

Chapter 5

The application of the strategic approach entails identifying problem areas and appropriate responses at every stage of the programme process.





Introduction

Overview


The strategic approach presented in Part I of the Guidelines provides a framework of policy principles and programming contexts for water-related interventions. Planners, officials, and development workers are expected to use it as a guide to decision-taking. Part II of the Guidelines is designed to enable users to put the strategic approach into effect.

The application of the strategic approach entails identifying problem areas and appropriate responses at every stage of the programme process. Thus the main content of Part II consists of **checklists** to assist users to put into practice the policy principles set out in Part I, at each of the different stages of the programme process, in each of the Focus Areas.

The user should bear in mind at all times that this is not a manual: these checklists are not meant to be exhaustive, but to act as pointers. Each situation, each problem area for any given Focus Area and any stage of the PCM, not to mention the course of any project, is subject to so many variables that to produce a definitive set of checklists would be impossible. It would, in addition, be neither efficient nor user-friendly. The whole emphasis of these Guidelines is to avoid prescription, and instead to facilitate a questioning mode of project development, in which sensitivity to changing trends, local variety of economic, social and environmental circumstance, and especially the input derived from stakeholder and user participation, can be reflected.

It is anticipated that the issues identified, and the possible responses described, will lead the user to pursue the most appropriate line of enquiry, and to perceive problems as soluble if all permutations of possible responses are systematically explored. Technical aids supplementary to the checklists which users can draw upon to assist this process are provided in Part III. In addition, initiative and imagination to put all pieces of the puzzle together, and bring the project to effective fruition, will certainly be needed.

The application of the strategic approach takes place at different stages of the programme process, which is identified here according to the Project Cycle Management (PCM) model used for EC development co-operation. (The next section contains a full description of PCM). In some parts of the PCM process, the problem issues and possible responses are similar for all Focus Areas, whereas in others they are different. For some



checklists, therefore, the material is generic and applicable for all Focus Areas, whereas for others, each Focus Area is presented separately.

Project Cycle Management (PCM)

PCM is the system for project development, funding and evaluation used by the EC for all its development co-operation. PCM incorporates two important ideas: the concept of a project proceeding through various stages from planning to evaluation, forming an identifiable cycle of development; and, secondly, the need for management of the project cycle through all its various stages. Central to PCM is the idea of managing a process, rather than contributing to a one-off event – such as a construction – with a beginning and end. This may be a characteristic of funding, but not of the larger process of development to which projects are intended to contribute.

Although the word 'Project' is part of PCM, it is worth bearing in mind that this term tends to carry restrictive connotations, and that the phrases 'programmes and projects' or 'water-related activities' have been preferred in these Guidelines. The word 'project', therefore, should be interpreted as broadly as possible. It might include the construction of a major installation or of multiple constructions such as boreholes or catchment dams; but equally it might not. Project components might be confined, for example, to research, systems assessment and institutional capacity building. In PCM, the term 'project' is primarily used for convenience and simply means the collection of related activities for which a contribution is provided to meet a specified objective.

The EC approach to PCM

The EC practice of PCM is described in the 1993 manual, ***Project Cycle Management: Integrated Approach and Logical Framework***. The project cycle has six stages: **programming, identification, formulation, financing, implementation, evaluation**. For every project, a logical framework is prepared (see figure, at the end of this section) showing the intervention logic of the project as it evolves gradually through its various stages; it is a key part of all project documents. The approach is therefore constructed around the idea of carefully planned phases leading logically from each other, each with mechanisms of assessment and verification. The adoption of PCM by the EC is designed to improve and streamline its programmes of development co-operation, and make them more effective in realising their development objectives, including that of producing lasting benefits (sustainability).

Key concepts have been identified by PCM practitioners to improve the quality of judgment and decision making at all stages of the project cycle. These key concepts are:

Relevance: Are the project proposals relevant to the problem it is designed to address and to the beneficiaries?



Feasibility: Can the project idea be realised in practice?

Sustainability: To what degree will the assets (physical structures, institutional systems) created by the project continue to produce benefits after project funding is completed?

