



**Ministry of Education and Sports Republic of
Serbia
Vocational Education and Training Reform
Programme**



Programme Implementation Unit
Otona Zupancica 30, 11000 Belgrade
Tel.: + 381 11 260 8181
E-mail: office@vetserbia.edu.yu
www.vetserbia.edu.yu

**TRAINING PROGRAMME FOR SENIOR STAFF OF THE
MINISTRY OF EDUCATION AND SPORTS**

***PROJECTS DEVELOPMENT AND MANAGEMENT AS TOOLS FOR
QUALITY POLICYMAKING IN EDUCATION***

Module 4:

EU Project Cycle Management

27-29 of September, 2007

**Trainer: Lucian CIOLAN
International Short Term Expert, HRD**

The project cycle follows the life of a project from the initial idea through to its completion. It provides a structure to ensure that stakeholders are consulted, and defines the key decisions, information requirements and responsibilities at each phase so that informed decisions can be made at each phase in the life of a project. It draws on evaluation to build the lessons of experience into the design of future programmes and projects.



Module IV

EU Project Cycle Management Guidelines

Aim: Operate with the main concepts and tools specific to EU Project Cycle Management Guidelines

Competences:

- Identify and understand the implications of different stages of the PCM
- Establish use and advantages of different elements of the LFA
- Use quality criteria for the PCM framework
- Understand complexity of competences of the project manager

Content outline:

- Basic steps of the project cycle management
 - Identification
 - Formulation
 - Implementation (including monitoring and reporting)
 - Evaluation
 - Audit
- Project manager:
 - Type of competences
 - Areas for roles and responsibilities
 - Facilitative leadership in PM
- The logical framework approach
 - Analysis
 - Planning

TIMETABLE

Day 1, 27th of September

TIME	SESSION
09.00 – 10.30	Project lifecycle and basic framework of EU Project Cycle Management
10.30 – 11.00	Coffee break
11.00 – 13.00	Project Cycle management - stages and consequences (1)
13.00 – 14.30	Lunch break
14.30 – 16.00	Project Cycle management - stages and consequences (2)
16.00 – 16.30	Coffee break
16.30 – 18.00	Project Cycle management - stages and consequences (3)
19.00 –	Dinner

Day 2, 28th of September

TIME	SESSION
09.00 – 10.30	Problem analysis – a deeper perspective
10.30 – 11.00	Coffee break
11.00 – 13.00	Terms of references – format, conditions, ways of use
13.00 – 14.30	Lunch break
14.30 – 16.00	The project manager – competences and roles
16.00 – 16.30	Coffee break
16.30 – 18.00	Facilitative leadership
19.00 –	Dinner

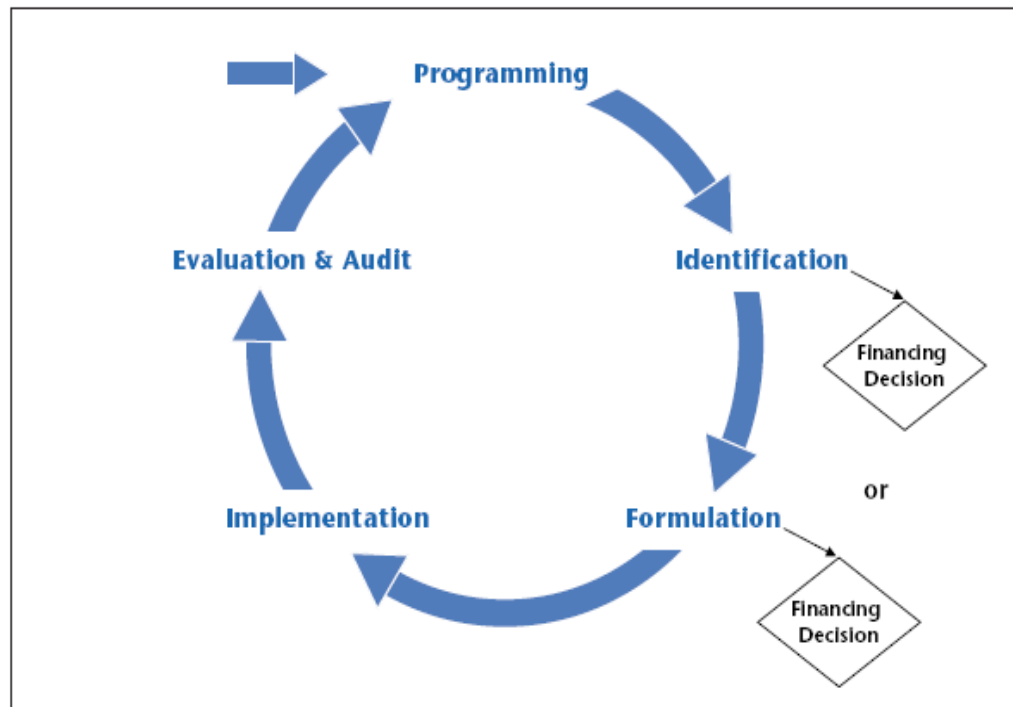
Day 3, Saturday, 26th of May

TIME	SESSION
09.00 – 11.00	Applications of PCM
11.00 – 11.15	Coffee break
11.15 – 13.15	Applications of Lograme
13.15 –	Lunch
15.00	END OF THE WORKSHOP

