

CHAPTER 2

THE PROJECT CYCLE

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Chapter Introduction

Projects are not implemented through one single activity. They pass through a connected sequence of:

- Strategic decisions
- Analytical activities
- Planning processes
- Financing decisions
- Implementation actions
- Monitoring activities
- Evaluation and learning

This sequence is known as the project cycle.

Learning Objectives

By the end of this chapter, students will be able to:

- Define the project cycle
- Explain Project Cycle Management
- Identify the major phases of a project cycle
- Explain why project-cycle phases are progressive
- Distinguish programming, identification, appraisal and financing
- Explain implementation planning
- Describe monitoring, reporting and control
- Explain evaluation and organizational learning
- Identify major documents and decisions in each phase
- Explain the relationship between PCM and the Logical Framework Approach
- Identify stakeholder responsibilities throughout the project cycle
- Apply project-cycle concepts to real projects

Chapter Roadmap

This chapter covers:

1. Meaning of the project cycle
2. Meaning of Project Cycle Management
3. Principles of PCM
4. Project-cycle models
5. Programming
6. Project identification
7. Preliminary analysis
8. Formulation and appraisal
9. Financing
10. Planning for implementation
11. Implementation
12. Monitoring and reporting
13. Evaluation
14. Closure and transition
15. Learning and feedback
16. PCM and the Logical Framework Approach

Opening Reflection — Discussion Question

Think of a project that failed or experienced serious difficulty. At which stage did the main problem begin?

- Strategy and programming?
- Project identification?
- Feasibility analysis?
- Planning?
- Financing?
- Implementation?
- Monitoring?
- Evaluation?

01

SECTION 01

Understanding the Project Cycle

What the cycle is, why it repeats, and how it works as a process of decisions, information and management.

What Is the Project Cycle?

The project cycle is the sequence of phases through which a project passes, from:

- Initial strategy
- Project idea
- Analysis and design
- Approval and financing
- Implementation
- Evaluation
- Completion and learning

Projects begin with an agreed strategy, proceed to a specific action, and are then formulated, implemented and evaluated to improve future strategy and action.

Why Is It Called a Cycle?

It is called a cycle because evaluation and experience from completed projects influence:

- Future strategies
- New programmes
- New project ideas
- Improved project design
- Better implementation practices

The end of one project may therefore become the beginning of another planning cycle.

The Project Cycle as a Decision Process

The project cycle is not only a sequence of activities — it is also a sequence of decisions concerning:

- Whether to investigate a project idea
- Whether to prepare a full proposal
- Whether to approve financing
- Whether implementation should continue
- Whether changes are necessary
- Whether the project achieved its objectives

The Project Cycle as an Information Process

Each phase requires appropriate information. Examples include:

- Policy and strategic information
- Stakeholder needs
- Technical studies
- Cost estimates
- Risk assessments
- Monitoring information
- Evaluation evidence

Better information supports better decisions.

The Project Cycle as a Management Process

Throughout the cycle, management must:

- Plan
- Organize
- Coordinate
- Allocate resources
- Communicate
- Monitor
- Control
- Evaluate
- Learn

02

SECTION 02

Project Cycle Management

A process-oriented system for managing a project from conception to completion.

What Is Project Cycle Management?

PCM is a process-oriented approach for managing a project from its initial conception to completion. It combines:

- Project-cycle phases
- Management tasks
- Information requirements
- Decision points
- Stakeholder participation

PCM is defined as a process-oriented management system covering the whole project cycle from conception to completion.

Purpose of PCM

PCM seeks to ensure that:

- Correct actions occur at the correct time
- Decisions are based on adequate information
- Stakeholders are consulted
- Project design is realistic
- Implementation is properly managed
- Evaluation contributes to future learning

Key Questions Addressed by PCM

PCM helps answer:

- What should be done?
- Why should it be done?
- Who should be involved?
- When should it be done?
- What information is required?
- Who makes the decision?
- What document must be produced?
- What conditions must be satisfied before proceeding?

PCM and Informed Decision-Making

PCM provides a structure through which:

- Information is collected
- Stakeholders are consulted
- Alternatives are examined
- Risks are identified
- Decisions are documented
- Accountability is assigned

Relevant information should be available so informed decisions can be made at key stages.

PCM and Stakeholder Participation

Project decisions often affect many parties. PCM promotes participation by:

- Involving beneficiaries
- Consulting implementing institutions
- Engaging financing agencies
- Clarifying stakeholder interests
- Building ownership
- Reducing resistance
- Improving sustainability

PCM and Accountability

PCM improves accountability by defining:

- Responsibilities at every phase
- Required documents
- Approval authority
- Decision criteria
- Reporting requirements
- Monitoring responsibilities

03

SECTION 03

Principles of Project Cycle Management

The values that make the cycle disciplined: strategy, results, participation, feasibility, sustainability and learning.

