Use of Project Cycle Management in Project Selection Process. Evaluation of European Commission approach

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ABSTRACT

This paper aims to describe how “Project Cycle Management” (PCM) and “Logical Framework” could be used in the project selection process, critically examining European Commission approach to PCM’s “Identification” and “Formulation” phases.

EC’s customized version of PCM is analyzed, stressing the overall procedures followed to take decisions concerning projects screening.

Quality metrics defined and used in EC project selection framework are evaluated using official data retrieved from Result Oriented Monitoring Group and EC self-assessment activities.

The analysis aims to highlight the strength, weaknesses and opportunities to improve both in PCM framework and in European Commission approach in project selecting process.

The European Commission has selected “Project Cycle Management” (PCM) as its main set of project selection, design and management tools.

European Commission’s “Project Cycle Management Guidelines” (EUROPEAN COMMISSION, 2004) document describes Project Cycle Management as “a complex and creative process involving the negotiation of decisions acceptable to key stakeholder groups. Teamwork, negotiation and communication skills are thus central to effective PCM, as is an appreciation of the political context within which decisions are being made”.

PCM provides an overall analytical and decision making framework, which must nevertheless be complemented by the application of other specific ‘technical’ and ‘process’ tools (Couillard, Garon, S., & Riznic, G., 2009)

This article aims to describe how PCM and Logical Framework Approach could be used in the project selecting process, critically examining European Commission approach to two PCM’s phases, Project Identification and Formulation, in which selecting and funding decisions are made.

In major donors’ and NGOs’ perspective, project selection process is a fundamental stage such that it can affect every project’s aspects including the sustainability after completion and the effective hand-off to operational phase (OECD/DAC - Working Party on Aid Evaluation, 1999). However, this stage is too often overlooked, particularly in the process of capturing the actual needs of the beneficiaries.
One of the main reasons for the failure of projects is in fact represented by low attention given at the project identification and selection stage (OECD/DAC - Working Party on Aid Evaluation, 2001).

In many cases, in fact, donors’ objectives are not aligned with countries’ needs and project proposal are not aligned neither with donors’ nor with countries’ expectations: it is evident that this situation can bring only to project failure.

Tekalign Tsige, “Addis Ababa Water and Sewerage Authority” ’s General Manager, states that (Tsige., 2010): “Many NGOs in developing countries of Africa design their own program based on the aim or intention of the resources from donors rather than the needs of the society at large or the community in particular. […] As the recipients have enormous needs to be addressed, then it is imperative to align and match their projects towards the interest of the donors as well. In the world where we have so many poor nations that need to be helped and few nations that can help then this is some kind of competition for scanty resources, i.e. funds from donors. This, among other things, requires the strategy of keeping the balance between the donors’ intention of funding and the country’s policy or goals to meet the interest of the society.”

An effective project selection framework is, indeed, the first, and probably the most important, step to ensure Aid Effectiveness, which is universally considered a major issue, such that in 2005, over 100 donors and developing countries endorsed the “Paris Declaration on Aid Effectiveness” (Organisation for Economic and Co-operation Development (OECD), 2005) – an ambitious set of commitments designed to make aid more effective for development.

Donors, indeed, are not directly involved in implementation phase but their main role should be mainly to:

- Select projects through “ex ante” screening and fund them;
- Monitor and control projects ongoing;
- Make “ex post” projects’ results evaluations.

On other hand, Project Management for Non-Governmental Organizations (Pm4ngos), a group of international relief, development, and conservation organizations that work together to optimize international non-governmental project investments by enabling project managers to be professional practitioners, issued the “PMD Pro guide” (Project Management for Non-Governmental Organizations (Pm4ngos) Working Group, 2010) to train volunteers and professionals in international development project management methodologies.

European Commission has selected PCM to improve the quality of projects by addressing the identified weaknesses in the ‘donor controlled’ project approach.

