

Project Cycle Management (PCM)
A useful Approach for the Improvement
of Public Administration?

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PCM in Democracy

1. The Citizen of the 21st century has come of age. S/he does not accept any more to be told by the State what is good for him or her. S/he wants her or his voice to be heard and acted upon. S/he wants to play the role of “king” (or queen) the client plays in the market place. S/he wants DEMOCRACY.
2. True, this overall picture has been drawn by a very broad brush indeed, and reality is infinitely more complicated than that. But the general sweep towards democracy during the past century is too obvious to be denied. And the overall drive in favor of human rights, human duties, that is, in a word, human dignity, continues today unabated, in spite of all the disappointments, injustices and cruelties that tend to bar the way towards a better, more human, more dignified existence. Not only do people want to be represented by democratic institutions, they want themselves to have a say in shaping their societies’ destiny. No longer satisfied with REPRESENTATIVE DEMOCRACY, people want PARTICIPATORY DEMOCRACY. The growing importance of the voluntary sector that has led to the existence of a vibrant CIVIL SOCIETY today bears living witness to this tendency. These encouraging developments should not, however, lead to a blind faith in the inevitability of progress. Progress, alas, is not inevitable, that would be too good to be true, and so it isn’t. Progress has to be worked for patiently, painstakingly, purposefully. Progress will not come as a global blessing. It has to be shaped in a thousand walks of life by people committed not only to ideals but to the less inspiring, unpretentious, down-to-earth details of humdrum daily life in equal measure. PCM, rooted within the drive towards participatory democracy, is firmly planted within this latter category. But it can, and it will when applied, make a concrete, albeit limited, contribution in shaping a more equitable, more prosperous and more human society, through the improvement of the effectiveness of public administration in developing as well as in developed countries. In spite of its modesty, this is a far-reaching claim which may or may not be warranted, a question the reader is invited to judge. The rest of this paper is devoted to helping him or her to do so.
3. PCM has been conceived in the sphere of development cooperation with less developed countries. This methodological approach originated around 1990 within the Evaluation Division of the Directorate General for Development of the European Commission, after a general revision that division had carried out in the mid-eighties of the results of the Directorate General’s work over the preceding 25 years. This fact, however, is rather incidental as the approach might have come from any other development cooperation organization/agency as well. All had similar problems to cope with. All will have to continue to learn together. *The question in the present context will be to find out whether the methodological substance of PCM can be made useful not only for an improvement of north/south*

development cooperation but for an improvement of administrative effectiveness in developed countries as well, for instance in Italy. In order to judge that question, it will first be necessary to understand the fundamental nature of PCM and why it will flourish particularly well in a context marked by a drive towards participatory democracy. Only the essential features of the more “technical” aspects of PCM will be treated in the main text, a more detailed version being contained in *Annex I*.

Technical Features of PCM

4. The methodological approach called PCM, i. e. “Project Cycle Management”, could also be labeled (if that didn’t sound like a stutter...): PPPCM, as it is equally applicable to Projects, Programs and Policies. This approach is entirely concentrated on a single objective: Its application is to lead to a durable improvement of the quality of life of the people that are meant to profit from projects, programs and policies. Expressed in a more concise, although somewhat “technical” language, PCM is to allow the “creation of sustainable benefits for the target groups” of projects, programs and policies. It is a remarkable fact that in real life situations the only motive that can possibly justify any of the three “P’s”, namely that they should allow their target groups to improve their standard of living, is often lost sight of, as the humdrum of day to day project/program implementation tends to develop into a kind of “smoke-screen” that tends to blot out the reason for *why* the entire effort was undertaken in the first place.
5. In pursuit of this single objective, PCM suggests a triple approach: First, the respect of three fundamental principles; second the application of three basic tools; and third, the pursuit of three main practices. There is nothing mysterious or particularly difficult about these different elements of the system. They will be briefly hi-lighted under the three following points (these more “technical” aspects being presented in greater detail in the four *Annexes* below):
6. The three fundamental principles of PCM are the following: 1: The objectives pursued by policies, programs and projects should be expressed in terms of the creation of sustainable benefits for the target groups (this is the “Master Principle” of PCM, the other two are “Servant Principles”). 2. All of the really essential aspects, according to practical experience, should be systematically reviewed in project/program preparation, implementation and evaluation. 3. There should be sound decision making discipline all along the entire project/program cycle, comprising the preparation, the implementation and the evaluation of the interventions in question.
7. The three basic tools are the following: 1. The “Basic Format”, containing on a single sheet of paper the enunciation of the most important aspects, as taught by practical experience over decades all over the world, that condition ultimate project/program success (cf. *Annex 2* below); 2. The “Format of Phases and Decisions”, highlighting the nature of the most important decisions to be made along the project/program cycle (cf. *Annex 3* below); 3. The “Logical Framework Matrix”, allowing to structure, to check and to summarize project/program content (cf. *Annex 4* below).
8. The three main practices are the following::