Major PCM Principles

Effective Project Cycle Management is based on:

- Strategic alignment
- Results orientation
- Stakeholder participation
- Evidence-based decision-making
- Progressive analysis
- Feasibility
- Sustainability
- Quality
- Accountability
- Continuous learning

Strategic Alignment

Every project should support:

- Organizational strategy
- National policy
- Sector priorities
- Programme objectives
- Community needs
- Sustainable development priorities

A project that is not strategically aligned should not proceed merely because funding is available.

Results Orientation

PCM focuses on achieving:

- Outputs
- Outcomes
- Benefits
- Impact

It does not focus only on completing activities or spending the budget.

Progressive Decision-Making

Project-cycle phases are progressive.

- Each phase should provide adequate information before the project moves to the next stage
- Analysis deepens as the project advances
- Commitments grow only as uncertainty is reduced

Source note — This progression is identified as a central PCM principle.

Participation

Participation means involving stakeholders in:

- Problem identification
- Project design
- Decision-making
- Implementation
- Monitoring
- Evaluation
- Learning

Participation strengthens relevance and ownership.

Feasibility

A project must be capable of being implemented successfully. Feasibility may include:

- Technical feasibility
- Financial feasibility
- Economic feasibility
- Institutional feasibility
- Environmental feasibility
- Social feasibility
- Legal feasibility

Sustainability

Sustainability asks whether project benefits can continue after direct project support ends. It may depend on:

- Financial resources
- Institutional ownership
- Technical capacity
- Environmental conditions
- Community acceptance
- Government policy
- Maintenance arrangements

Quality from the Beginning

Quality issues should be incorporated during project design rather than addressed only after implementation begins.

- Build quality into objectives, scope and standards
- Define quality criteria before implementation
- Prevent defects rather than correcting them later

Key quality considerations should be incorporated from the beginning of the project cycle.

Continuous Learning

PCM treats evaluation findings and implementation experience as inputs into future:

- Programming
- Project identification
- Planning
- Management
- Policy decisions

04

SECTION 04

Generic Project-Cycle Models

Six-phase and five-phase models, phase-gates and the discipline of decision points.

The Six-Phase Project Cycle

The six-phase project-cycle model consists of:

- 1** Programming
- 2** Identification
- 3** Formulation and Appraisal
- 4** Financing
- 5** Implementation
- 6** Evaluation

The Six-Phase Cycle at a Glance

- 1 Programming**
Defines broad priorities.
- 2 Identification**
Generates and screens project ideas.
- 3 Formulation and Appraisal**
Examines feasibility and design.
- 4 Financing**
Approves and secures resources.
- 5 Implementation**
Carries out planned activities.
- 6 Evaluation**
Assesses results and informs future programming.

Variation across Projects

The duration and importance of each phase may differ depending on:

- Project size
- Complexity
- Sector
- Risk
- Funding source
- Legal requirements
- Urgency
- Organizational capacity

A small training project may require a shorter cycle than a major infrastructure project.

Alternative Five-Phase Model

Many organizations use:

1. Initiation
2. Planning
3. Execution
4. Monitoring and control
5. Closure

This model can be aligned with the six-phase development project cycle.

Comparing the Models

Development Project Cycle	General Management Life Cycle
Programming	Strategic context
Identification	Initiation
Appraisal	Planning and feasibility
Financing	Authorization and mobilization
Implementation	Execution
Evaluation	Closure and learning

Phases Are Not Always Completely Separate

In practice:

- Planning may continue during implementation
- Monitoring may lead to redesign
- Financing may be released in stages
- Evaluation may occur during implementation
- Stakeholder analysis may be updated continuously

The cycle should therefore be structured but flexible.

Phase-Gate Approach

At the end of each phase, management reaches a decision gate. Possible decisions include:

- Proceed
- Proceed with conditions
- Revise
- Delay
- Return for additional analysis
- Reject
- Terminate

Why Decision Gates Matter

Decision gates prevent organizations from:

- Continuing weak projects
- Committing funds too early
- Ignoring unresolved risks
- Proceeding without stakeholder support
- Approving projects without adequate information

05

SECTION 05

Project-Cycle Documents and Decisions

Each phase produces a required document and a management decision before the project can advance.

Documents and Decisions

Each phase should produce a required document and a management decision.

- A required document that captures the analysis of the phase
- A management decision that authorizes moving forward

Programming Documents

Possible documents include:

- National development plan
- Sector strategy
- Organizational strategic plan
- Country strategy paper
- Programme framework
- Investment priority list

DECISION

Which priority areas should receive project support?

Identification Documents

Possible documents include:

- Problem analysis
- Stakeholder analysis
- Project concept note
- Project identification sheet
- Preliminary risk analysis
- Pre-feasibility study

DECISION

Which project ideas should receive further study?