The objective of European Commission’s framework for project selection, based on PMC, is to select and fund projects which:

- Are more clearly consistent with the policy framework;
- Integrate with and support local planning/budgeting, management, financing and monitoring systems (rather than creating parallel systems);
- Are better coordinated with other donors;
- Build local capacity and rely less on expatriate technical assistance;
- Take a longer-term (and more realistic) perspective of the process of change;
• Allow greater flexibility during implementation.

PCM enables to achieve a Results-Based Management (RBM) (CIDA Results-Based Management Division, 2000), where result is a describable or measurable change resulting from a cause-and-effect relationship.

RBM involves:

- Defining realistic expected results based on appropriate analyses;
- Clearly identifying program beneficiaries and designing programs to meet their needs;
- Monitoring progress towards results and resources consumed, with the use of appropriate indicators;
- Identifying and managing risks, while bearing in mind expected results and the necessary resources;
- Increasing knowledge by learning lessons and integrating them into decisions;
- Reporting on results achieved and the resources involved.

‘Calls for Proposals’ (CfPs) are usually used under thematic budget lines (such as for Human Rights, Gender, Environment, Food Security and Co-Financing with NGOs) to provide grant funds, particularly to non-state actors.

Under a CfP approach, the EC establishes the broad objectives it wishes to achieve, the scope of projects it is willing to fund, application and assessment procedures and a set of eligibility criteria for applicants. The responsibility for identifying, formulating and implementing projects is thus passed on to those who apply for co-funding.

In this context, Project Cycle Management represent a very useful tool because it describes the management activities and decision-making procedures used during the life-cycle of a project, including key tasks, roles and responsibilities, key documents and decision options (Gasper, 2000).

![Project Cycle Management](image)

**Figure 1: European Commission’s Project Cycle Management**

It is worth highlighting that many donors around the world use a customized version of PMC. An interesting study conducted by Paolo Landoni and Benedetta Corti (Landoni & Corti, 2011) has analyzed the PCM standards adopted by five of the main governmental international development agencies:

- The Australian Agency for International Development (AusAID);
- Canadian International Development Agency (CIDA);
- European Commission;
Londoni and Corti assert that, although many authors have stressed (e.g., Ahlemann, Teuteberg, & Vogesland, 2009; Mulder, 1997) the usefulness of a common project management standard could be significant, it could become difficult, especially in the future, for project personnel, project managers, stakeholders, and others to orient themselves with the different standards and terminologies, especially when strictly required to do so by funding agencies in multilateral projects or by different funding organizations.

As previous mentioned, this article focus specifically on Identification and Formulation phases of EC approach to PCM.

**EC approach to PCM**

After the introduction of the new project selection framework, the European Commission’s project cycle has changed from six (EUROPEAN COMMISSION JOINT RELEX SERVICE FOR THE MANAGEMENT OF COMMUNITY AID TO NON-MEMBER COUNTRIES (SCR), 1999) to five main phases (EUROPEAN COMMISSION, 2004), as shown in the “Figure 1”.

In particular ‘Financing’ has been removed as a single stage in the cycle, given that the financing decision is taken at different times.

The phases of the revisited project cycle can be described as depicted in the following table:

<table>
<thead>
<tr>
<th>PHASE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming phase</td>
<td>The situation at national and sectoral level is analysed to identify problems, constraints and opportunities which development cooperation could address. This involves a review of socio-economic indicators, and of national and donor priorities. The purpose is to identify and agree the main objectives and sectoral priorities for development cooperation, and thus to provide a relevant and feasible programming framework within which projects can be identified and prepared. For each of these priorities strategies will be formulated that take account of the lessons of past experience.</td>
</tr>
<tr>
<td>Identification phase</td>
<td>Ideas for projects and other development actions are identified and screened for further study. This involves consultation with the intended beneficiaries of each action, an analysis of the problems they face, and the identification of options to address these problems. This phase aims to identify project ideas that are consistent with partner and EC development priorities, to assess their relevance and feasibility, and to prepare a financing proposal for each.</td>
</tr>
<tr>
<td>Formulation phase,</td>
<td>Relevant project ideas are developed into operational project plans. Beneficiaries and other stakeholders participate in the detailed specification of the project idea that is then assessed for its feasibility (whether it is likely to succeed and sustainability (whether it is likely to generate long-term benefits for the beneficiaries). This assessment confirms the relevance and feasibility of the project idea (including the management and coordination arrangements, financing plan, cost-benefit</td>
</tr>
</tbody>
</table>
Implementation phase