EU Project Cycle Guidelines

The generic project cycle within EC external aid programmes has six phases. In practice, the duration and importance of each phase may vary for different projects. However, within all EC programmes the cycle shares three common themes:

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



PCM tries to ensure that:

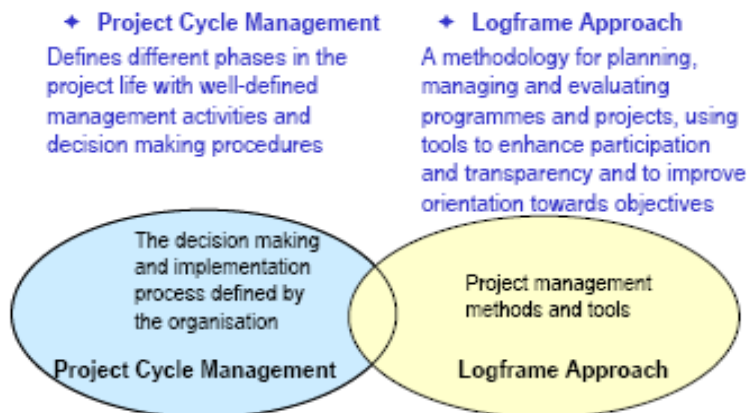
1. projects respect and contribute to overarching policy objectives of the EC such as respect of human rights, poverty alleviation and to cross-cutting issues such as gender equality, protection of the environment (relevance to and compatibility with these issues in the broad sense);
2. projects are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

For that purpose, PCM

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

Project Cycle Management and Logical Framework Approach are the two main approaches & tools used in the framework of EU aid projects / programmes.

Merging PCM and Logframe Approach



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

1. Summary

2. Background: Overall EC and Government policy objectives, and links with the Commission's country programme or strategy, commitment of Government to over-arching policy objectives of the EC such as respect of human rights

3. Sectoral and problem analysis, including stakeholder analysis and their potentials

4. Project / programme description, objectives, and the strategy to attain them

Including lessons from past experience, and linkage with other donors' activities

Description of the intervention (objectives, and strategy to reach them, including Project Purpose, Results and Activities and main Indicators)

5. Assumptions, Risks

6. Implementation arrangements

Physical and non-physical means

Organisation and implementation procedures

Timetable (work plan)

Estimated cost and financing plan

Special conditions and accompanying measures by Government / partners

Monitoring and Evaluation

7. Quality factors

Participation and ownership by beneficiaries

Policy support

Appropriate technology

Socio-cultural aspects

Gender equality

Environmental protection

Institutional and management capacities

Financial and economic viability

Annex: Logframe (completed or outline, depending on the phase)

PCM Stages

1. PROGRAMMING

What are the partner's development priorities and what is the EC's focus for assistance?

Programming is multi-annual and indicative. The work is coordinated by Commission services with contributions from partner country authorities. The output is an agreed Multi-annual Indicative Programme.

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

At this stage, a Country Strategy Paper is developed, and it shall contain a series of **key elements and keep the following structure:**

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

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

The programming process should be consistent with the major analytical elements of the Logical Framework Approach, namely it should:

- Identify key stakeholders and assess their needs, interests and capacities;
- Identify and analyse the priority development problems/constraints and opportunities;
- Identify development objectives which address the identified priority problems; and
- Identify a strategy for EC development assistance which takes account of the proceeding analysis, including capacity constraints, lessons learned from previous experience and the ongoing or planned activities of other donors.

2. IDENTIFICATION

Is the project concept relevant to priority local needs and consistent with EC policy priorities?

The purpose of the identification stage is to:

- identify project ideas that are consistent with partner and EC development priorities;
- assess the relevance and likely feasibility of these project ideas;
- under the 'Programme approach', prepare a Financing Proposal (i.e under the MEDA or TACIS regulations), or an Identification Fiche for individual projects (i.e. under ACP and ALA funding arrangements); and
- prepare a financing decision for a Programme of projects, or determine the scope of further work required during the formulation stage for individual projects.

NB: Each project 'general objective' should be derived from an appropriate objective statement in the Country Strategy Paper and National Indicative Planning or from a relevant sector policy or programme objective.

During the identification phase the key assessments required to help ensure the relevance and feasibility of a project idea are:

- (i) assessment of policy and programming framework;
- (ii) stakeholder analysis, including institutional capacity assessment;
- (iii) problem analysis, including scoping of crosscutting issues (e.g. gender, governance, environment);
- (iv) assessment of other ongoing and planned initiatives, and assessment of lessons learned;
- (v) preliminary objectives and strategy analysis;
- (vi) preliminary assessment of resource and cost parameters;
- (vii) preliminary assessment of project management, coordination and financing arrangements; and
- (viii) preliminary assessment of economic/financial, environmental, technical and social sustainability issues.

The **key documents** required by the EC at the identification stage of the cycle are therefore:

- Terms of reference for any EC funded prefeasibility studies;
- The Identification Fiche, including as appropriate draft terms of reference for a feasibility/design study; or
- A Financing Proposal for a programme/package of projects (e.g Action Programme together with Project Fiches).