Appraisal Documents

Possible documents include:

- Full feasibility study
- Project proposal
- Business case
- Environmental and social assessment
- Financial analysis
- Economic analysis
- Implementation plan

DECISION

Is the project viable and ready for financing?

Financing Documents

Possible documents include:

- Financing proposal
- Loan application
- Grant application
- Funding agreement
- Financing plan
- Disbursement schedule

DECISION

Should the project be financed?

Implementation Documents

Possible documents include:

- Detailed work plan
- Procurement plan
- Budget
- Progress report
- Monitoring report
- Risk register
- Change request
- Financial report

DECISION

Should implementation continue as planned or be adjusted?

Evaluation Documents

Possible documents include:

- Midterm evaluation
- Terminal evaluation
- Completion report
- Impact evaluation
- Lessons-learned report
- Management response

DECISION

How should the findings influence future strategy and programming?

06

SECTION 06

Phase One : Programming

Establishing the broad strategic priorities that give projects their direction.

What Is Programming?

Programming is the phase in which broad strategic priorities are established. It determines:

- Development problems to address
- Priority sectors
- Target populations
- Geographic areas
- Available resources
- Institutional responsibilities

Programming Inputs

Programming may be based on:

- National development plans
- Organizational strategy
- Sector policies
- Regional priorities
- Community assessments
- Market analysis
- Previous evaluations
- Available funding

Programming Questions

Decision-makers should ask:

- What are the major problems?
- Which groups are most affected?
- What strategic objectives should be pursued?
- Which sectors require intervention?
- What resources are available?
- What lessons have previous projects provided?

Programming and Policy

Programming converts policy direction into possible areas of intervention.

EXAMPLE

Policy priority: Improve rural employment → Programme area: Agricultural value-chain development → Possible projects: Irrigation, processing, training and market access

Programming Outputs

Key outputs may include:

- Priority areas
- Programme objectives
- Indicative resource allocation
- Geographic focus
- Implementation principles
- Project-selection criteria

Role of Evaluation in Programming

Evaluation findings from previous projects should influence:

- Future priorities
- Budget allocation
- Project design
- Risk controls
- Institutional arrangements

New programming should draw on evaluation as part of institutional learning.

Common Programming Problems

- Priorities are too broad
- Resources are not linked to objectives
- Political influence replaces evidence
- Previous lessons are ignored
- Stakeholders are not consulted
- Too many sectors are selected
- Institutional capacity is overestimated

07

SECTION 07

Phase Two :Project Identification

Generating, defining and screening project ideas around problems, opportunities and stakeholders.

What Is Project Identification?

Project identification is the process of:

- Generating project ideas
- Defining problems and opportunities
- Identifying beneficiaries
- Assessing strategic relevance
- Screening alternative interventions

Sources of Project Ideas

Project ideas may originate from:

- Strategic plans
- Government policy
- Communities
- Customers
- Employees
- Investors
- Donors
- Market opportunities
- Emergencies
- Evaluation recommendations

Problem-Based Identification

A problem-based approach begins by identifying:

- The core problem
- Root causes
- Immediate effects
- Affected stakeholders
- Existing responses
- Possible solutions

Opportunity-Based Identification

An opportunity may arise from:

- New market demand
- New technology
- New policy
- Resource availability
- Improved infrastructure
- Partnership possibilities
- Financing opportunities

Stakeholder Identification

At this stage, identify:

- Beneficiaries
- Project sponsors
- Implementing institutions
- Financiers
- Regulators
- Community representatives
- Potential opponents
- Vulnerable groups

Preliminary Stakeholder Questions

- Who experiences the problem?
- Who benefits from change?
- Who controls resources?
- Who has decision authority?
- Who may oppose the project?
- Who must support implementation?
- Who may be unintentionally harmed?

Preliminary Project Screening

A project idea should be screened for:

- Strategic relevance
- Urgency
- Technical possibility
- Approximate cost
- Expected benefit
- Institutional capacity
- Major risks
- Stakeholder acceptability

Project Identification Sheet

A basic identification document may include:

- Project title
- Background
- Core problem
- Proposed intervention
- Target group
- Estimated duration
- Preliminary cost
- Key stakeholders
- Expected benefits
- Major risks

Decision after Identification

Possible decisions include:

- Reject the idea
- Keep the idea for future consideration
- Request more information
- Conduct a pre-feasibility study
- Proceed to full appraisal

08

SECTION 08

Pre-Feasibility Analysis

An initial screen to decide whether detailed feasibility work is justified.

What Is a Pre-Feasibility Study?

A pre-feasibility study is an initial assessment used to determine whether detailed analysis is justified.