The project is mobilised and executed. This may require the tendering and award of contracts for technical assistance or works and supplies. During implementation, and in consultation with beneficiaries and stakeholders, project management assesses actual progress against planned progress to determine whether the project is on track towards achieving its objectives. If necessary the project is re-oriented to bring it back on track, or to modify some of its objectives in the light of any significant changes that may have occurred since its formulation.

Evaluation phase

The funding agency and partner country assess the project to identify what has been achieved, and to identify lessons that have been learned. Evaluation findings are used to improve the design of future projects or programmes. Although in the generic cycle the evaluation phase comes after implementation, it is common practice also to conduct a mid-term evaluation during implementation, to identify lessons that can be applied during the remaining life of the project.

Table 1: EC Project Cycle Management

As depicted in “Figure 1” and above mentioned, the EC currently uses two main approaches to committing finance under its ‘direct arrangements’ with partner governments, depending on the Financial Regulation:

- One involves a decision to finance individual projects after they have passed through the Formulation phase.
- The other involves a decision to finance a ‘programme/package’ of projects at the end of the Identification phase.

The key tasks associated with financing decisions are primarily the responsibility of the EC’s Headquarter staff.

The European Commission “Project Cycle Management Guidelines” document, emphasizes the beneficiary needs (Eggers, 1994) and highlights “the importance of conducting an appropriate level of institutional and organisational capacity assessment during project identification and formulation” in order to arrive to a correct financial decision.

Quality Support Group

A focal point in European Commission project selection framework is represented by the Quality Support Group (QSG) that oversee the ongoing development and management of the quality support and assessment process. (Communication from the Commission to the Council and the European Parliament - [COM(2006) 85 final - , 2006]

QSG’s main objectives are to:

- Support improvements in the quality of programme/project ideas and documentation;
- Ensure screening is carried out in a harmonised way using a set of consistent quality
criteria and standards;
  • Ensure appropriate reporting and follow-up;
  • Identify and exchange best practices and innovative approaches.

The QSG undertakes screening of proposals and provides advice to line-managers at two key points in the project cycle:

(i) At the end of the **Identification** stage;
(ii) At the end of the **Formulation** stage;

At each main decision point within the project management cycle, a set of quality assessment criteria are provided to support structured and consistent analysis and decision making (RPRLGSP, May 2009) (EUROPEAN COMMISSION, Joint Relex Service for the Management of Community and to Non-member Countries., 1998).

European Commission has selected three quality attributes (EUROPEAN COMMISSION EuropeAid Co-operation Office General Affairs Evaluation., 2011):

  • **Relevant** – the project meets demonstrated and high priority needs;
  • **Feasible** – the project is well designed and will provide sustainable benefits to target groups;
  • **Effective and well managed** – the project is delivering the anticipated benefits and is being well managed.

Under each of these 3 main quality attributes there are 16 key **criteria**, which indicate the key issues that need to be assessed in order to make a judgment about quality. Each of the key criteria is then supported by a set of key quality **standards**, which aim to provide further guidance with respect to promoting quality.

These criteria represent a baseline against which is possible to evaluate and select projects in the **Identification** and **Formulation** PCM’s Steps, whose details are now described.