- 8.1. There has to be a constant concern for conciseness and simplicity, otherwise it will be very difficult for organizations and for people working in them to really “absorb” PCM. Therefore, the essential messages of the approach are to be presented in a highly concentrated form. The limited space needed for the presentation of PCM’s three fundamental principles and of its three basic tools will render such simplicity and conciseness possible;
- 8.2. It is necessary to bridge the gulf between such “bare bones” presentation of PCM and its application to real life situations that are infinitely complicated and in constant evolution. This is the role of the “Terms of Reference” (ToR) that allow the preparation of all of the important documents to be established along the project/program cycle, to be structured according to the “Basic Format” *and* to be closely modeled according to the specific features of each individual case and its evolution. They can be thought of as “commented tables of content” of the documents in question. The ToR are the bridge between theory and practice;
- 8.3. As shown under point 8.1. above, the conciseness and simplicity of PCM allow its fundamentals to be rapidly absorbed by a considerable number of people concerned by the project/program cycle. This does not mean, however, that it would be easy to introduce the approach into an organization, and even less so into a string of organizations, as will be necessary if PCM is to work in operational practice. Knowledge of PCM is necessary, of course, but unfortunately it is not sufficient to produce sustainable benefits for the target groups of development assistance. For this objective to be reached, specific projects/programs for the introduction of PCM have to be prepared and implemented according to corresponding policy options. In other words, PCM has to be applied to its own operational introduction. Thinking has to be turned into doing. This will require considerable effort and policy commitment: Policy makers as well as senior administrative personnel will have to be actively involved, along with their staff, in planning, implementing and evaluating the measures required. It is easy to understand what PCM is all about. But it is hard work to make it happen. Here as everywhere else, there is, alas, nothing like a “free lunch”.
9. Summing up, PCM can be thought of as a system of “triple triplets”, thus comprising nine important elements or building blocks : There are, first, the three fundamental PCM principles. There are, second, the three basic tools. And there are, finally, the three main practices. The entire system is geared towards a single objective (coinciding with the first, the “master” principle): the creation of sustainable benefits for the target groups of development projects, programs and policies. Would it appear reasonable to think that this objective can be attained, through the application of PCM, not only in the area of development assistance to less developed countries but also under the conditions obtaining in developed countries? Let’s investigate:

PCM in Developed and in Developing Countries

10. The mechanisms of the formulation, implementation and evaluation of projects, programs and policies are essentially the same, no matter whether the process takes place in developed or in developing countries. To be sure, the difficulties to be overcome, like scarcity of available resources, limitations in managerial capacity,

weak infrastructures, etc... may be greater in the former compared to the latter. Even so, the nature of the process will be overall identical: there will always be the need to formulate policy options and aims, these will then have to be reformulated into program objectives, and these objectives will have to be split up into a series of project purposes. A couple of years ago, I was given the opportunity to find this out for myself when I was charged with an evaluation mission which led me to the Abruzzi in Italy and to Sachsen in Eastern Germany. The mandate of the mission consisted of an analysis of the question whether PCM could be applied to the preparation, implementation and evaluation of programs and projects cofinanced, under the European Structural Funds Regulations, by each of the two EU countries involved, Italy and Germany, on the one hand, and the EU on the other. The answer was unequivocally positive: it can. And not only can it, but it should, as it may be expected to lead to better results of programs/projects cofinanced by EU Structural Funds. It is obvious, however, that cofinancing in this context does not play an essential role: Indeed, *any* public development project/program and the formulation of *any* national as well as regional or European development policies will profit from an application of PCM, provided, of course, that PCM does, indeed, have the potential to improve project/program/policy results in general.