- Provides an early, indicative view of the project idea
- Is less detailed than a full feasibility study
- Filters ideas before major resources are committed

Pre-Feasibility Areas

It may examine:

- Preliminary market demand
- Technical alternatives
- Site options
- Indicative costs
- Institutional capacity
- Environmental risks
- Financial potential
- Major implementation constraints

Purpose of Pre-Feasibility

It helps management avoid spending substantial time and resources on project ideas that are:

- Strategically irrelevant
- Technically impossible
- Financially unrealistic
- Socially unacceptable
- Environmentally harmful
- Institutionally unmanageable

Pre-Feasibility Decision

Management may decide to:

- Proceed to full feasibility
- Revise the project concept
- Examine another alternative
- Delay the project
- Reject the project

09

SECTION 09

Phase Three : Formulation and Appraisal

Turning a concept into a detailed design, then testing whether it is relevant, feasible and worth financing.

What Is Project Formulation?

Formulation converts a selected project concept into a detailed and implementable design. It defines:

- Objectives
- Scope
- Outputs
- Activities
- Inputs
- Schedule
- Budget
- Risks
- Implementation arrangements

What Is Project Appraisal?

Project appraisal is the systematic assessment of a formulated project to determine whether it is:

- Relevant
- Feasible
- Viable
- Sustainable
- Worth financing
- Ready for implementation

Formulation versus Appraisal

Formulation	Appraisal
Develops the project design	Critically examines the design
Defines what will be done	Determines whether it should be done
Prepared by project designers	Reviewed by decision-makers or specialists
Produces a proposal	Produces an approval recommendation

Areas of Project Appraisal

A comprehensive appraisal may include:

- Market appraisal
- Technical appraisal
- Financial appraisal
- Economic appraisal
- Institutional appraisal
- Management appraisal
- Environmental appraisal
- Social appraisal
- Risk appraisal
- Legal appraisal

Market Appraisal

Market appraisal evaluates:

- Demand
- Customers
- Competition
- Prices
- Distribution
- Market growth
- Sales risk

It is especially important for commercial projects.

Technical Appraisal

Technical appraisal assesses:

- Technology
- Capacity
- Location
- Design
- Equipment
- Inputs
- Infrastructure
- Production process
- Technical skills

Financial Appraisal

Financial appraisal examines:

- Investment cost
- Operating cost
- Revenue
- Cash flow
- Financing
- Profitability
- Debt-service capacity
- Financial sustainability

Economic Appraisal

Economic appraisal examines the project's contribution to society. It may consider:

- Employment
- Foreign-exchange effects
- Economic efficiency
- Public benefits
- Social opportunity costs
- Regional development
- Externalities

Institutional Appraisal

Institutional appraisal assesses whether the implementing institution has:

- Clear authority
- Appropriate structure
- Qualified personnel
- Financial systems
- Procurement capacity
- Monitoring capacity
- Governance mechanisms

Environmental and Social Appraisal

This examines potential effects on:

- Land
- Water
- Biodiversity
- Pollution
- Climate
- Displacement
- Gender
- Vulnerable groups
- Community safety
- Labour conditions

Risk Appraisal

Risk appraisal identifies:

- Risk events
- Causes
- Probability
- Impact
- Risk owners
- Mitigation actions
- Contingency arrangements
- Residual risk

Feasibility Study

A full feasibility study should answer:

- Can the project be implemented?
- Should the project be implemented?
- Which alternative is best?
- What resources are required?
- What risks must be controlled?
- Is the project sustainable?

Project Purpose

The project should have a clear central purpose describing the sustainable benefit intended for the target group.

- State one clear project purpose
- Focus the design on that single purpose
- Express the benefit in terms of the target group

Hierarchy of Objectives

Goal

Long-term contribution.

Outcome / Purpose

Main change expected from the project.

Outputs

Products and services delivered.

Activities

Work performed to produce outputs.

Inputs

Resources required.

Appraisal Decision

Following appraisal, management may:

- Approve the project
- Approve with conditions
- Request redesign
- Request further analysis
- Postpone
- Reject

10

SECTION 10

Phase Four :Financing

Deciding whether, how much and on what terms the project will be funded.

What Is the Financing Phase?

The financing phase determines:

- Whether funds will be provided
- How much financing is required
- Which financing sources will be used
- Under what terms funds will be released
- What reporting conditions must be met

Sources of Project Finance

Projects may be financed through:

- Owner equity
- Retained earnings
- Bank loans
- Development-bank loans
- Grants
- Government budgets
- Bonds
- Lease financing
- Public–private partnerships
- Donor contributions

Financing Plan

A financing plan should specify:

- Total project cost
- Funding by source
- Equity contribution
- Debt contribution
- Grant contribution
- Foreign-currency requirement
- Working-capital finance
- Disbursement schedule
- Financing gap

Financing Conditions

A financing agreement may include:

- Interest rate
- Grace period
- Maturity
- Security
- Matching contribution
- Procurement requirements
- Reporting obligations
- Performance conditions
- Audit requirements

Financing Decision

The financing institution may decide to:

- Fully finance
- Partially finance
- Finance in phases
- Require co-financing
- Delay approval
- Reject the request

Financing Is More than Finding Money

The financing structure affects:

- Project risk
- Cash flow
- Ownership
- Control
- Sustainability
- Implementation timing
- Reporting requirements
- Debt-service obligations

11

SECTION 11

Planning for Implementation

Translating the approved design into detailed, resourced and organized operational arrangements.