**European Commission’s customized PCM Identification Stage**

Identification stage aims to identify and select project ideas that are **consistent** with partner and EC development priorities, assess their **relevance** and likely **feasibility** 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 ( EUROPEAN COMMISSION EuropeAid Co-operation Office General Affairs Evaluation , 2002), (EUROPEAN COMMISSION, 2004).

Project ideas may come from a variety of sources, most importantly from prospective implementing partners (either partner governments, non-state actors or multi-lateral or regional development agencies).

In line with the Quality Frame in this stage the evaluations shown in “Table 2: Identification Stage’s quality criteria” are made.
ATTRIBUTE | MAIN CRITERIA | SUB-CRITERIA
--- | --- | ---
Relevance | The project meets demonstrated and high priority needs | • The proposal comply with, and is supportive of, EC development and cooperation policies and Partner Government policies and relevant sector programmes; • Key stakeholder and target groups are clearly identified, equity and institutional capacity issues analysed, and local ownership demonstrated; • Problems have been appropriately analysed; • Lessons learned from experience and linkages with other ongoing/planned projects or programmes have been assessed and incorporated into strategy selection.

Feasibility | The project is well designed and is likely to deliver tangible and sustainable benefits to target groups | • The preliminary objectives are clear and logical, and address clearly identified needs; • The preliminary resource and cost implications are clear, and a preliminary economic and financial analysis has been carried out; • Preliminary coordination/management and financing arrangements are clear and support institutional strengthening and local ownership; • Assumptions/Risks are identified and assessed, and appear acceptable; • The project is (likely to be) environmentally, technically and socially acceptable and sustainable.

Management | The project is well managed and Good practice principles of project cycle management are applied | "Table 3: Core PCM tools and techniques in Identification Stage” depicts the core PCM tools and techniques that can be used in this stage.

Table 2: Identification Stage’s quality criteria

<table>
<thead>
<tr>
<th>TOOL/TECHNIQUE</th>
<th>PURPOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality assessment criteria</td>
<td>To provide a checklist of key issues which should be assessed at this stage of the cycle, focusing on the relevance and likely feasibility of the proposed project idea.</td>
</tr>
<tr>
<td>The Logical Framework Approach (stakeholder analysis, problem analysis, preliminary objective setting and strategy analysis).</td>
<td>To deconstruct and reconstruct the project’s design in order to identify information gaps concerning quality criteria (EUROPEAN COMMISSION, 1999)</td>
</tr>
<tr>
<td>Institutional capacity assessment</td>
<td>To highlight the key questions that need to be asked and answered in undertaking an institutional capacity assessment</td>
</tr>
<tr>
<td>Promoting participatory approaches and using facilitation skills.</td>
<td>To provides ideas and guidance on promoting participation (and thus ownership) and on using facilitation skills during the project management cycle.</td>
</tr>
<tr>
<td>Preparation of Terms of Reference (TOR).</td>
<td>Guidance is provided as to the structure and content of TOR at each main stage of the project cycle.</td>
</tr>
</tbody>
</table>

Table 3: Core PCM tools and techniques in Identification Stage
A pending problem in this phase is represented by “needs balancing”: project identification should be both “demand” and “supply” driven. It should not only be focused on the needs of the local entities but should also look at the overall strategy of the government in particular and donor agencies in general. (Tsige., 2010).

To determine ‘demand’ projects from communities or stakeholders, 2 key elements should be involved:

- **Needs Analysis**: this technique gives ‘problem based’ or ‘opportunity based’ representation of actual situation. It concerns identifying the priority problems/ opportunities and their main causes, and identifying the causes that can be addressed by the project intervention. It is important therefore that all many citizens and stakeholder groups get the chance to express the problems they experience and recommend solutions. This ensures that ‘ownership’ which is part of the project pre-feasibility is established from people’s needs and requirements.

- **Situation Analysis**: it concerns identifying the priority problems/ opportunities and their main causes. This is an important factor because people’s desires and assessment of their needs, may be based on ‘symptoms’ of an underlying or situational factor; addressing the symptoms will not solve the problems because the cause and effect have not been properly analysed.