Information requirements about a project at end of identification:

- | |
|---|
| <ol style="list-style-type: none">1. Policy and programme context (Partner and EC)2. Stakeholder analysis3. Problem analysis, including scope of cross-cutting issues4. Lessons learned and review of other ongoing or planned initiatives5. Preliminary project description – indicative objective hierarchy6. Indicative resource and cost implications7. Indicative coordination, management (including financial management/control) and financing arrangements8. Preliminary assessment of economic/ financial, environmental, technical and social sustainability9. Follow-up work plan for the Formulation stage |
|---|

3. FORMULATION

Is the project feasible and will it deliver sustainable benefits?

The purpose of the Formulation stage is to:

- Confirm the relevance and feasibility of the project idea as proposed in the Identification Fiche or Project Fiche;
- Prepare a detailed project design, including the management and coordination arrangements, financing plan, cost-benefit analysis, risk management, monitoring, evaluation and audit arrangements; and
- Prepare a Financing Proposal (for individual projects) and a financing decision.

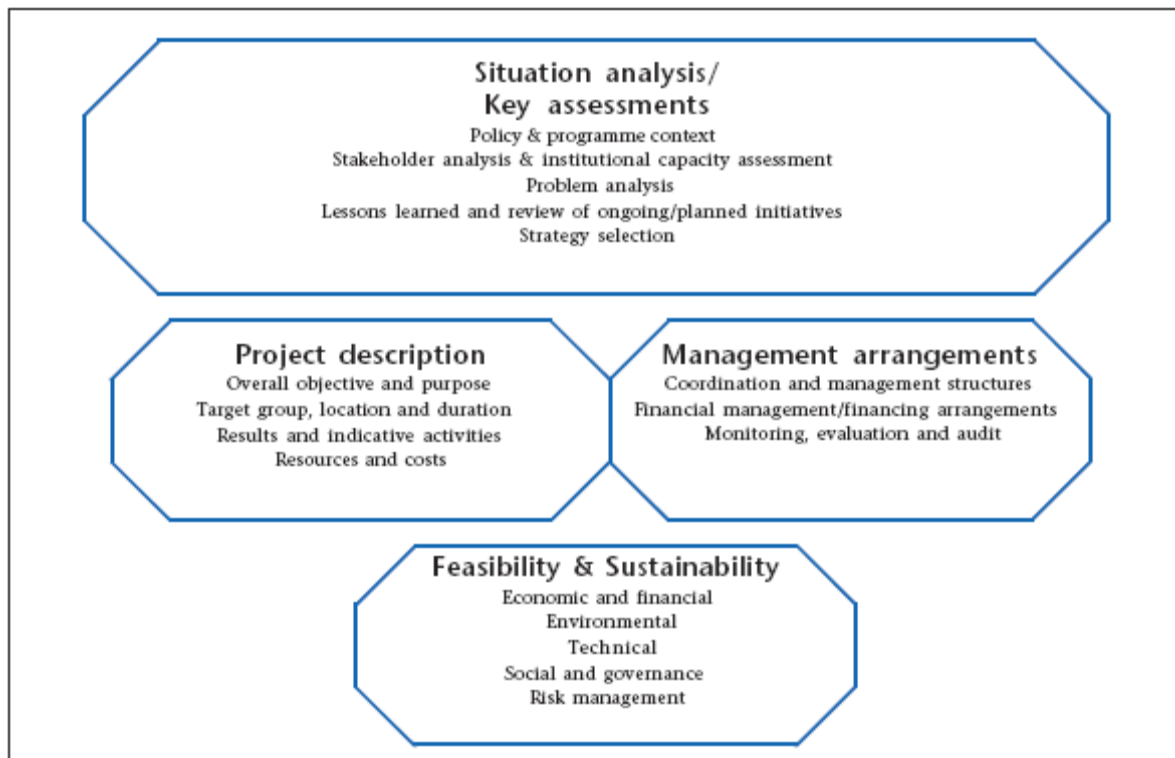
The key EC documents produced at this stage of the cycle are therefore:

- A Financing Proposal; and/or
- Terms of Reference/Technical & Administrative Provisions for implementation.

Example formats are available on the QSG website at:

X:/Europeaid/Thematicnetworks/qsg/Home_Page_QSG_en.htm

Figure 9 – Information elements produced by end of Formulation



4. IMPLEMENTATION, INCLUDING MONITORING AND REPORTING

***Are results being achieved and resources efficiently and effectively used?
What corrective action should be taken?***

The purpose of the implementation stage is to:

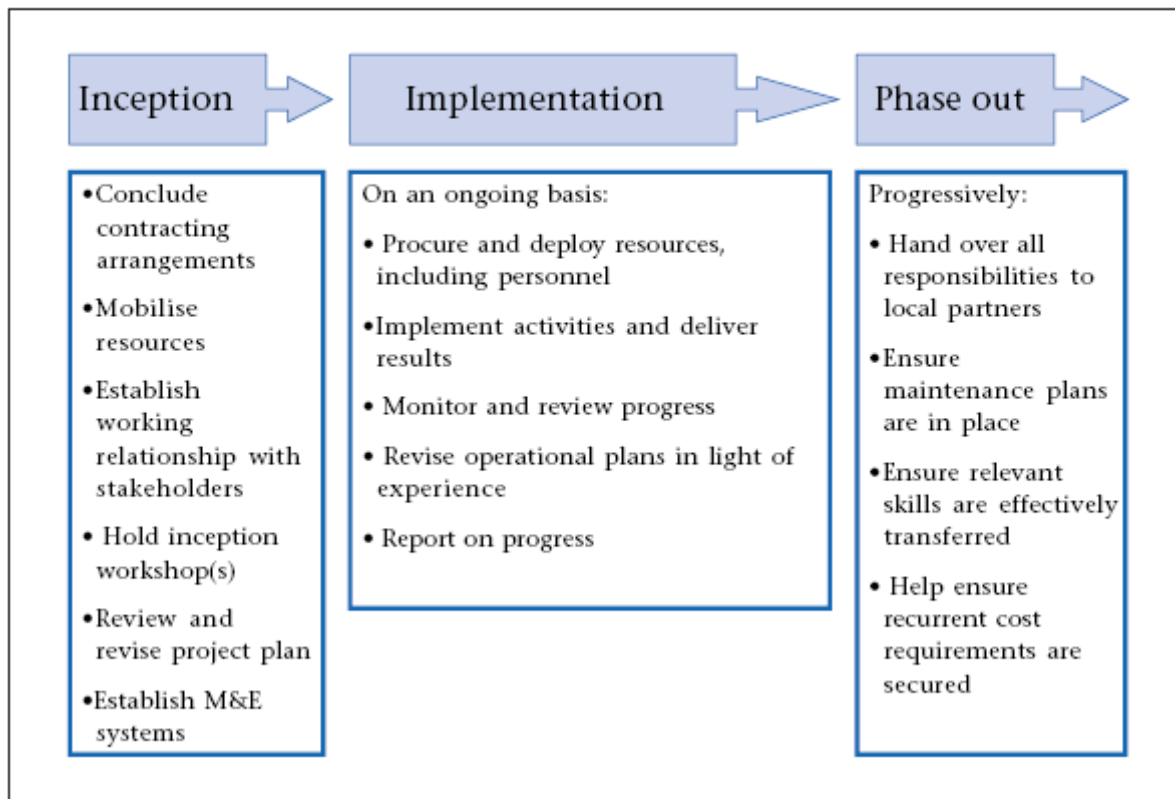
- Deliver the results, achieve the purpose(s) and contribute effectively to the overall objective of the project;
- Manage the available resources efficiently; and
- Monitor and report on progress.

The implementation stage of the project cycle is in many ways the most critical, as it is during this stage that planned benefits are delivered. All other stages in the cycle are therefore essentially supportive of this implementation stage.

Main periods of the implementation stage:

- Inception period;
- Main implementation period; and
- Phase-out period.

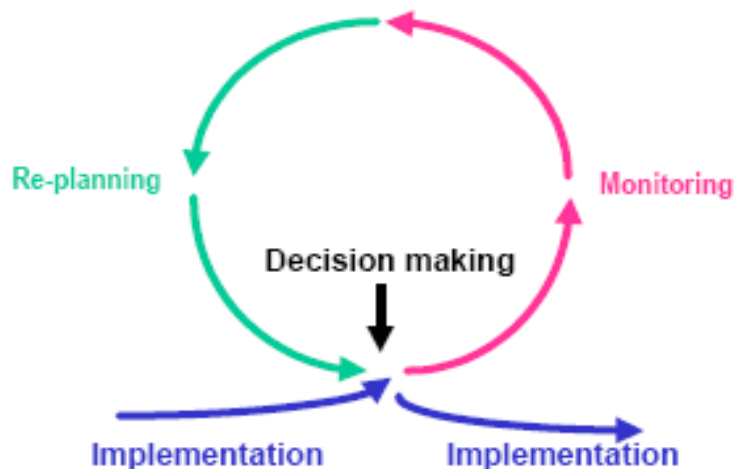
Figure 10 – Main implementation periods



During the implementation phase, there are three key task under the responsibility of the project management:

1. Monitoring and regular review
2. Planning and re-planning
3. Reporting

Implementation: A Learning Process



4. EVALUATION

Were planned benefits achieved, will they be sustainable, and what lessons have been learned?

The purpose of evaluation is to:

Make an assessment, as systematic and objective as possible, of an ongoing or completed project, programme or policy, its design, implementation and results.

The aim is to determine the *relevance and fulfillment of objectives, developmental efficiency, effectiveness, impact and sustainability*.

An evaluation should provide information that is credible and useful, enabling the incorporation of lessons learned into the decision-making process of both recipients and donors

Principles underpinning the approach to evaluation are:

- **Impartiality and independence** of the evaluation process from the programming and implementation functions;
- **Credibility** of the evaluation, through use of appropriately skilled and independent experts and the transparency of the evaluation process, including wide dissemination of results;
- **Participation of stakeholders** in the evaluation process, to ensure different perspectives and views are taken into account;
- **Usefulness** of the evaluation findings and recommendations, through timely presentation of relevant, clear and concise information to decision makers.