Meaning of Implementation Planning

Implementation planning occurs before implementation begins or before a new implementation phase starts. It translates the approved project design into detailed operational arrangements.

- Converts design into work plans, budgets and responsibilities
- Prepares systems, resources and stakeholders for delivery

This stage involves implementers, beneficiaries, funders and other stakeholders.

Purpose of Implementation Planning

It ensures that:

- Objectives are realistic
- Scope is understood
- Resources are available
- Responsibilities are clear
- Schedules are achievable
- Risks are addressed
- Stakeholders are prepared

Implementation-Planning Questions

- What work must be performed?
- Who will perform it?
- When will it be done?
- What resources are required?
- What will it cost?
- How will quality be controlled?
- How will progress be measured?
- What risks may affect implementation?

Implementation Plan Components

A detailed plan may include:

- Work breakdown structure
- Activity schedule
- Budget
- Procurement plan
- Staffing plan
- Communication plan
- Risk-management plan
- Monitoring plan
- Quality plan
- Reporting schedule

Work Breakdown Structure

A Work Breakdown Structure divides the total project scope into smaller, manageable components.

Project

Major Deliverables

Work Packages

Activities

Tasks

Activity Scheduling

Scheduling identifies:

- Activity sequence
- Duration
- Dependencies
- Milestones
- Responsible persons
- Resource requirements
- Critical activities

Plan of Operations

A plan of operations for a specified period provides the basis for activities to be performed.

Activity	Timing	Responsibility	Resources	Output
Specified activity	Period / dates	Responsible party	Inputs needed	Expected result

A plan of operations for a specified period is recommended as the basis for activities to be performed.

Building Implementation Capacity

PCM includes creating the capabilities needed for project implementation. These may include:

- Human resources
- Management systems
- Procurement systems
- Financial controls
- Logistics
- Information systems
- Monitoring tools

Project Organization

A sound project organization helps:

- Overcome implementation constraints
- Manage complexity
- Coordinate activities
- Clarify accountability
- Improve the likelihood of achieving objectives

The role of project organization in achieving objectives is emphasized.

Authority and Responsibility

The project manager should be given authority consistent with assigned responsibility. Without adequate authority, the manager may be unable to:

- Allocate resources
- Approve actions
- Resolve problems
- Manage changes
- Hold staff accountable

Sufficient managerial authority is linked with timely decision-making and smoother implementation.

Stakeholders in Implementation Planning

Implementation planning should involve:

- Project manager
- Project team
- Beneficiaries
- Sponsor
- Financing agency
- Contractors
- Government representatives
- Technical experts
- Community leaders

12

SECTION 12

Phase Five: Implementation

Executing the approved design with disciplined control and controlled flexibility.

What Is Implementation?

Implementation is the phase during which:

- Planned activities are carried out
- Resources are mobilized
- Funds are disbursed
- Goods and services are procured
- Outputs are produced
- Project benefits begin to develop

Implementation Objective

The objective is to execute the approved project design while maintaining appropriate control over:

- Scope
- Time
- Cost
- Quality
- Risk
- Resources
- Stakeholders

Implementation Activities

Implementation may involve:

- Recruitment
- Procurement
- Construction
- Training
- Production
- Service delivery
- Community mobilization
- Contract management
- Financial management
- Reporting

Implementation and Flexibility

Implementation should follow the approved design but must respond appropriately to changes in:

- Physical conditions
- Policy
- Costs
- Technology
- Stakeholder expectations
- Security
- Market conditions

Controlled Flexibility

Flexibility does not mean uncontrolled change. Changes should be:

- Justified
- Assessed
- Approved
- Documented
- Budgeted
- Communicated
- Monitored

Implementation as Learning

Implementation is a process of refinement and learning from experience.

- Experience during delivery informs adjustments
- Each cycle of action and review improves performance

Implementation is described as a “mini-cycle” within the larger project cycle.

Implementation Sub-Phases

1 Investment period

2 Development period

3 Full-development period

Investment Period

During the investment period:

- Major capital expenditure occurs
- Equipment may be acquired
- Construction may take place
- Systems are installed
- Staff may be recruited
- Initial training is conducted

Development Period

During the development period:

- Production or service delivery begins
- Capacity gradually increases
- Systems are tested
- Operational problems are corrected
- Benefits begin to emerge

Full-Development Period

Full development is reached when:

- Planned capacity is achieved
- Services or production stabilize
- Systems operate normally
- Expected benefits become more visible

Infrastructure Project Life-Cycle Stages

A major infrastructure project may include:

1. Feasibility
2. Planning and design
3. Construction
4. Turnover and start-up
5. Full operations

The life-cycle diagram shows these stages and the gradual increase in percentage completion.