A properly planned intervention should therefore combine both needs analysis and situational analysis, based upon a correct and complete analysis of the existing situation.

**European Commission’s customized PCM Formulation Stage**

The purpose of the Formulation stage is to confirm the relevance and feasibility of the project idea as proposed in the Identification Stage.

This stage require also the development of a detailed project design, including the management and coordination arrangements, financing plan, cost-benefit analysis, risk management, monitoring, evaluation and audit arrangements;

Finally EC Head Quarter and staff are required to prepare a Financing Proposal (for individual projects) and a financing decision. (EUROPEAN COMMISSION EuropeAid Co-operation Office General Affairs Evaluation, 2002), (EUROPEAN COMMISSION, 2004)

During the Formulation stage the key assessments required are (building on the assessments undertaken during Identification):

(i) Confirm consistency with the policy and programming framework;
(ii) Stakeholder analysis, including institutional capacity assessment;
(iii) Problem analysis, including cross-cutting issues (e.g. gender, governance, environment);
(iv) Complementarity with other ongoing and planned initiatives, incorporating lessons learned;
(v) Strategy assessment;
(vi) Objective hierarchy assessment (Objective, purpose, results and indicative activities);
(vii) Assessment of resource and cost requirements;
(viii) Assessment of management, coordination and financing arrangements (including financial management and internal control/reporting);
(ix) Assessment of monitoring, evaluation and audit arrangements;
(x) Sustainability and risk assessment, including economic/financial, environmental, technical and social.

In line with the Quality Frame in this stage the evaluations shown in “Table 4: Formulation Stage’s quality criteria” are made.

<table>
<thead>
<tr>
<th>ATTRIBUTE</th>
<th>MAIN CRITERIA</th>
<th>SUB-CRITERIA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relevance</strong></td>
<td>Review and re-confirm the assessment made in the previous stage.</td>
<td>The objectives (Overall objective, purpose and results/outputs) and the work programme (activities) are clear and logical, and address clearly identified needs</td>
</tr>
<tr>
<td><strong>Feasibility</strong></td>
<td>The project is well designed and will deliver tangible and sustainable benefits to target groups</td>
<td>The resource and cost implications are clear, the project is financially viable and has a positive economic return</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coordination/management and financing arrangements are clear and support institutional strengthening and local ownership</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The monitoring/evaluation and accountability system is clear and practical</td>
</tr>
<tr>
<td><strong>Management</strong></td>
<td>The preparation of the project is being well managed and Good practice principles of project cycle management are applied.</td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Formulation Stage’s quality criteria

“Table 5: Core PCM tools and techniques in Identification Stage” depicts PCM tools that can be applied to support the formulation of good quality projects include:

<table>
<thead>
<tr>
<th>Quality assessment criteria</th>
<th>To provide a checklist of key issues which should be assessed at this stage of the cycle, focusing on the relevance and likely feasibility of the proposed project idea.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Logical Framework Approach,</td>
<td>To understand the project description, key assumptions/risks, indicators and sources of verification, supporting activity, resource and cost schedules;</td>
</tr>
<tr>
<td>Institutional capacity assessment</td>
<td>To assess if projects are tailored to existing capacity to ensure effectiveness and to avoid unintended distortions (EUROPEAN COMMISSION, 2005)</td>
</tr>
<tr>
<td>Risk management matrix</td>
<td>To ensure projet has identified, prioritizes, and can manage key risks</td>
</tr>
</tbody>
</table>
Guidance on promoting participation and the use of facilitation skills

To provide ideas and guidance on promoting participation (and thus ownership) and on using facilitation skills during the project management cycle.

