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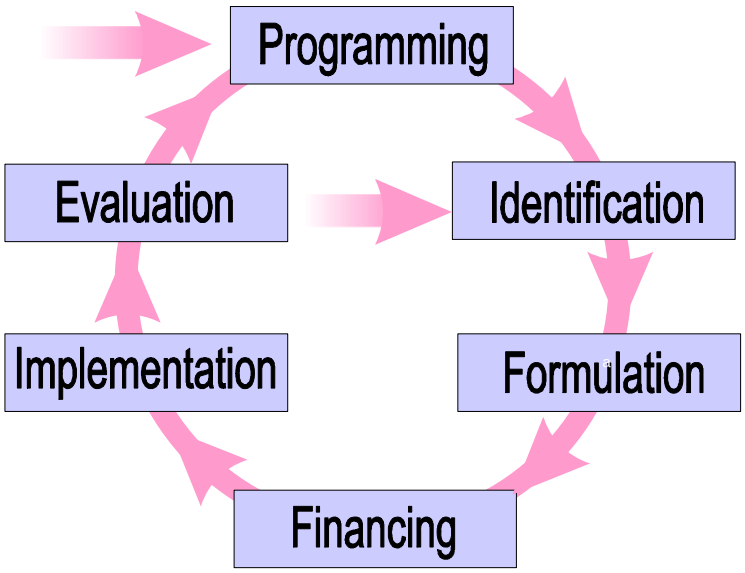
EUROPEAID Co-operation Office
General Affairs
Evaluation
PCM Helpdesk

Guide for the Assessment of Project Proposals



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Guide for the Assessment of Project Proposals

Training and Helpdesk Services in Project Cycle Management

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Introduction to the Guide

The Guide to Assessment is a tool to assist you in analysing new project proposals for which a feasibility study (or appraisal mission) is envisaged. New project proposals are received from a variety of sources (partner governments, NGOs, private sector organisations, etc.) and may be presented in a format very different from those used within the Commission. In particular, the proposal may not have an accompanying logframe. This guide therefore has a dual purpose:

- **To process the information in the proposal in order to prepare a draft logframe for the project – in other words, to convert the proposal to logframe format. If a logframe already exists, it facilitates the validation of this logframe against PCM principles.**
- **To use the Logical Framework Approach to deconstruct and reconstruct the project's design in order to identify information gaps concerning the relevance, feasibility and sustainability of the project.**

The Guide provides step-by-step instructions to the preparation of problem and objective trees, and a logframe. As they are developed, the Guide explains how these outputs should be analysed to determine:

∂ The adequacy of the target group description and problem analysis

• The relationship between stakeholders, identified problems, and the proposed intervention

÷ The completeness and coherence of project objectives, and the adequacy of assumptions

≠ The extent to which mechanisms to build sustainability have been incorporated into the project's design

≡ The adequacy of the proposed performance measurement system

The outcome of this analysis is likely to be a series of questions for which the proposal does not adequately provide answers. However, the Guide is not a tool for 'knocking down' new proposals; rather it is intended as a means of determining what information should be collected prior to and during the Feasibility Study, in order that the project is comprehensively researched and well-prepared. **The output of this assessment process is therefore a set of questions concerning the project's Relevance, Feasibility and Sustainability. These questions should then be incorporated into the Terms of Reference for the Feasibility Study.** A simple example of a project for small and medium enterprises (SME) support is used to illustrate the expected outputs for each instruction.

The key concepts of Relevance, Feasibility and Sustainability can be explained as follows:

➲ **Relevance** relates to the importance of the problems to be addressed by the project, and starts with determining for whom the project is relevant. At the project purpose level, the project should address the specific problems of the target group (for example, declining revenues of small scale agricultural producers). At the overall objectives level the project should address the related but wider problems of society as a whole (for example, declining standards of living in rural areas).