13

SECTION 13

Monitoring and Reporting

Continuous tracking of progress — and the corrective action and change control that give it value.

What Is Monitoring?

Monitoring is the continuous collection and analysis of information to determine whether the project is progressing according to plan.

- It is continuous, not occasional
- It compares actual progress against the plan
- It provides the basis for timely corrective action

Monitoring Focus

Monitoring commonly examines:

- Activities completed
- Outputs delivered
- Schedule performance
- Budget performance
- Procurement progress
- Quality
- Risks
- Stakeholder issues
- Indicator achievement

Monitoring Questions

- Are activities occurring as scheduled?
- Are costs within budget?
- Are outputs meeting quality standards?
- Are risks increasing?
- Are assumptions still valid?
- Are stakeholders satisfied?
- Is corrective action required?

Monitoring Plan

A monitoring plan should specify:

- Indicator
- Definition
- Baseline
- Target
- Data source
- Frequency
- Responsibility
- Reporting method

Progress Reporting

A progress report may include:

- Executive summary
- Planned activities
- Completed activities
- Performance against indicators
- Budget status
- Procurement status
- Challenges
- Risks
- Corrective actions
- Next-period plan

Reporting Frequency

Reports may be prepared:

- Daily
- Weekly
- Monthly
- Quarterly
- Semiannually
- Annually
- At major milestones

The frequency should reflect project complexity and risk.

Monitoring versus Control

Monitoring

Identifies what is happening.

Control

Takes action to correct deviations.

Monitoring without corrective action has limited managerial value.

Corrective Action

Corrective action may include:

- Reallocating resources
- Revising schedules
- Strengthening supervision
- Replacing a supplier
- Adjusting methodology
- Training staff
- Revising the budget
- Escalating an issue

Change Control

A formal change-control process should assess:

1. Proposed change
2. Reason for change
3. Impact on scope
4. Impact on schedule
5. Impact on budget
6. Impact on quality and risk
7. Approval decision
8. Updated project documents

Monitoring Responsibilities

Monitoring may involve:

- Project team
- Project manager
- Beneficiaries
- Supervisors
- Finance staff
- Monitoring specialists
- Donors
- Independent reviewers

14

SECTION 14

Evaluation

Systematic assessment of design, delivery and results — across relevance, effectiveness, efficiency, impact and sustainability.

What Is Evaluation?

Evaluation is a systematic assessment of a project's:

- Design
- Implementation
- Results
- Relevance
- Effectiveness
- Efficiency
- Impact
- Sustainability

Purpose of Evaluation

Evaluation helps determine:

- What worked
- What did not work
- Why results occurred
- Whether resources were used effectively
- Whether benefits are sustainable
- What should be improved

Types of Evaluation

Evaluations may include:

- Ex-ante evaluation
- Process evaluation
- Midterm evaluation
- Terminal evaluation
- Ex-post evaluation
- Impact evaluation
- Real-time evaluation

Midterm Evaluation

A midterm evaluation occurs during implementation. It may recommend:

- Continuing as planned
- Revising activities
- Adjusting targets
- Extending the project
- Changing management arrangements
- Terminating ineffective components

Terminal Evaluation

A terminal evaluation is conducted near or at project completion. It assesses:

- Achievement of objectives
- Delivery of outputs
- Financial performance
- Stakeholder satisfaction
- Sustainability prospects
- Lessons learned

Ex-Post Evaluation

An ex-post evaluation takes place after project completion. It assesses whether:

- Benefits continued
- Long-term impact occurred
- Institutions maintained the results
- Initial assumptions were accurate
- The project created sustainable value

Evaluation Criteria

Common evaluation criteria include:

- Relevance
- Coherence
- Effectiveness
- Efficiency
- Impact
- Sustainability

Relevance

Relevance examines whether the project:

- Addressed important needs
- Was aligned with policy
- Responded to stakeholder priorities
- Used an appropriate intervention

Effectiveness

Effectiveness examines whether the project achieved:

- Planned outputs
- Outcomes
- Objectives
- Benefits

Efficiency

Efficiency examines whether results were achieved with reasonable use of:

- Time
- Money
- Human resources
- Materials
- Management effort

Impact

Impact examines the broader positive and negative changes produced by the project. These changes may be:

- Intended
- Unintended
- Direct
- Indirect
- Short term
- Long term

Sustainability

Sustainability examines whether benefits are likely to continue after direct support ends.

- Considers financial, institutional and technical continuity
- Considers ownership, policy and environmental conditions
- Asks whether results can be maintained without the project

Internal and External Evaluation

Internal Evaluation

Conducted by staff within the organization.

External Evaluation

Conducted by independent evaluators.