These three criteria are important measures of the quality of the project, and should inform judgments and decisions of managers and advisors not only during the planning stage, but at points during the project cycle when amendments and course corrections are indicated.

Reconciliation of PCM with key concepts for water-related activity


Recent thinking regarding development, stemming from lessons learnt during several decades of development co-operation, has brought to the fore certain key concepts; many of these have been explored with regard to water-related development co-operation earlier in these Guidelines (see Part I, under International thinking on water: the consensus). The reconciliation of these key concepts with the PCM process will require flexibility.

These concepts, all of which are inter-related, are as follows:

● **Development as a process:** Development is a process to which programmes and projects contribute; programmes and projects alone do not themselves necessarily constitute development. A project can be immaculately executed in technical terms, but if it is out of line with social, economic or environmental realities, it may end up as a costly and irrelevant development failure. To try to ensure that programmes and projects do contribute effectively to development, a process of dialogue with stakeholders and beneficiaries is needed, not only in the planning and preparatory phase of a project, but throughout the entire project cycle. This process may throw up a need for longer time-frames, extra studies or experiments, even major project re-direction. Thus PCM should not be used as a rigid blueprint; no project cycle can be mapped out and set definitively in advance.

● **Ownership:** Evaluations show that many of the problems and failures in development programmes occur because the intended beneficiaries do not feel a sense of ownership of, or care for, the product. PCM articulates development co-operation from the funding perspective, with evaluation at the end of the cycle feeding back into programming and the identification of potential new projects for further funding. This perspective must be balanced with a user-beneficiary perspective which views the project as the creation of assets over which they hold responsibility, and which – if they exercise that responsibility – will yield sustainable benefits after funding has ceased.

● **Stakeholder involvement:** A sense of ownership cannot be created without the involvement throughout the project cycle of all actual or



potential stakeholders. These are individuals, groups or organisations who have an interest in a project (*see also Part III*). Beneficiaries and implementing organisations are the most important stakeholders, but others of significance might include religious groups, NGOs, traders, developers, the private sector, and agencies concerned with complementary or competing activities in the programme or project environment. Stakeholder interests may therefore be positive or negative towards the project. Effective PCM needs to take account of stakeholder interests at every phase of the project cycle, and make suitable adjustments.

● **Participation:** All the above concepts entail a paramount concept: the need for participation. Much water-related development activity depends heavily for its success on active and real participation by the intended beneficiaries. It is now recognised that effective participation, as opposed to an exercise in consultation or a communications campaign, can be a long process with unpredictable results. It is a vital component of the stages of identification and formulation, and should also be present to some degree in other stages of the project cycle. (*See also Part III.*)

It should be noted that **Decentralised Co-operation (DC)**, a form of development co-operation which has recently grown in popularity, and for which the EC has a special budget line (*see Part III*), underscores the importance of the concepts noted above. Within Decentralised Co-operation activities, funds are channeled directly to agents of civil society, with the partner government acting as facilitator. In DC programmes, PCM has to be applied with special flexibility and imagination; although the central idea – of planned phases – is applicable in any project.

In summary, PCM is a tool designed to make more effective and efficient the delivery of development assistance. However, the application of this tool must be sensitive and flexible so as to prevent funding imperatives and procedures from taking precedence over development imperatives. At any time during the project cycle, adaptations may be needed to take account of changed circumstances or previously unknown factors. The criteria of relevance, feasibility and sustainability should be used to inform the judgments and decisions about changes to be made.



The six phases of PCM

1 Programming: The establishment of general guidelines and principles for EC support.

Purpose

The purpose of the programming phase is to assess whether, and in what form, EC development co-operation in water-related activity should be considered and what its role is likely to be within a country's national water plan. Programming helps to: establish what other assistance is being provided, from what sources and in what Focus Areas; review existing water policy; consider water-related activity across all development sectors; and identify the key Focus Area(s) for water-related projects. The programming exercise indicates ideas for projects and programmes.

Inputs

Sectoral plans and strategy documents; base-line data and situation analysis; evaluations of past projects; demand analysis and resource assessment; economic, financial, social, institutional and environmental analysis.