➲ **Feasibility** relates to whether the project objectives can be effectively achieved. This requires an assessment of the coherence of the project's intervention logic and assumptions (e.g. if Results are produced, and Assumptions hold true, will the Project Purpose be achieved?) and of the capability of the implementing agency to mobilise the necessary resources and expertise to undertake project activities within the time required.

➲ **Sustainability** relates to whether project benefits will continue to flow after the period of external assistance has ended. Although actual sustainability cannot be assessed ex ante, prospects for sustainability can be assessed by determining the extent to which mechanisms have been incorporated into project design to address the key factors which have influenced sustainability in the past.

Instruction 1: Analysis of the Project's Relevance (Part 1)

Instruction 1 is the first test of the relevance of the project to the needs of the stated target group(s) and beneficiaries. The focus is therefore on identifying the different stakeholders, including the target group(s), and assessing whether they and their perceptions/attitudes and problems are sufficiently described, analysed and considered in the project design.

Step 1: Identify the stakeholders

Mark all of the stakeholder groups mentioned in the proposal, and summarise each group on blue cards. Identify the following groups:

- the target group, i.e. those who will be directly positively affected by the project at the Project Purpose level
- the final beneficiaries (if different from the above), i.e. those who benefit from the project in the long term at the level of the society or sector at large, e.g. "children" due to increased spending on health and education, "consumers" due to improved agricultural production and marketing
- the project partners, i.e. all those who implement the projects in the country, implementing agency being the one responsible for the realising activities on the ground
- groups which might be negatively affected by the project

Step 2: Characterise them

Identify details of the stakeholders and how these have been considered in the proposal:

- What are the characteristics of the stakeholders (social, economic, gender, attitudes, organisation…)?
- What are their interests and expectations?
- What is their sensitivity to and respect of cross-cutting issues?
- What are their potentials and deficiencies?
- What are the implications and conclusions for the project?

Summarise the findings in a table, e.g. as follows, considering especially the potential role of the stakeholders towards the success of the intended project:

Stakeholder	Characteristics social, economic gender differentiation structure, organisation, status Attitudes…*	Interest & expectations • interests, objectives... • Expectations*	Sensitivity to and respect of cross-cutting issues (environment, gender equality, etc.)*	Potentials & deficiencies • resource endowment • knowledge, experience... • potential contribution*	Implications and conclusions for the project • possible action required • how to deal with the group*	*

* = Add and/or modify the criteria according to the characteristics and environment of the intended project

Step 3: Assess the quality of the stakeholder analysis

Use the following as guide questions to formulate issues to be further clarified:

- Have the target groups and final beneficiaries and their characteristics , etc. been clearly identified and described? What needs to be further investigated?
- Have the issues/interests/potentials of other stakeholders groups important to the project's success been identified?
- Is it clear who will be the project partners and implement the project? Are the responsibilities clarified?
- Is there clear evidence that the implementing agency will have the capacity to undertake the necessary activities with success? Are capacity building measures required and foreseen?

Step 4: Identify the problems to be addressed

Mark all of the problems mentioned in the proposal with a yellow text marker and write these on yellow cards. There should be one problem per card.

Step 5: Build a problem tree

Using the problem cards prepared in the previous step, develop a problem tree. For further instructions on this step, refer to appendix 1.

Step 6: Identify the objectives of the project

Mark all of the objectives mentioned in the proposal with a green text marker and write these on green cards. There should be one objective per card.

Step 7: Build an objective tree

Using the objective cards prepared in the previous step, develop an objective tree. For further instructions on this step, refer to appendix 1.