Evaluation Criteria Used by the European Commission

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

Outline of an Evaluation Report

I – EXECUTIVE SUMMARY	<p>It should be tightly drafted, and usable as a free-standing document. It should be short, not more than five pages. It should focus on the main analytical points, indicate the main conclusions, lessons learned and specific recommendations. Cross-references should be made to the corresponding page or paragraph numbers in the main text that follows.</p>
II – Main Text	<p>The main text should start with an introduction describing, first, the project or programme to be evaluated and, second, the evaluation objectives. The body or core of the report should follow the five evaluation criteria, describing the facts and interpreting or analysing them in accordance with the key questions pertinent to each criterion.</p>
III – Conclusions and Recommendations	<p>These should be presented as a separate final chapter. Wherever possible, for each key conclusion there should be a corresponding recommendation. The key points of the <i>conclusions</i> will vary in nature but will often cover aspects of the evaluation criteria.</p> <p>The ultimate value of an evaluation depends on the quality and credibility of the recommendations offered. <i>Recommendations</i> should therefore be as realistic, operational and pragmatic as possible.</p> <p>Recommendations should be carefully targeted to the appropriate audiences at all levels.</p>
IV – Annexes	<ul style="list-style-type: none"> • Terms of Reference of the evaluation • Names of the evaluators and their companies • Methodology applied for the study (phases, methods of data collection, sampling etc) • Logical Framework matrices (original and improved/updated) • Map of project area, if relevant • List of persons/organisations consulted • Literature and documentation consulted • Other technical annexes (e.g. statistical analyses) • 1-page DAC summary

5. AUDIT

Has there been compliance with applicable laws and rules? Are efficiency, economy and effectiveness criteria being met?

The purpose of an audit is to:

- Assess an activity/subject that is the responsibility of another party against identified suitable criteria;
- Express a conclusion (i.e. opinion) that provides the intended user with a level of assurance about the activity/subject being audited.

Audit is an external operation carried out by or on behalf of EurorpeAID or Delegation and focus on the activities of beneficiaries, contractors or intermediaries (i.e. implementing organizations).

Outline of an Audit Report

I – EXECUTIVE SUMMARY	It should be tightly drafted, and usable as a free-standing document. It should be short, not more than five pages. It should focus on the main analytical points, indicate the main conclusions, lessons learned and specific recommendations. Cross-references should be made to the corresponding page or paragraph numbers in the main text that follows.
II – Main Text	The main text should start with an introduction describing, first, the project or programme to be audited and, second, the audit objectives and scope. The body or core of the report should follow the audit criteria, describing the facts and interpreting or analysing them in accordance with the key questions pertinent to each criterion.
III – Findings, Conclusions and Recommendations	<p><i>Audit findings</i> should be presented as a separate chapter. Audit findings are pertinent statements of fact and emerge by a process of comparing ‘what should be’ with ‘what is’ (i.e. comparing facts with criteria). Main findings will vary in nature but should be addressed in the body of the report whereas underlying and more detailed findings can be addressed in the annexes.</p> <p>Wherever possible, for each key finding there should be a corresponding recommendation. The ultimate value of an audit depends on the assurance which the audit provides and the quality and credibility of the recommendations offered. <i>Recommendations</i> should therefore be as realistic, operational and pragmatic as possible. Recommendations should be carefully targeted to the appropriate audiences at all levels.</p> <p><i>Conclusions</i> (or the opinion of the auditor) are the auditors overall assessment of the effects of the findings on the subject (i.e. project activities and financial data) audited. Audit conclusions put the findings in perspective upon their overall implications.</p>
IV – Annexes	<ul style="list-style-type: none"> • Terms of Reference of the audit • Audit firm references and names of the auditors • Audit Methodology applied • List of persons/organisations consulted • Literature and documentation consulted • Other technical annexes (e.g. list with detailed findings, expenditure tables)

According to the type of audit performed, the main decision options are:

- Continue project implementation as planned, to re-orient / restructure the project, or, in the worst case, to stop the project.
- To adjust final payment claims or recover project funds that have not been used for the purpose intended or that relate to the project expenditure which was found to be not eligible.
- Modify the design of the future projects or programmes in light of lessons learned.
- To modify policies.

Audit Criteria Used by EuropeAID

Compliance	Compliance relates to conformity of project activities and finances with applicable laws and regulations ('legality') and rules ('regularity'). The relevant rules are usually to be found in standard external aid contracts for works, supplies, services and grants and related documents such as general and specific conditions and various other documents annexed to the contracts.
Efficiency & Economy	<p>The fact that the project results have been achieved at reasonable cost, i.e. how well inputs/means have been converted into Activities, in terms of quality, quantity and time, and the quality of the results achieved. The audit examines <u>how</u> the projects resources have been used.</p> <p>An important criterion is the design and functioning of the internal control framework of the entity which is responsible for the management and implementation of the project. The key components of an internal control framework are: control environment, risk management, information and communication, control activities and monitoring. Each of these components can be broken down into various standards that provide a reference framework and criteria to assess the adequacy and efficiency of an organisation's internal control framework.</p>
Effectiveness	An assessment of the contribution made by results to achievement of the Project Purpose, and how Assumptions have affected project achievements. This should include specific assessment of the benefits accruing to target groups, including gender aspects. Audits primarily examine the more tangible and short-term project results and output.