Activities

Sectoral and country/regional studies; dialogue with stakeholders; programming workshops and missions. A water resources country study may be useful to assess national and/or regional constraints, opportunities and priorities as well as determining the role of the different national and international actors. A standard format for terms of reference for a country study is given in Part III, Chapter 15.

Outcomes

The development or further elaboration of a National or Regional Indicative Programme for water, consistent with development plans and with economic, social and environmental priorities; the identification of necessary supporting policy measures, and of complementary activities required in other sectors.

2 Identification: The initial formulation of project ideas.

Purpose

The purpose of the identification phase is to determine whether it is worth going ahead with a detailed study (feasibility study) to define the project more closely. The need or problem the project is intended to address, and its suitability, will be explored; alternatives considered as well as the fit with other related project plans; base-line data will be reviewed; and thought given to the social, economic and environmental issues on which further research is indicated.

Inputs

National or Regional Indicative Programme (NIP and RIP); evaluation reports and reports from other projects; terms of reference for a pre-feasibility study.

Activities

Stakeholder analysis and consultation, including among proposed beneficiary groups and their representative organisations; identification workshop; pre-feasibility study. A standard format for terms of reference for a pre-feasibility study is given in Part III, Chapter 15.

Outcomes

A pre-feasibility report defining a project concept consistent with sectoral policy; assessment of the project concept for relevance, feasibility and sustainability; if further work on the project appears justified, definition of issues for the feasibility study and drawing up terms of reference.



3 Formulation: The detailed planning and preparation of the project.

Purpose

The purpose of the project formulation stage is to define all the components of the project in sufficient detail to support an informed decision on whether to proceed further and, if the decision is in favour, to facilitate implementation. During this stage, it will be necessary to revisit the broader picture of the project context and framework to see whether any changes have occurred, and make suitable adjustments based on new information. Estimates will be needed of capital and recurrent costs, and of how these are to be met from all possible sources. The institutional and management framework will have to be identified, and the likely social and environmental impacts.

Inputs

Pre-feasibility report defining key components of the proposed project; terms of reference for feasibility study.

Activities

Stakeholder participation; formulation workshop; feasibility study; supplementary studies (environmental impact assessment, social impact assessment, gender analysis, *see Part III*). A standard format for terms of reference for a feasibility study is given in Part III, Chapter 15.

Outcomes

Feasibility report; assessment of the project plan described in the feasibility study for relevance, practicality and sustainability; end of appraisal report; project design, technical specification and tender documents; operational plan for project implementation and monitoring; definition of complementary policies or activities which are necessary to support project sustainability.

4 Financing: Securing of financial agreement for the project.

Purpose

The purpose of the financing stage in the project cycle is to reach an informed decision to implement the project and to secure funding for it through an agreement between the recipient country and the EC (perhaps in co-ordination with other donors). To achieve this, satisfactory answers will be needed to a number of questions, including its relevance, feasibility and prospects of sustainability; the accuracy of costings; and the level of commitment and sense of future ownership by the Government and stakeholders. Demonstration is needed that sufficient funding to complete the project, and maintain any installations in the future, will be available.

Inputs

Feasibility report; results from complementary studies (environmental impact assessment, social impact assessment *see Part III, Aids*).

Activities

Preparation of a Financing Proposal and supporting documentation; review and decision on the financing proposal.

Outcomes

Financing decision by appropriate EC body, followed by a Financing Agreement confirming project content and modalities; accompanying measures for project implementation and sustainability; definition of conditions for project financing; definition of monitoring indicators (*see also Part III*).



5 Implementation: Execution of the project plan.

Purpose

Creating the project assets (physical structures, institutional systems) efficiently and effectively in order to yield a sustainable flow of benefits. Before implementation of the project activities, an assessment will be needed as to whether pre-conditions for implementation have been met; whether the schedule is realistic; whether all necessary mechanisms for disbursement are in place; and whether the agents responsible for implementation are well-prepared and performing satisfactorily.