Step 8: Analyse the relationships between stakeholders, problem tree and objective tree

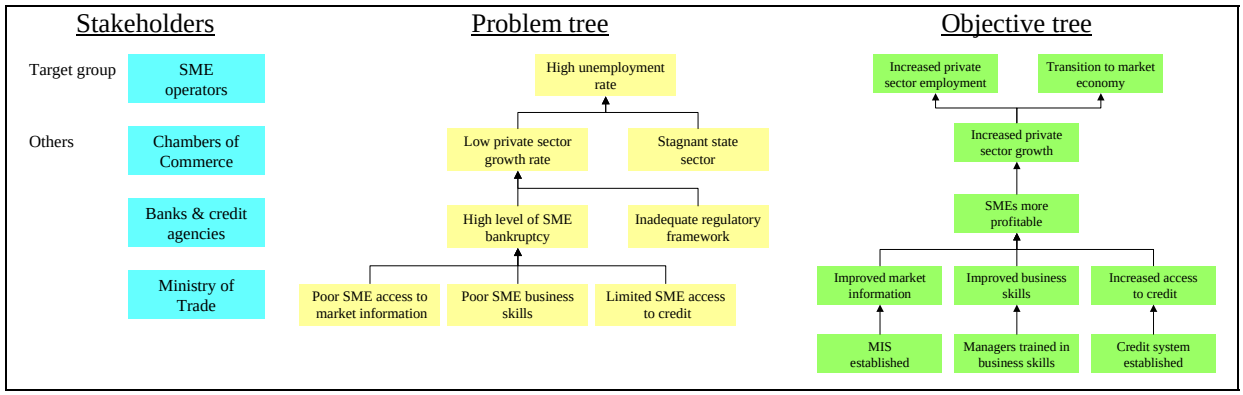
Use the following as guide questions, but draw on your own knowledge and experience as well:

- Has the target group been clearly identified and described, with a gender breakdown if necessary?
- Have the problems of other stakeholders important to the project's success been identified?
- Does the problem analysis describe problems of the target group, or is it only of a general nature?
- Does the problem analysis have major gaps?
- Are the causal relationships between problems sufficiently explained?
- Are all of the problems addressed by objectives? Which problems are not addressed?
- Do all of the objectives have an underlying problem? Which objectives are not justified?

Step 9: Formulate questions on the stakeholders, problem tree and objective tree

These questions should be clarified by the Delegation or proposing organisation, or appear in the Terms of Reference for the Feasibility Study.

Illustration of expected outputs:



Issues	Actions
• Who might be negatively affected by the project?	• Incorporate into the Feasibility Study
• What is the exact number of SMEs in the region? What is the breakdown by sector? • What are problems of Chambers of Commerce with regard to supporting SMEs?? • What are the reasons for poor access to market information by SMEs?	• Delegation to contact Ministry of Trade • Delegation to contact Chambers of Commerce • Delegation to contact Ministry of Trade • Incorporate into the Feasibility Study

Instruction 2: Analysis of the Project's Relevance (Part 2)

The second test of relevance is to determine the extent to which stated project objectives address the real needs of the target group, and are consistent with the programming framework (Country Strategy Paper, National Indicative Programme, etc.). It involves identifying project objectives, placing them in the first column of the logframe, and ensuring that they are consistent with PCM definitions for the different levels of objectives.

Step 1: Prepare the Intervention Logic for the project

i) Identify the Project Purpose from objective tree and write on a yellow card. Check in the proposal that the project intends to address this objective.

> The **PROJECT PURPOSE** is the objective to be achieved by implementing the project. The Purpose should be defined in terms of sustainable benefits for the target group(s) as part of the beneficiaries. The Purpose should also express the equitable benefits for women and men among them. There should only be one Project Purpose per project.

ii) Identify the Overall Objectives from objective tree and write on green cards. Place above the Project Purpose in the logical framework. Check in the proposal that the project intends to address these objectives.

> The **OVERALL OBJECTIVES** should describe why the project is important to society, in terms of the longer-term benefits to final beneficiaries and the wider benefits to other groups. They also help to show how the programme fits into the regional / sectoral policies of the government / organisations concerned and of the EC, as well as into the overarching policy objectives of EC co-operation. Other projects or interventions will also be required for the Overall Objectives to be achieved.

iii) Identify the Results from the objective tree and write on red cards. Place beneath the Project Purpose in the logical framework. Check in the proposal that the project intends to produce these Results.

