting project objectives
 - Influence stakeholders: their relative power to promote or derail the project
- Complete the stakeholder matrix

A. High Importance/Low influence Stakeholders	B. High importance/high influence stakeholders
C. Low importance/ low influence stakeholders	C. Low importance/ Influences stakeholders

(Source: Module author)

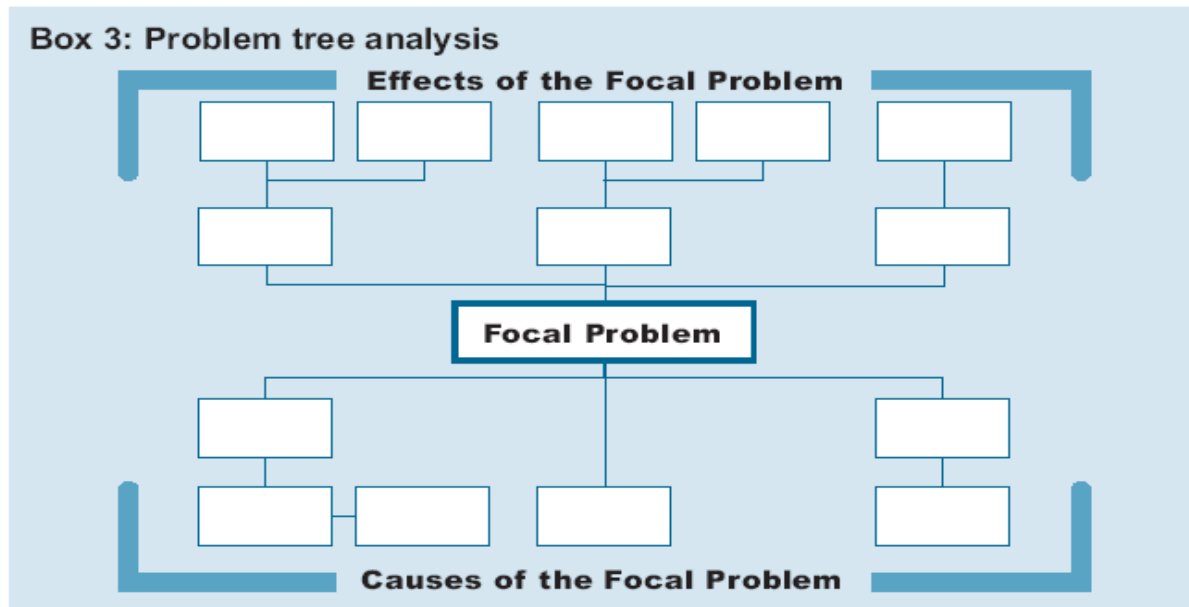
- Determine their participation in the project
 - Whom to inform only about the project?
 - Whom to consult about the project?
 - Whom to Partner with throughout the project cycle?

3.0 Conducting Problem, Objective Analysis

3.1 How to conduct a problem/Situation Analysis?

- ☉ Formulation of key problems
- ☉ Selection of one focal person
- ☉ Developing the problem tree
 - Identifying immediate and direct causes of the focal problem
 - Identify immediate and direct effects of the focal problem
 - Construct a problem tree showing the cause and effect relationships between the problems
 - Review the problem tree, verify its validity, completeness and make any necessary adjustments

Figure 1: Problem Analysis Model



Source: EC Aid Delivery Methods 2004: PCM Guidelines Volume

2.2 How to conduct an Objective Tree Analysis?

- ⦿ Reformulate all the elements in the problem tree into positive desirable conditions
- ⦿ Review the resulting means-ends relationships to assure the validity and completeness of the objective tree
- ⦿ Revise statements
- ⦿ Delete objectives that appear unrealistic or unnecessary
- ⦿ Add new objectives where required
- ⦿ Draw connecting lines to indicate the means-ends relationships

2.3 The Logframe Approach

- ⦿ It is an analytical process and set of tools used to support project planning and management
- ⦿ It is an aide to the thinking and design process
- ⦿ The process constitutes stakeholder analysis, objective analysis, alternative analysis and culminates into the Logframe Matrix which constitutes:
 - Projects hierarchy of objectives
 - Key external factors critical to project's success
 - Monitoring of project achievements (indicators and data sources)

2.4 When to use a logframe approach?

- ⦿ During project planning and design the logframe is an aide to the thinking process,
- ⦿ During the appraisal stage the logframe clarifies the linkage of different levels of project goals and their interaction with the external environment as well, highlighting the coherence of the program theory and therefore its technical feasibility.
- ⦿ During implementation and monitoring, the logframe provides measures of progress, and the monitoring mechanisms to determine progress .
- ⦿ During the evaluation, the logframe provides a reference for evaluation design.
- ⦿ The Logframe can therefore be used during the project identification, appraisal, Implementation and evaluation stages.