Guidance on preparation of Term of References (TORs);

Guidance is provided as to the structure and content of TOR at each main stage of the project cycle.

| Table 5: Core PCM tools and techniques in Identification Stage |

At the end of both Identification and Formulation stages the main decision options can be:

- **Accept** the Financing Proposal for the Programme and make a Financing Decision;
- **Require modification** of the Financing Proposal (including individual project fiches) prior to making a Financing Decision; or
- **Reject** the Financing Proposal.

**EVALUATION OF PROJECT SELECTION FRAMEWORK THROUGH MONITORING AND EC SELF ASSESSMENTS RESULTS**

**Result Oriented Monitoring**

Once the projects have been selected following the previous described steps, it is fundamental to monitor and assess ongoing performances and evaluate ex-post results, also in order to assess project selection framework effectiveness.

European Commission has developed a monitoring framework, named **ROM (Result Oriented Monitoring)** (EUROPEAN COMMISSION EuropeAid Co-operation Office General Affairs Evaluation, 2012), working on the latter phases of PCM, which is a focused on-site assessments by independent experts of projects and programmes which are appraised – using a highly structured and consistent methodology – against the following criteria:

- Relevance;
- Efficiency;
- Effectiveness;
- Potential impact;
- Likely sustainability.

The ROM system provides the European Union with a wide range of quantitative and qualitative data on the performance of the development projects and programmes which receive EC financial support.

ROM serves not only as a support tool for project management by informing stakeholders about the performance of a specific project, but it also contributes to improve project selection framework and general European programming, design, implementation and review.

With the ROM data collected, ROM provides an overview of the performance of the EU development aid portfolio and, indirectly, of effectiveness of EC project selection process.
Quantitative and qualitative studies based on the ROM database contribute lessons learned which feed into the entire project cycle, enabling better decisions at every level.

Monitoring gives, in fact, a regular “snapshot” review of a project’s or programme’s performance and it can on the one hand trigger immediate changes in the implementation by providing feedback to managers and implementers, and on the other hand provide helpful data and lessons learned feeding into the selection phases of the project cycle.

In this paper, resulting will be evaluated in order to understand the maturity level of EU project selection framework.

Data shown in following figures are retrieved from annual ROM reports.

<table>
<thead>
<tr>
<th>Performance category of ongoing (national) projects by sector</th>
<th>Very good performance</th>
<th>Good performance</th>
<th>Performing with Problems</th>
<th>Not performing or major difficulties</th>
<th>N° reports produced</th>
<th>Million € covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>4.8%</td>
<td>74.2%</td>
<td>17.7%</td>
<td>3.2%</td>
<td>62</td>
<td>362.49</td>
</tr>
<tr>
<td>Health and Reproductive Health</td>
<td>4.4%</td>
<td>67.6%</td>
<td>22.1%</td>
<td>5.9%</td>
<td>68</td>
<td>286.03</td>
</tr>
<tr>
<td>Water and Sanitation</td>
<td>1.3%</td>
<td>63.8%</td>
<td>22.5%</td>
<td>12.5%</td>
<td>80</td>
<td>507.96</td>
</tr>
<tr>
<td>Government and Civil Society</td>
<td>2.7%</td>
<td>75.4%</td>
<td>16.5%</td>
<td>5.4%</td>
<td>333</td>
<td>952.75</td>
</tr>
<tr>
<td>Other Social Infrastructure and Services</td>
<td>3.5%</td>
<td>78.2%</td>
<td>12.7%</td>
<td>5.5%</td>
<td>55</td>
<td>212.60</td>
</tr>
<tr>
<td>Economic Infrastructure and Services</td>
<td>3.5%</td>
<td>74.5%</td>
<td>17.0%</td>
<td>5.0%</td>
<td>141</td>
<td>1,008.03</td>
</tr>
<tr>
<td>Production sectors</td>
<td>4.7%</td>
<td>64.4%</td>
<td>21.5%</td>
<td>9.4%</td>
<td>191</td>
<td>697.64</td>
</tr>
<tr>
<td>Multisector - Crosscutting</td>
<td>1.8%</td>
<td>78.2%</td>
<td>13.6%</td>
<td>6.4%</td>
<td>110</td>
<td>493.12</td>
</tr>
<tr>
<td>Commodity Aid + General Programme Assistance</td>
<td>3.3%</td>
<td>59.3%</td>
<td>26.9%</td>
<td>10.4%</td>
<td>182</td>
<td>592.63</td>
</tr>
</tbody>
</table>