EU Project Managers: the need for facilitative leadership

A new employee observes in the correspondence room of the company an old man, sorting out letters and envelopes, stamping and making other simple activities. He asks the administrator who is the old man.

This is Joe, says the administrator. He si in the company for 35 years now and he is approaching pension.

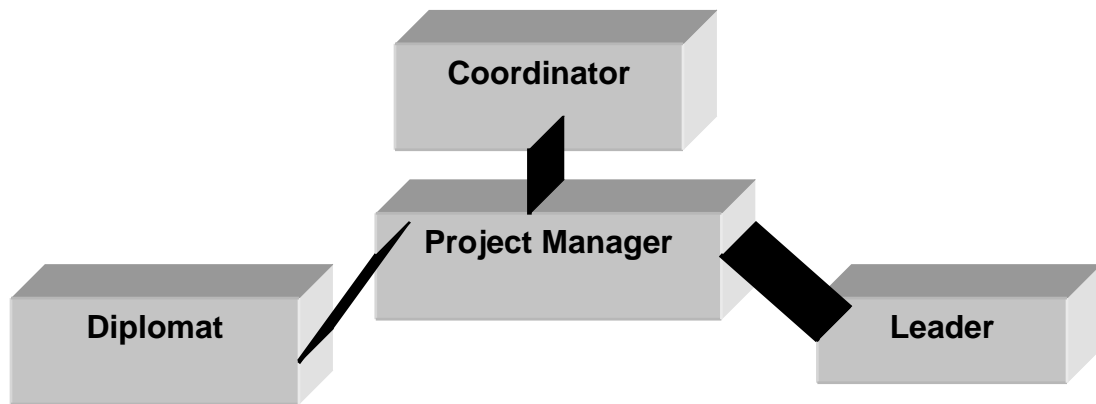
Really?, asks the new employee... And he worked in the correspondence room all this time?

No! He left it some years ago, but he asked for the transfer back - after he spent several years as project manager!



A key requirement of all the projects is to have high performance in project management activities. The notion of roles became really important suggesting that project managers can be recognized both from what they are, but also from what they do.

Mintzberg indicate a variety of project manager's work, developing the idea of multiple roles that they have to accomplish. Main categories are mentioned below:



A good project manager should:

- *Manage*: general managerial competences, capacity to produce expected results by the beneficiary.
- *Lead: leadership* means capacity to create a vision and to determine changes which bring it into reality, to motivate and inspire the team in the project, to convince people and institutions needed for the success of the project.
- *Communicate*: establishing effective communication channels and facilitate the information flow.
- *Negotiate*: capacity to set up agreements, to mediate, mainly regarding:
 - Scope of the costs and the calendar;
 - Terms and conditions of the contract;
 - Resources involved;
 - Responsibilities
- *Solve problems*: this is a combination between defining problems and decision-making.
- *Influence (the organization)*: knowing and using the organizational culture and the power relations (formal and informal).

An integrated model of the managerial competencies comprises a series of three categories of knowledge:



Technical competences: specific knowledge and skills for the regular tasks. Here we find the competences referring to financial management, planning, computer skills, project monitoring and evaluation etc. They are general in nature, and valid for project managers, regardless the type of project we take into discussion.

Interpersonal competences: how to lead the team during working activities. Project managers need capacity to meaningfully interact with a wide variety of people and positions, to be able to clearly communicate and transmit message to all level.

Self-development competences: capacity to identify own strengths and weaknesses in relation to the requested work and to take action for personal and professional development in that area. This envisage also capacity in anticipate further needs for development according to the changes in the dynamic environment of projects work.