2.5 How to use a log frame approach?

- ⦿ Complete a stakeholder analysis
- ⦿ Involving the appropriate stakeholders conduct a problem, objective and alternative analysis
- ⦿ Identify the project goal, purpose and outputs (direct results) from the objective tree and complete the first column
- ⦿ Identify and list activities on each result/output and list in first column
- ⦿ Identify indicators /measures for each level of objective that has been included in the first column.
- ⦿ Identify data sources for each indicator you have selected and determine how often that indicator will be updated.

2.5.1 Criteria for choosing appropriate indicators

- ⦿ Validity
- ⦿ Reliable
- ⦿ Precise
- ⦿ Measurable
- ⦿ Timely
- ⦿ Programmatically important

2.5.2 Types of Indicators

- Impact Indicators
- Outcome Indicators
- Output Indicators
- Process Indicators
- Input/Activity

Fig: 6 Project Logframe Matrix

Project Description	Indicators	Source of Verification	Assumptions
<p>Overall objective: The broad development impact to which the project contributes – at a national or sectoral level (provides the link to the policy and/or sector programme context)</p>	Measures the extent to which a contribution to the overall objective has been made. Used during evaluation. However, it is often not appropriate for the project itself to try and collect this information.	Sources of information and methods used to collect and report it (including who and when/how frequently).	
<p>Purpose: The development outcome at the end of the project – more specifically the expected benefits to the target group(s)</p>	Helps answer the question 'How will we know if the purpose has been achieved'? Should include appropriate details of quantity, quality and time.	Sources of information and methods used to collect and report it (including who and when/how frequently)	Assumptions (factors outside project management's control) that may impact on the purpose-objective linkage
<p>Results: The direct/tangible results (good and services) that the project delivers, and which are largely under project management's control</p>	Helps answer the question 'How will we know if the results have been delivered'? Should include appropriate details of quantity, quality and time.	Sources of information and methods used to collect and report it (including who and when/how frequently)	Assumptions (factors outside project management's control) that may impact on the result-purpose linkage
<p>Activities: The tasks (work programme) that need to be carried out to deliver the planned results <i>(optional within the matrix itself)</i></p>	<i>(sometimes a summary of resources/means is provided in this box)</i>	<i>(sometimes a summary of costs/budget is provided in this box)</i>	Assumptions (factors outside project management's control) that may impact on the activity-result linkage

(Source: EC Aid Delivery Methods 2004: PCM Guidelines Volume 1)

3 Integrating key cross cutting issues in the project cycle

Step in project cycle	Economic input	Social input	Environmental input
Project identification	Review of country's economic situation. Take account of and advise upon economic issues during stakeholder analysis, problem analysis and objectives setting.	Stakeholder analysis, identification of target groups/ primary stakeholders; diagnostic work; assistance in developing project concept.	Review of country situation, environmental and natural resource profiles. Take account of and advise upon environmental issues in stakeholder analysis, problem analysis and objectives setting. Begin consultations with affected groups
Project preparation/Design	Financial analysis of costs and benefits to primary stakeholders. Economic analysis of costs and benefits to society. Risk and sensitivity analysis. Consideration of alternatives. Project budgets	Design participatory mechanisms, communication strategies and assist with detailed design and collecting baseline information.	Field reconnaissance; conduct scoping studies, identification of need for further in-depth studies; assist with detailed design including environmental protection, mitigation measures and any baseline information. Preparation of environmental assessment reports.
Project appraisal	Cost-benefit analysis and investment appraisal	Analysis of potential social impact, including incidence of benefits and secondary costs.	Review of environmental assessment findings and where possible valuation of environmental changes for inclusion in economic cost-benefit analysis. Further consultations.

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Project implementation	Budget management	Group formation; community mobilization and motivation, participatory approaches.	Supervision of implementation of protection measures. Remedial action for unforeseen effects. Keep those affected informed.
Monitoring and ongoing evaluation	Ongoing monitoring of financial cost-benefits for stakeholders	Ongoing monitoring of primary stakeholders, costs and benefits	Monitoring and reporting on compliance with environmental conditions and effectiveness of mitigation measures.
Post-project evaluation	Cost effectiveness analysis. Economic evaluation.	Social impact assessment; anticipated and unanticipated effects; lessons for future projects.	Assessment of effect of environmental conditions, and anticipated and unanticipated impacts – Environmental impact assessment. Lessons for future projects.