> The **RESULTS** describe "products" of the Activities undertaken, the combination of which achieve the Purpose of the project.

iv) Identify the main Activities from the objective tree and write on white cards. Place the Activities under each corresponding Result in the order of priority. Check in the proposal that the project intends to undertake these activities.

> The **ACTIVITIES** describe what the project will do in order to deliver its intended Results. Only the main Activities should be included in order that the logframe remains a concise summary of the project's logic.

Step 2: Analyse the extent to which the project responds to identified problems and needs

Analyse whether the project addresses the identified needs of the target group. Some key problems may not be addressed by the project's stated objectives, while some stated objectives may not be supported by an identified problem or need. You may add Activities or Results, but you must always mark these additions with an asterisk (*), as these should be checked prior to, or during, the Feasibility Study.

Use the following as guide questions, but draw on your own knowledge and experience as well:

- Are the Overall Objectives coherent with the National Indicative Programme or country strategy and with the overarching policy objectives of the EU?
- Does the Project Purpose adequately describe sustainable benefits for the target group?
- Do the Results meet the expressed needs of the target group?
- Does the proposal indicate how the Results will meet the differing needs of men and women, and other targeted stakeholders?

Step 3: Formulate questions on the extent to which the proposed intervention responds to identified problems and needs

These questions should be clarified by the concerned parties (Delegation, Brussels, proposing organisation), or appear in the Terms of Reference for the Feasibility Study.

Illustration of expected outputs:

Intervention Logic

	Intervention Logic	OVIs	SOVs	Assumptions
Overall Objectives	Increased private sector growth			
Project Purpose	SMEs more profitable			
Results	1. Improved market information			
	2. Improved business skills			
	3. Increased access to credit			
Activities	1.1 Set up MIS			
	1.2 Train managers			
	2.1 Train managers			
	3.1 Design system			
	3.2 Lend funds			

Issues	Actions
• How have SMEs been involved in project preparation?	• Delegation to contact Ministry of Trade
• Have Chambers of Commerce expressed willingness to participate?	• Delegation to contact Chambers of Commerce
• Have SMEs expressed willingness to pay for services?	• Delegation to contact Ministry of Trade

Instruction 3: Analysis of the Project's Feasibility (Part 1)

Instruction 3 is the first test of feasibility, and involves the identification and assessment of external factors, and then an assessment of the likelihood that project objectives can be achieved given the stated assumptions. In addition to assessing the logical coherence of the project, it is necessary to draw on evaluation experience to see whether similar projects have succeeded in the past.

Step 1: Identify the external factors

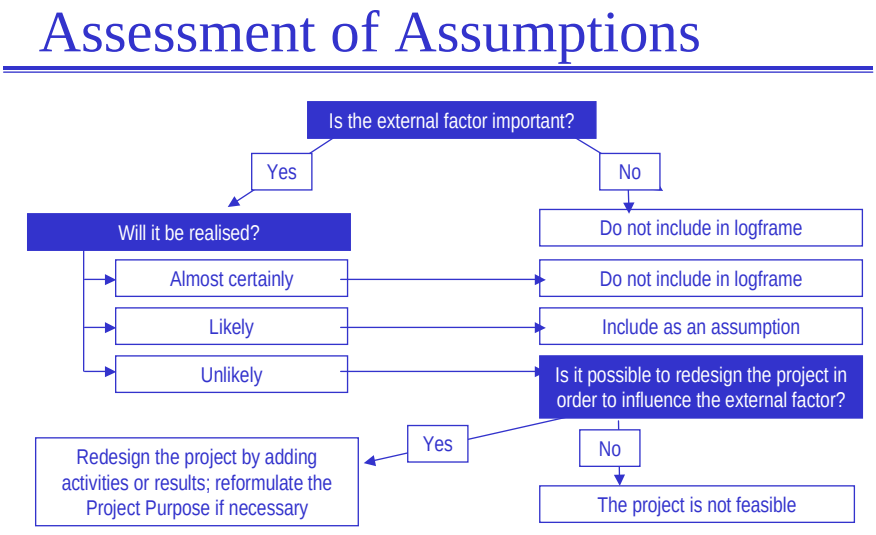
External factors are conditions in the project environment that may influence the project's success, but over which the project has no influence. For the problems listed in the proposal, but which do not have a corresponding objective, reformulate them as objectives, and mark them with an asterisk (*). From these reformulated problems, and the remaining objectives in the objective tree, identify:

- Factors that are required to be fulfilled in order to start the Activities. These should be written on white cards and placed as Pre-conditions in the bottom row 4th column.
- Factors additional to the Activities that are required to reach the Results. These should be written on white cards and placed in the 4th column at the level of Activities.
- Factors additional to the Results that are required to reach the Project Purpose. These should be written on red cards and placed in the 4th column at the level of the Results (some might already be placed from step 3).
- Factors additional to the Project Purpose that are contributing to the Overall Objectives. These should be written on yellow cards and placed in the 4th column at the level of the Project Purpose.

Identify from the document any other factors. These may already be stated as risks or assumptions, but remain to be assessed for their importance and probability of being realised (see Instruction 3).

Step 2: Assess external factors to be included in the logframe as assumptions

Assess the external factors identified during the previous instruction by running these through the following flowchart.



Step 3: Finalise the key assumptions to be included in the logframe

Following the assessment the external factors might be:

- dropped as they are not important,
- included as an Assumption and remain in the 4th column at their appropriate level, or,
- formulated into either Activities, Results or even the Project Purpose.

You may add assumptions, but you must always mark these additions with an asterisk (*), as these should be checked prior to, or during, the Feasibility Study.

Step 4: Analyse the logframe on completeness and feasibility

Analyse whether the project's objectives are logical and coherent, whether the assumptions are adequately specified and explained, and whether the project is based on the lessons of experience. Use the following as guide questions, but draw on your own knowledge and experience as well:

- Will the Project Purpose contribute to the Overall Objectives if the assumptions hold?
- Will delivery of the Results lead to achievement of the Project Purpose if assumptions hold?
- Are the Activities sufficient to achieve the Results?
- Does the proposal indicate that the implementing agency will be able to undertake the Activities and produce the Results?
- Are the assumptions adequately explained?
- Is the project design based on supporting evidence from past projects or other sources?

Step 5: Formulate questions on the project's feasibility

These questions should be clarified by the concerned parties (Delegation, Brussels, proposing organisation), or appear in the Terms of Reference for the Feasibility Study.

Illustration of expected outputs:

Intervention Logic and Assumptions

	Intervention Logic	OVIs	SOVs	Assumptions
Overall Objectives	Increased private sector growth			
Project Purpose	SMEs more profitable			Improved regulatory framework *
Results	1. Improved market information			Chambers of Commerce adopt MIS *
	2. Improved business skills			Consulting companies adopt new techniques
	3. Increased access to credit			Banks willing to adopt scheme *
Activities	1.1 Set up MIS			SMEs willing to pay MIS subscription *
	1.2 Train managers			
	2.1 Train managers			
	3.1 Design system			SMEs willing to pay market interest rate
	3.2 Lend funds			

Issues	Actions
• What are the lessons of past SME support projects in the region?	• Brussels to check with Evaluation Unit
• Has an assessment been undertaken of the capabilities of Chambers of Commerce, & the local consultancy sector?	• Delegation to check with Ministry of Trade
• How is the existing banking sector supporting SMEs?	• Incorporate in the Feasibility Study
• What is current status of efforts to improve regulatory framework?	• Delegation to advise • Clarify during Feasibility Study

Instruction 4: Analysis of the Project's Sustainability

Instruction 4 looks at the likelihood that benefits produced will continue to be produced beyond the period of EC funding. This involves identifying which Activities and Results must continue, and then checking them against the sustainability factors. This 'sustainability check' may lead to questions about the project, and to subsequent modifications in its design.

Step 1: Identify which Activities and Results will have to continue beyond the life of the project

A project can be said to be sustainable when the target group continue to derive benefits for an extended period after the main period of donor assistance has ended. In practice this means that some of the Activities and Results should continue beyond the lifetime of the project. Determine in the logframe those Results and Activities that need to continue after termination of the project (donor) intervention.