External evaluations may provide greater independence; internal evaluations may offer stronger contextual knowledge.

15

SECTION 15

Phase Six: Project Closure and Transition

Formally completing the project and handing outputs over to those who will operate them.

What Is Project Closure?

Project closure is the formal completion of project activities and responsibilities.

- It finalizes deliverables, contracts and accounts
- It transfers outputs and responsibilities
- It should be planned, not treated as an administrative afterthought

Closure Activities

Closure may include:

- Final acceptance of deliverables
- Contract closure
- Final payments
- Asset transfer
- Staff release
- Financial reconciliation
- Record archiving
- Final reporting
- Lessons learned

Handover

Handover transfers the following to those responsible for continued operation:

- Facilities
- Systems
- Equipment
- Documents
- Responsibilities
- Knowledge
- Operational ownership

Project-to-Operations Transition

Many projects create outputs that must be operated after project completion.

EXAMPLE

Project: Construct and equip a hospital → Operations: Deliver healthcare and maintain the facility

Closure Risks

Common closure risks include:

- Incomplete deliverables
- Unresolved contracts
- Missing documentation
- Assets without owners
- Staff leaving with critical knowledge
- Unspent or unsupported funds
- No maintenance plan
- No sustainability financing

16

SECTION 16

Learning and Feedback

How lessons become institutional knowledge that feeds back into future programming.

Learning from the Project Cycle

Lessons may come from:

- Project successes
- Failures
- Delays
- Cost overruns
- Stakeholder feedback
- Monitoring data
- Evaluations
- Audits
- Unexpected events

Lessons-Learned Process

1 Identify the experience

2 Analyze what occurred

3 Determine the cause

4 Record the lesson

5 Assign recommended action

6 Share the lesson

7 Apply it in future projects

Institutional Learning

Learning becomes institutional when it is:

- Documented
- Shared
- Incorporated into policies
- Reflected in templates
- Used in training
- Applied to future decisions

Closing the Cycle

Evaluation findings feed back into:

- Strategy
- Programming
- Identification
- Appraisal
- Planning
- Implementation standards

This feedback closes the project cycle.

17

SECTION 17

PCM and the Logical Framework Approach

PCM is the management process; the Logical Framework is the analytical methodology within it.

Relationship between PCM and LFA

Project Cycle Management

Defines the decision-making and implementation process.

Logical Framework Approach

Provides methods and tools for project analysis, design, monitoring and evaluation.

This distinction between the process (PCM) and the methodology (LFA) is made explicitly.

PCM Is the Process

PCM defines:

- Phases
- Responsibilities
- Decision points
- Documents
- Approval procedures
- Management activities

LFA Is the Methodology

The Logical Framework Approach supports:

- Stakeholder analysis
- Problem analysis
- Objective analysis
- Strategy selection
- Results formulation
- Indicator development
- Assumption analysis

The Logical Framework throughout the Cycle

The Logical Framework can serve as a core reference during:

- Project design
- Implementation
- Monitoring
- Evaluation

The Logical Framework is presented as a reference document throughout design, implementation, monitoring and evaluation.

Logical Framework Matrix

Results Logic	Indicators	Means of Verification	Assumptions
Goal	Impact indicators	National or sector data	Long-term conditions
Outcome	Outcome indicators	Surveys and reports	External conditions
Outputs	Output indicators	Project records	Output-to-outcome assumptions
Activities	Activity or input indicators	Work plans and financial reports	Preconditions

Importance of Assumptions

Assumptions are external conditions necessary for project success but not fully controlled by the project. Examples include:

- Political stability
- Continued government support
- Market demand
- Staff retention
- Weather conditions
- Community participation

18

SECTION 18

Roles throughout the Project Cycle

Who does what — from sponsor and manager to team, beneficiaries, financiers and the steering committee.

Project Sponsor

The sponsor:

- Provides strategic leadership
- Authorizes the project
- Secures organizational support
- Approves major changes
- Resolves escalated issues
- Remains accountable for benefits

Project Manager

The project manager:

- Plans the project
- Coordinates resources
- Leads implementation
- Manages risks
- Communicates with stakeholders
- Monitors performance
- Reports progress
- Supports closure

Project Team

The team:

- Provides technical expertise
- Carries out activities
- Produces deliverables
- Identifies issues
- Reports performance
- Supports quality control

Beneficiaries

Beneficiaries may contribute to:

- Needs identification
- Design
- Implementation
- Monitoring
- Evaluation
- Sustainability

Financing Institution

The financing institution may:

- Review feasibility
- Approve funds
- Establish conditions
- Monitor financial performance
- Review progress reports
- Conduct audits
- Evaluate results

Steering Committee

A steering committee may:

- Provide oversight
- Approve strategic decisions
- Review performance
- Resolve cross-organizational issues
- Ensure alignment
- Support stakeholder coordination

A

SECTION A

Practical Application

Applying the project cycle to a community-based agro-processing case.