Figure 1: Project performance by Official Development Assistance (ODA) sector

Figure 2: Overall performance of ongoing national projects by category
Of the projects subject to an assessment by ROM, a large majority was considered very good or good. (EUROPEAN COMMISSION EuropeAid Co-operation Office General Affairs Evaluation., 2011). Over the last 3 years the percentage of projects rated as excellent or very good remains constant (between 73% and 76%) while the project facing major difficulties counts only for 6 to 8%.

For analytical purposes, it is useful to zoom in on the performance category II ("good performance") which contains the large majority of projects/programmes.
Among the projects rated "good performance" close to a half have not received any grade highlighting problems. Even though room for improvement might exist for these interventions, they appear fully on track in all respects. Less than a quarter of the good projects show problems in two areas of assessment, which should be addressed to fully ensure the project’s success.

The performance of last projects assessed by ROM is strong especially in terms of potential impact and Relevance. However a special attention should be stress on the fact that the relevance criteria take into consideration two specific issues (relevance and the design). If the relevance scores very high (96% of good and very good) the design score lower 67% of good and very good.

This underlines the importance of the ex ante quality assessment put in place through the oQSG and of project selection framework based on PCM which should in the coming years improved that score.

ROM’s results show, therefore, that there is certainly scope to continue to improve project selection framework in order to increase the quality of new (and ongoing) projects by addressing the identified weaknesses in the ‘donor controlled’ project approach.

EUROPEAN COMMISSION’S QUALITATIVE SELF-ASSESSMENT

European Commission submits annually questionnaires to EU Delegations in developing countries and invited them to provide a joint reply to be elaborated with the Member States present in the country and active in sectors covered by Aids. (EUROPEAN COMMISSION, 2012)

In addition to collecting important feedback from the field on how the Aids agenda is progressing at country and regional level, this exercise also helped catalyse and facilitate a discussion on Aid matters in the partner country in question.

In particular, results highlighted in this section are based on data retrieved from:

(i) EU annual questionnaire on Financing for Development, which covers key EU commitments related to the international financing for development agenda; (Eu Member States, 2012)
(ii) The bi-annual 2011 trade and development WTO/OECD survey; (The Organisation for Economic Co-operation and Development (OECD), 2013)
(iii) Public sources and OECD online databases on development cooperation (IDS Online), (The Organisation for Economic Co-operation and Development (OECD), 2013)

Mentioned self-assessment exercises demonstrates that EU and Member States continue to advance in the implementation of EU Aid Strategy particularly, through a continued effort to increase the impact of Aid delivery, but at the same time confirm there is room (and need) for further improvements, mainly to reach 2015 targets.
In particular, the following sections will evaluate analysis’s finding in the area of the project selection.

Assessments’ result highlights need for changes in the way that staff within the EC do business, including changes in Attitudes and values, roles and responsibilities, skills, an internal procedures. (EUROPEAN COMMISSION EuropeAid Co-operation Office General Affairs Evaluation, 2012)

Change in Attitudes

EC project selection framework should focus more on “accountability”.

There is need to place greater emphasis on accountability for results (not only expenditure targets or activities undertaken) and involve local partners, including targeted beneficiaries, rather than only comply with donor ‘audit’ requirements.

Attitudes about ‘who is in control’ need to give greater appreciation to the importance of local ownership, and the practical ways in which this can be supported.

There is also a need for a more inclusive approach, taking into account all the differences in society, including such issues as disability, age and gender.