Step 2: Check the Results and Activities to be continued against the sustainability factors

Use the following as guide questions, but draw on your own knowledge and experience as well:

1. Ownership by beneficiaries	What evidence is there that all target groups, including both women and men, support the project? How actively are and will they be involved / consulted in project preparation and implementation? How far do they agree and commit themselves to achieve the objectives of the project?
2. Policy support	Is there a comprehensive, appropriate sector policy by the Government? Is there evidence of sufficient support by the responsible authorities to put in place the necessary supporting policies and resource allocations (human, financial, material) during and following implementation?
3. Appropriate technology	Is there sufficient evidence that the chosen technologies can be used at affordable cost and within the local conditions and capabilities of all types of users, during and after implementation?
4. Environmental protection	Have harmful environmental effects which may result from use of project infrastructure or services been adequately identified? Have measures been taken to ensure that any harmful effects are mitigated during and after project implementation?
5. Socio-cultural issues	Does the project take into account local socio-cultural norms and attitudes, also those of indigenous people? Will the project promote a more equitable distribution of access and benefits?
6. Gender equality	Have sufficient measures been taken to ensure that the project will meet the needs and interests of both women and men and will lead to sustained and equitable access by women and men to the services and infrastructures, as well as contribute to reduced gender inequalities in the longer term?
7. Institutional and management capacity	Is there sufficient evidence that the implementing authorities will have the capacity and resources (human and financial) to manage the project effectively, and to continue service delivery in the longer term? If capacity is lacking, what measures have been incorporated to build capacity during project implementation?
8. Economic and financial viability	Is there sufficient evidence that the benefits of the project will justify the cost involved, and that the project represents the most viable way to addressing the needs of women and men in the target groups?

You may add Activities, Results or Assumptions (remember to use the assumptions algorithm), but you must always mark these additions with an asterisk (*), as these should be checked prior to, or during, the Feasibility Study.

Step 3: Formulate questions regarding each sustainability factor

These questions should be clarified by the concerned parties (Delegation, Brussels, proposing organisation), or appear in the Terms of Reference for the Feasibility Study.

Illustration of expected outputs:

Intervention Logic and Assumptions after sustainability check

	Intervention Logic	OVIs	SOVs	Assumptions
Overall Objectives	Increased private sector growth			
Project Purpose	SMEs more profitable			Improved regulatory framework *
Results	1. Improved market information			Chambers of Commerce adopt MIS *
	2. Improved business skills			Consulting companies adopt new techniques
	3. Increased access to credit			Banks willing to adopt scheme *
Activities	1.1 Set up MIS			SMEs willing to pay MIS subscription *
	1.2 Train managers			
	2.1 Train managers			SMEs willing to pay consulting fees *
	2.2 Train trainers *			
	3.1 Design system			SMEs willing to pay market interest rate
	3.2 Lend funds			

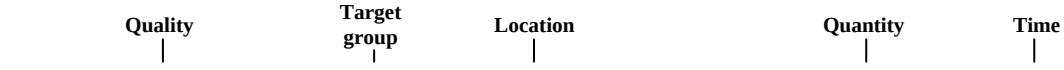
Issues	Actions
• Have new business planning techniques been well-received in the past?	• Delegation to check with other donors
• What are SME operators views on using & paying for consulting services?	• Address during Feasibility Study
• How will Chambers of Commerce be strengthened during the project?	• Address during Feasibility Study
• Which organisations are the most appropriate to take on the post-project training function?	• Address during Feasibility Study

Instruction 5: Analysis of the Project's Feasibility (Part 2)

Instruction 5 is the second and final test of feasibility, and involves the identification of indicators and sources of verification for project objectives. The indicators provide a basis for determining the ambition of the project (the target quantity and quality of services and benefits to be achieved), and together with sources of verification, the basis for the project's performance measurement system.