MBA Case Exercise — Community-Based Agro-Processing Project

A regional enterprise proposes to establish an agro-processing plant to:

- Purchase crops from smallholder farmers
- Reduce post-harvest losses
- Create employment
- Produce packaged food
- Supply regional and national markets

Programming Questions

- Which development priorities support the project?
- Which sector strategy is relevant?
- What regional problems does it address?
- Which groups should receive priority?
- What lessons from previous projects should be considered?



Identification Questions

- What is the core problem?
- What are its main causes?
- Who is affected?
- What alternative solutions exist?
- Why is an agro-processing plant preferred?



Appraisal Questions

Assess:

- Market demand
- Raw-material availability
- Technology
- Location
- Investment cost
- Financial viability
- Environmental effects
- Management capacity
- Risks

Financing Questions

- How much equity is available?
- Is debt financing affordable?
- Is grant support justified?
- What working capital is required?
- What foreign-currency needs exist?
- What repayment structure is appropriate?

Implementation Questions

- Who will manage construction?
- Who will procure machinery?
- How will farmers be organized?
- How will staff be recruited?
- What is the implementation schedule?
- How will quality be controlled?



Monitoring Questions

Monitor:

- Construction progress
- Expenditure
- Procurement
- Farmer contracts
- Staff recruitment
- Equipment installation
- Environmental compliance
- Production readiness

Evaluation Questions

Evaluate whether the project:

- Reduced post-harvest losses
- Increased farmer income
- Created employment
- Operated profitably
- Met quality standards
- Achieved sustainable production
- Produced unintended environmental or social effects

Group Assignment

Each group should develop a project-cycle table:

Phase	Main Activities	Key Document	Decision	Responsible Party
Programming				
Identification				
Appraisal				
Financing				
Implementation				
Evaluation				



Decision-Gate Exercise

At each stage, decide whether to:

- Proceed
- Revise
- Request further analysis
- Delay
- Reject

Provide reasons for each decision.

B

SECTION B

Chapter Review

Common mistakes, a phase-gate checklist, and a knowledge check.

Common Project-Cycle Mistakes

- Starting with a preferred solution rather than a problem
- Skipping feasibility analysis
- Approving financing before finalizing the design
- Treating planning as a one-time activity
- Excluding beneficiaries
- Ignoring risks and assumptions
- Monitoring expenditure but not results
- Failing to manage changes
- Closing the project without handover
- Failing to use evaluation lessons

Project-Cycle Checklist

Before moving to the next phase, confirm:

- The required analysis is complete
- Stakeholders were consulted
- Major risks are identified
- Key documents are approved
- Responsibilities are clear
- Resources are available
- Assumptions are realistic
- The decision is documented
- Lessons from earlier phases were applied

Knowledge Check

1. What is the project cycle?
2. What is Project Cycle Management?
3. Why are project-cycle phases progressive?
4. What is the purpose of programming?
5. What occurs during project identification?
6. How does formulation differ from appraisal?
7. What is decided during financing?
8. Why is implementation planning important?
9. How does monitoring differ from evaluation?
10. What is the relationship between PCM and LFA?

Individual Assignment

Select one completed or ongoing project and prepare a project-cycle assessment containing:

- Project background
- Programming context
- Identification process
- Feasibility and appraisal
- Financing arrangement
- Implementation plan
- Monitoring system
- Evaluation approach
- Closure arrangements
- Lessons learned
- Major weaknesses in the cycle

Chapter Summary

- The project cycle connects strategy, design, implementation and learning.
- PCM covers the project from conception to completion.
- Each phase requires specific information, documents and decisions.
- Programming defines priorities; identification generates and screens ideas.
- Formulation develops the design; appraisal tests feasibility and viability.
- Financing secures resources and establishes conditions.
- Implementation converts plans into outputs.
- Monitoring supports control and corrective action.
- Evaluation assesses performance and results.
- Closure transfers outputs and completes accountability.
- Lessons from evaluation should influence future programming.
- PCM defines the process, while the Logical Framework provides analytical tools.

KEY MESSAGE

A successful project is not created during implementation alone.

It is built through disciplined decisions across the entire cycle:

Strategy → Identification → Appraisal → Financing → Planning → Implementation →
Monitoring → Evaluation → Learning

Chapter 3 Preview — Project Identification and Formulation

Chapter 3 will cover:

- Sources of project ideas
- Problem analysis
- Stakeholder analysis
- Needs assessment
- Objective analysis
- Alternative analysis
- Project concept development
- Preliminary project screening

THANK YOU

Questions & Discussion

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Effective Project Cycle Management ensures that projects are not selected, financed and implemented as isolated activities. It connects strategy, evidence, stakeholder participation, disciplined implementation and learning so that scarce resources generate sustainable and measurable results.

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