Change in Roles and responsibilities

More management and decision making responsibility needs to be effectively given to the EC’s implementing partners.
The EC is, in most cases, responsible for selecting and evaluating projects and not for implementing them.

It is responsible, in particular, for assessing the quality of proposals, facilitating their formulation, providing finance, monitoring progress (ideally through locally based monitoring systems), and evaluating results in order to support institutional learning and improve future programming decisions.

The EC’s primary role should be to support institutions/agencies in partner countries to carry out their programmes and projects.

**Skills**

To achieve previous objectives, there is a need to expand the skill sets among EC staff, both at HQ and Delegations.

Better understanding of some key analytical tools is very useful, including standard project selection methods such as:

- Benefit Measurement Methods (or Comparative approach);
- Constrained optimization Methods (or Mathematical approach).

Effective use of the Logical Framework Approach also needs to be further strengthened, while teamwork and cross-cultural communication skills are also a high priority in the context of establishing effective working relationships between EC staff, implementing partners and other stakeholders.

**Procedures**

There is also a need for ongoing changes to promote streamlining and harmonisation of financial management and contracting procedures and regulations within the Commission.

**CONCLUSIONS**

The EU and its Member States are making substantial efforts to achieve international targets on the quantity and quality of Official Development Assistance (ODA), as enshrined in the Millennium and Paris Declarations (Organisation for Economic and Co-operation Development (OECD), 2005).

Collectively the EU is not only the world’s largest provider of ODA in value, but its ODA/GNI ratio is more than double those of Japan and the USA.

The EU has also made a greater contribution to the achievement of the aid effectiveness agenda than any other bilateral donor.

Use of Project Cycle Management enable it to ensure that it funds projects that are consistent with its objectives, and are likely to achieve the desired impact.

An important piece in EC strategy to improve aids effectiveness is represented by project selection framework, based on Project Cycle Management.
In particular PCM helps European Commission to ensure that:

- 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;
- Projects are relevant to an agreed strategy and to the real problems of target groups and beneficiaries;
- Projects are feasible, meaning that objectives can be realistically achieved within the constraints of the operating environment and the capabilities of the implementing agencies;
- Benefits generated by projects are sustainable.

To support the achievement of these aims, PCM:

- Requires the active participation of key stakeholders and aims to promote local ownership;
- Uses the Logical Framework Approach (as well as other tools) to support a number of key assessments/analyses (including stakeholders, problems, objectives and strategies);
- Incorporates key quality assessment criteria into each stage of the project cycle;
- Requires the production of good-quality key document(s) in each phase (with commonly understood concepts and definitions), to support well-informed decision-making.

Experience has shown that PCM obliges practitioners in project design to focus on the real needs of the beneficiaries by requiring a detailed assessment of the existing situation and by applying the logical framework method assuring sustainability are incorporated in the project design (Stone, 2009).

The strength of PCM is that makes easier project selection because it requires project documents are structured according to a standardised format dealing with all relevant issues, including the assumptions on which the project is based. At each stage in the project cycle, these issues are examined and revised where necessary and carried forward to the next stage. This system makes the project concept and context in which it operates clear and visible, and enables therefore better ex-ante selection, ongoing monitoring and ex-post evaluation.

EC is on good way to obtain its objectives but, analyzing ROM results and self-assessment works, it is evident there is scope to improvements.

In particular, EC staff has to understand in depth its role in project life cycle, focusing mainly on quality assessment and result monitoring, and to grow its skills in project management activities.

Finally, in order to promoting harmonisations of policies and practices and to promoting local ownership and to reducing any unnecessary duplication of administrative and reporting procedures, some changes will need in the way EC staff work and communicate with third country partners and other donors, in the type of information required to support effective decision making, in documentation and reporting requirements and in financing modalities and conditions.
In conclusion, use of PCM and Logical Framework has demonstrated to be a smart and effective approach for project selection process and easily replicable, with some corrections and appropriate customizations, in many contexts and environments.

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