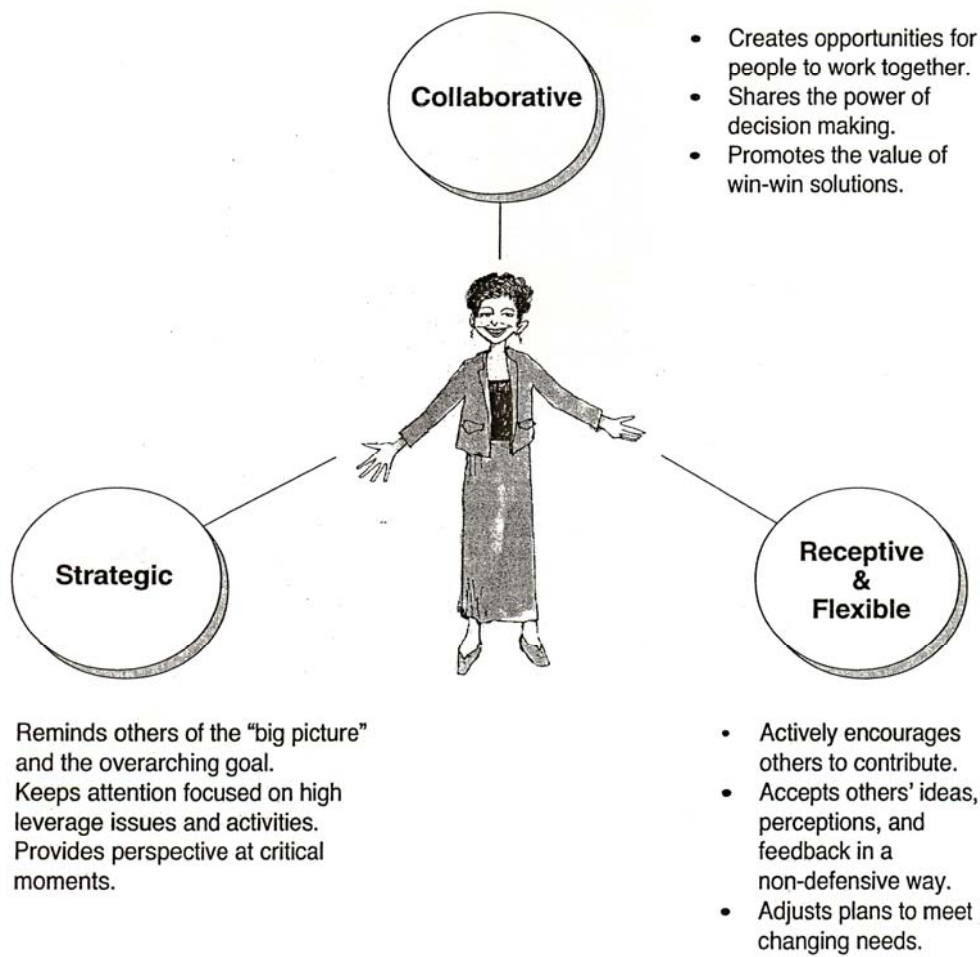
Facilitative leaders in the position of a project manager, could bring and added value by their capacity to empower people to work together towards achieving the common goal, by creating a safe environment for participation and collaboration. For doing so, they model three critical and related attributes: collaborative, strategic and receptive & flexible. (see fig. below).

Facilitative leaders help people to

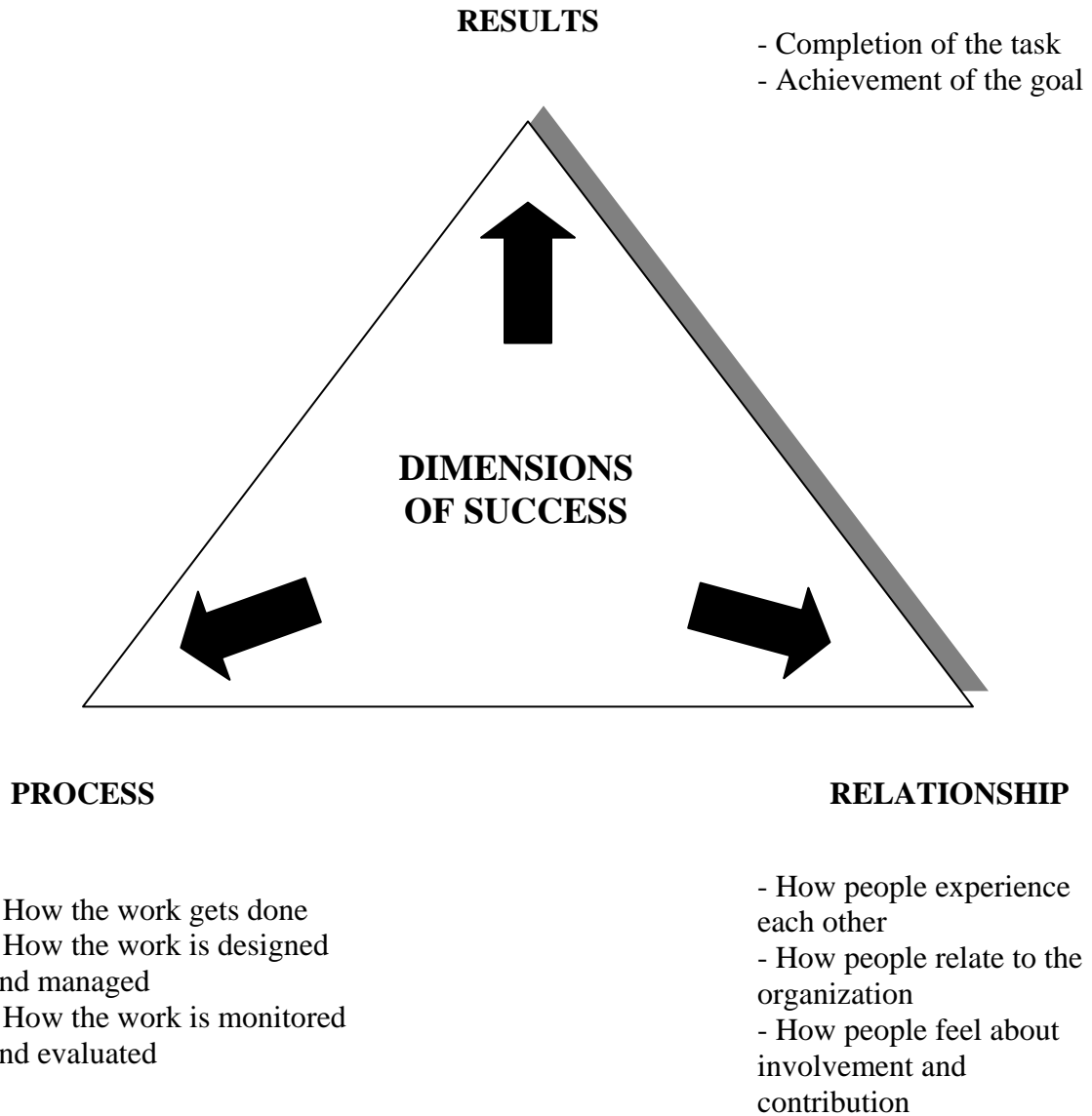
- contribute their ideas and expertise
- speak up when they have problems
- take initiative
- work with others
- make decisions
- share responsibility for success