Inputs

Financing Agreement; project implementation plan; detailed designs and tender documents; monitoring systems and indicators (*see Part III*).

Activities

Dialogue with stakeholders and those administratively responsible; project start-up workshop; project execution; mid-term review, project supervision. A mid-term review can be particularly useful to help reformulate projects to take account of changes and the standard format for terms of

reference for an evaluation study, given in Part III, Chapter 15, could be modified for use for a mid-term review.

Outcomes

Project executed as far as possible according to plan; drafting of further plans to ensure that project assets can be operated successfully to maintain a sustainable flow of benefits.

Monitoring

A key activity during implementation is the monitoring of actual events. Careful monitoring of the project process will enable remedial action to be taken to address problems or revisions that may be needed. The quality of the subsequent evaluation stage will be highly dependent on effective monitoring.

To facilitate monitoring, a set of indicators are needed as a basis for measurement of progress; indicators should include process indicators, for monitoring the actual project process, and outcome indicators for measuring its achievement against planned outcomes. (*See also Part III.*)

6 Evaluation: Analysis of activities and outcomes of the project.

Purpose

The purpose of the evaluation phase is to arrive at a clear and comprehensive view of how successful the project has been in meeting the needs and objectives originally identified; and to learn lessons for future projects. The evaluation may also contribute to improving or changing water policy, or institutional and management frameworks for water resources development and management.

Inputs

Project reports; results of monitoring surveys and audits; terms of reference for an evaluation study. A standard format for terms of reference for an evaluation study is included in Part III, Chapter 15.

Activities

An evaluation study carried out by an independent team (consultants, universities or others who have had no direct involvement with the planning or implementation of the project). Evaluations can be mid-term (during the lifetime of the project) or final, sometimes called 'ex-post', at the end of the project or some years after project completion.

Outcomes

An evaluation report giving (i) a clear picture of the achievements of the project or programme and (ii) lessons learned and recommendations for improvements.



PCM and EC Funding Instruments

Projects in which the EC co-operates are subject to administrative variation according to the funding instrument under which project support is provided. EC funding instruments allow for a range of different kinds of support, including the traditional study or project approach, sector investment programmes, fiscal support measures and policy or strategy development.

In the case of most funding instruments, the legal basis for such support requires that the agreement is between the EC and the central government of the partner country. However, some budget lines have been devised to allow for funds to be remitted directly to institutions of civil society, including NGOs, and semi-formal administrative entities at local level such as Community or Village Councils. These include the budget lines for micro-projects, NGO support, and Decentralised Co-operation (to which reference has already been made); thereafter in these Guidelines these forms of funding will be referred to as extra-governmental funding.

The two Directorates-General, DGIB and DGVIII, have different roles and procedures. Similarly, each partner country will have its own mechanism for managing externally funded support programmes. Such differences must be taken into account during the programming phase. Care is needed to ensure that the support to be provided satisfies all the players before proceeding to the identification phase.

A description of EC funding support for co-operation in water resources development and management through agreements with partner country governments is provided in Part III, Chapter 14.

How to use the checklists

The following six chapters contain the core material for the application of the strategic approach in the form of checklists for each project cycle management phase.

It is important to understand the organisation of this material. For some parts of the PCM – programming, financing, implementation and evaluation (stages 1, 4, 5 and 6) – there is virtually no variation between Focus Areas. For example, in the context of financing, the issues which have to be addressed and the actions taken to arrive at a financing agreement are the same independently of the Focus Area for which a project is designed. Similarly, issues and actions for programming, implementation and evaluation are the same across Focus Areas. The checklists for these activities, therefore, are generic and applicable ‘for all Focus Areas’.

However, for the other two stages – project identification and project



formulation (stages 2 and 3) – the issues to be addressed and the corresponding actions differ from Focus Area to Focus Area. For example, the potential environmental and technical implications of the construction of a storage works for irrigation may be different from those stemming from the development of a gravity-flow safe water supply scheme to domestic standpipes. Therefore, there are separate checklists for project identification and project formulation for all Focus Areas.