Step 1: Identify indicators and sources of verification for performance measurement

From the proposal, identify Objectively Verifiable Indicators (OVI's) for the Project Purpose and Results. Look for indicators describing Target Group, Quantity, Quality, Location and Time.



E.g. **Bankruptcy rate** among **SMEs** in **Eastern Province** reduced from **45% to 25%** p.a. **by 2002**.

Place these next to Project Purpose (on yellow cards) and under each Result (on red cards) (or in your matrix in the 2nd column). If the Indicators mentioned in the document are insufficient you may propose relevant Indicators to be included, but always put an asterisk (*) on ideas brought forward by you and which do not appear in the original document as these should be checked prior to, or during, the Feasibility Study.

Step 2: Identify sources of verification for the indicators

From the proposal, identify the Sources of Verification (SOV) which will provide information on indicators. Place these in the 3rd column of the logframe.

Step 3: Analyse the proposed performance measurement system for the project

Analyse whether the Results and the Project Purpose are supported by quantified indicators, and that the necessary information will be available from existing sources or, if it is to be collected by project staff, at acceptable extra cost and effort. Use the following as guide questions, but draw on your own knowledge and experience as well:

- Are indicators specified for the Overall Objectives, Project Purpose and Results?
- Are the indicators presented in the document 'specific' to the objectives?
- Are indicators for the Project Purpose and Results quantified and time-bound?
- Are Sources of Verification specified for all indicators?
- Is there evidence that the indicators are measurable at reasonable cost by existing means or by procedures to be developed by the project?
- Has responsibility for information collection been clearly assigned?

Step 4: Formulate questions regarding the performance measurement system

These questions should be clarified by the concerned parties (Delegation, Brussels, proposing organisation), or appear in the Terms of Reference for the Feasibility Study.

Illustration of expected outputs:

Full logframe after addition of indicators and sources of verification

	Intervention Logic	OVIs	SOVs	Assumptions
Overall Objectives	Increased private sector growth	• Sector output increased by 10% by 2004	• Ministry of Trade statistics	
Project Purpose	SMEs more profitable	• Bankruptcy rate reduced from 45% to 25% by 2002	• Ministry of Trade statistics	Improved regulatory framework *
Results	1. Improved market information	• 150 SMEs using MIS by 2000	• SME survey	Chambers of Commerce adopt MIS *
	2. Improved business skills	• 75 SMEs achieve ISO 9000 standard by 2001	• SME survey	Consulting companies adopt new techniques
	3. Increased access to credit	• $1m disbursed to 120 SMEs by 2000	• Credit records	Banks willing to adopt scheme *
Activities	1.1 Set up MIS			SMEs willing to pay MIS subscription *
	1.2 Train managers			
	2.1 Train managers			SMEs willing to pay consulting fees *
	2.2 Train trainers *			
	3.1 Design system			SMEs willing to pay market interest rate
	3.2 Lend funds			

Issues	Actions
• Are Chambers of Commerce willing to take on responsibility for undertaking annual SME surveys?	• Delegation to check with Chambers of Commerce • Address during Feasibility Study
• How reliable are Ministry of Trade statistics?	• Delegation to advise
• How effective are current bank systems for monitoring & controlling loans to SMEs?	• Address during Feasibility Study

Instruction 6: Preparation of Terms of Reference for the Feasibility Study

Step 1: Sort questions of Relevance, Feasibility and Sustainability

Gather the questions you have formulated during each of the instructions 1 - 5 and sort them into the three categories of Relevance, Feasibility and Sustainability. Check which ones will be addressed first by the concerned parties (Delegation, Brussels, proposing organisation), and which ones will have to be included in the Terms of Reference. These will appear in the chapter: 'Issues to be studied'.