Profile of the Facilitative Leader

*F*acilitative Leaders create a safe environment for participation and collaboration by modeling three critical and related attributes.

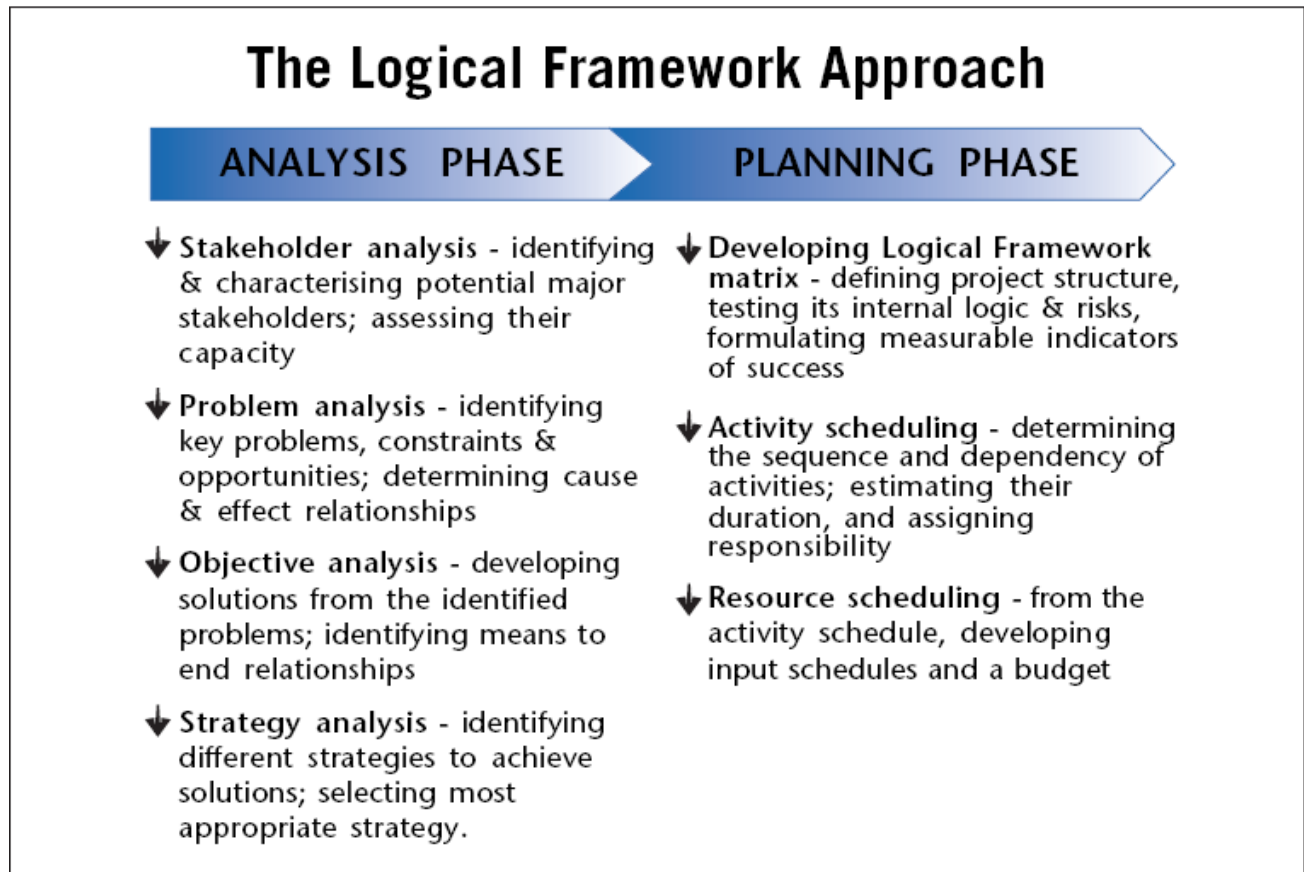


Facilitative leaders know that achieving outstanding results is only one dimension of success in a project. Success can also be measured in terms of how the work gets done (process) and the way people treat each other in the workplace (relationship).



The Logical Framework Approach (LFA) – recap of some key issues

In drafting the logframe there are two main stages to be followed, with some specific steps, as described in the figure below:



Some terminological clarifications, need for accuracy in project drafting, but also during all other phases:

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