Whether under a PCM stage treated generically, or under a PCM stage handled separately for a specific Focus Area, each category of guiding principles is worked through systematically. The order in which issues and responses are addressed is the same as the order of their elaboration in Part I: institutional and management principles; social principles; economic and financial principles; environmental principles; information, education and communications principles; and technological principles.

The checklists have been constructed in the following way. In the left-hand column, key issues or problem statements are identified, followed by examples of the kind of questions which the user may want to pose to the authorities, stakeholders, or to him- or herself, in order to assess whether and in what way this issue needs to be addressed. In the right-hand column, possible responses in the form of studies or other activities are suggested. The checklists for the programming and financing phases are the exception. This is because programming occurs before any projects have been identified and is therefore by its nature a different kind of exercise. Unlike the other PCM phases, programming entails a logical step-by-step sequence of actions to produce its outcome (the identification of Focus Areas in which co-operation might be proposed). Similarly, financing is a structured process to enable the EC to make a decision on a Financing Proposal.

As already stated in the Overview to Part II, the user should bear in mind that this is not a manual. The checklists are not meant to be exhaustive but to act as pointers. The emphasis of these Guidelines seeks to avoid prescription, but rather to facilitate a questioning mode of project development.



Example of a logical framework

	Intervention logic	Objectively verifiable indicators	Sources of verification	Assumptions
Overall objectives	Food situation improved	Food situation improved. After 1997, 300kg rice or 60kg manioc consumed same (indexed) price as in 1992	Survey by Ministry of Agriculture in 1998	
Project purpose	Increased rice production in hill regions	increased rice production per ha 94 95 96 97 10% 20% 30% 10% (+/- 45% output sold)	Project report 94/95/96/97	Increased agricultural output on hills, with over 50% of rice crop consumed by producers
Results	<p>1 Irrigation network functioning</p> <p>2 More regular supply of inputs</p> <p>3 Farmers using new farming skills</p>	<p>From 1995 all fields adequately irrigated</p> <p>A month before planting all peasant farmers have seedlings and 50 kg fertiliser per ha</p> <p>Farmers apply the agricultural calendar and plant at right distance from 1996 onwards</p>	<p>Survey of peasant farmer's 95/96/97</p> <p>Reports from extension services and project team</p>	<p>No sabotage of irrigation system</p> <p>Farmer associations carry out maintenance of irrigation system</p> <p>Mechanised rice production</p> <p>Rice surplus covers production costs (inputs)</p>
Activities	<p>1.1 Organise rural farmers</p> <p>1.2 Clear blocked channels</p> <p>1.3 Raise dykes</p> <p>1.4 Train farmers in management and participation</p> <p>2.1 Organise purchase of inputs</p> <p>2.2 Organise inputs distribution</p> <p>3.1 Organise extension service</p> <p>3.2 Train extension workers</p> <p>3.3 Train instructors (men & women)</p> <p>3.4 Study effects of use of inputs on environment</p>	<p>EC human resources</p> <ul style="list-style-type: none"> ● 120 m/m means invested ● 3 cars/ ● 4 motorcycles ● 3 houses/offices ● Working capital <p>Government human resources</p> <ul style="list-style-type: none"> ● 240 m/m means invested ● 4 houses ● running costs 	<p>(x 1000 ECU)</p> <p style="text-align: right;">1200</p> <p style="text-align: right;">60</p> <p style="text-align: right;">140</p> <p style="text-align: right;">500</p> <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">1900</p> <p style="text-align: right;">120</p> <p style="text-align: right;">40</p> <p style="text-align: right;">40</p> <hr style="width: 100px; margin-left: auto; margin-right: 0;"/> <p style="text-align: right;">200</p>	<p>Access roads in good condition</p> <p>Extension workers motivated by incentives</p> <p>Traders continue to supply inputs</p> <p>Extension workers able to establish dialogue with farmers</p> <p>Extension service meets changing needs of farmers</p> <p>Budget for training still available post-project</p>
				<p>Preconditions</p> <p>Disputes between hill farmers and lowland farmers are settled</p> <p>Official approval of organisational set-up</p>

Source: EC Manual on Project Cycle Management