Step 2: Draft the Terms of Reference

Write the Terms of Reference and avoid repetitions. The TOR form part of Annexes II & III of the "service Contract for European Community External Aid". As a general rule the Terms of Reference should contain the following chapters:

Annex II: Terms of Reference
1. Background information
2. Contract objectives
3. Risks
4. Scope of work
5. Logistics and timing
6. Requirements
7. Reports

Annex III: Organisation and Methodology
1. Rationale
2. Strategy
3. Timetable of activities
4. Logframe (if considered appropriate by the tenderer)

Appendix 1: Format for feasibility study report

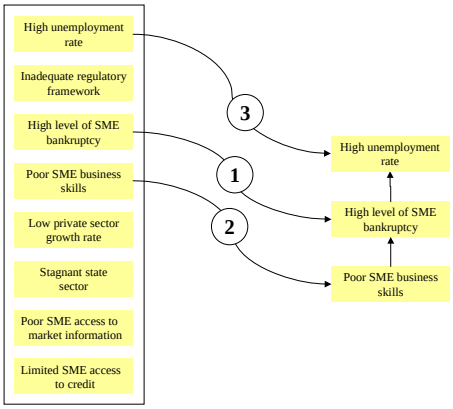
Appendix 1: Preparing Problem and Objective Trees

A problem tree is simply the problems set out in a hierarchical order. Firstly each identified problem is summarised on a yellow card. From the full list of problems, a **starter problem** is selected and pasted into what will become the problem tree. One by one, remaining problems are related to the problems already in the tree:

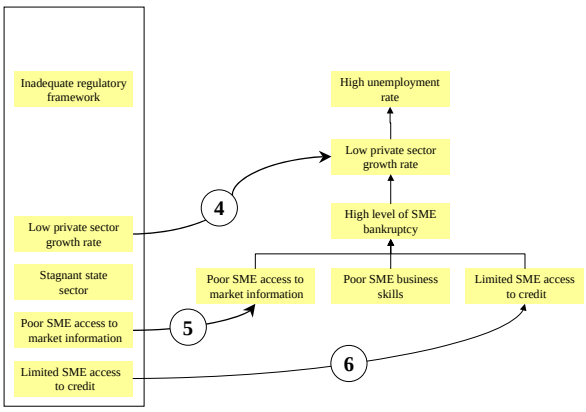
- identify which problem in the tree the newly introduced problem is directly related to
- if the problem is a cause it goes on the level below
- if it is an effect it goes above
- if it is neither a cause nor an effect it goes on the same level

Progressive development of a Problem Tree

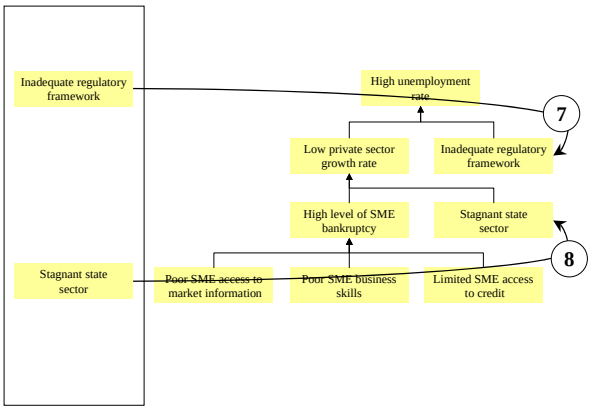
For example, if the starter problem is "***High level of SME bankruptcy***", a cause might be "***Poor SME business*** *skills*", while an effect might be "***High unemployment rate***".



As the tree develops, the remaining problems are added in the same way. The process is iterative, and cards may be moved around within the tree to fit in which the logic as it evolves – for example, the problem *"Low private sector growth rate"* has been inserted between *"High level of SME bankruptcy"* and *"High unemployment rate"*.



When the tree is complete, the cause-effect relationships are checked. The most important aspect of this process is the discussion and questions that arise as the cause-effect relationships are established. It is this discussion process that leads to the identification of information gaps, and therefore a greater understanding of the weaknesses in the proposal.



The process is exactly the same for an objective tree, except that instead of 'cause-and-effect' relationships, you are seeking to establish 'means-to-ends' relationships – *if we achieve this objective, will it be a means to achieving that objective?*