11. There seems to be, however, one “caveat” that should be inserted into this picture of general comparability between the situations in developing and developed countries, concerning the applicability of PCM and the advantages that can be expected as a consequence of such application: Development assistance will be granted, in general, only if an *investment* is involved designed to lead to a subsequent stream of sustainable benefits for the target groups of projects/programs. There is no difference in that respect compared to the situation in developed countries. This implies, however, that public and para-public administrations in developed countries running an existing facility, for instance a water supply system, a police force, a school...will be less directly interested in PCM as the original investment for the creation of the facility etc...has already taken place. True, even they might profit from rethinking the objectives they are pursuing in terms of sustainable benefits for those whom they are supposed to serve, their “clients”, their target group. If they are doing a perfect job, then they should go on just as before, and PCM has nothing to teach them as they will already be applying it without being conscious of the fact. They will resemble Molière’s Monsieur Jourdain who found out that he had been speaking “prose” all his life without knowing! But as soon as there is an improvement involved in the quality or quantity of service (even if it’s only the change from a grumpy to a smiling face when delivering identity cards to citizens, for example) an “investment” will be necessary, and PCM applies in full. *All innovations, no matter whether revolutionary or incidental, require an initial investment, and therefore PCM can and should be applied in all of these cases.*

Promoting Participatory Democracy

12. Last but by no means least, there remains one important aspect to be considered when talking about the usefulness of an application of PCM with a view to improving the effectiveness and efficiency not only of north-south development cooperation but of public and para-public administrations in developed countries as

well: Why should this approach contribute to fostering, why should it blend so effortlessly into an evolution marked by a consistent drive towards more participatory democracy? Because it will work only if everyone concerned contributes to the best of their knowledge and capacity to the common objective of the creation of sustainable benefits for the target group. The “traditional” top-down command structures and mentalities in development cooperation, as well as in public administration in general, have failed, as practical experience has consistently demonstrated. If donors tell recipients, and if administrators tell citizens what’s good for them, there may be transfer of goods and services but there will be no development. The traditional hierarchy has to be laid flat. Bosses have to be turned into leaders who replace “I” by “we”. It is only in an atmosphere of mutual learning where everyone is teacher and pupil at the same time that consensus will emerge, replacing unilateral, top-down goal setting. In practical PCM application, this implies, for instance, that the citizens or “clients” concerned, the intended beneficiaries take the leading role in the analysis of their situation and in the determination of the benefits that should be created, since that is what they know best. Donors or central administrations might take the leading role in the discussion of the methodological approaches to be used, since they have accumulated the corresponding experience. PCM will also promote fruitful cooperation between older and younger professionals, the younger ones taking the lead in the formulation of the “terms of reference”, since they are more firmly rooted in contemporary concerns, whereas the older ones will watch over the continued relevance of the system of principles and tools as these are the fruit of experience. Being entrusted with what one knows best is, it will be remembered, called “subsidiarity” in the European debate. It is surely one of the most fruitful ideas to enter discussions in recent years. It is fully applicable not only to development cooperation but to public administration and policy setting in developed countries as well.

Annex 1

Project Cycle Management (PCM)

Principles, Tools and Practices

The three Fundamental PCM Principles

1. Looking at the results of international development cooperation today one cannot, as yet, be satisfied. True, there has been progress, i. a., in policy setting as well as in project/program design and delivery. There is, however, and that much can be said with confidence, no easy solution for what appears to be an almost intractable web of interconnected problems barring the way towards better results. The analyses preceding the formulation of “Project Cycle Management” (“PCM”), pinpointed three of the major ones among these interconnected problems, the *three fundamental weaknesses*:

1.1. There was a general tendency to imply that classical development projects like the construction of a road, a school, a hospital, a factory or the supply of machinery etc...were in themselves positive contributions to the development of the recipient countries. In the absence of a proper problem identification, it was assumed that the construction of such “hardware” elements (favored, moreover, by powerful commercial and political interests...) would trigger the start of the corresponding development processes. This belief made it difficult to concentrate on the *only objective whose achievement would count in the end: on the improvement of the situation of the intended beneficiaries* i. e. the target group. It led, in fact, to confusing hardware with development, means with ends, *the project with the people*;

1.2. One or several of the criteria essential, according to experience, for the preparation, the implementation and the evaluation of successful development projects were neglected or “forgotten”;

1.3. Decision making during project preparation, implementation and evaluation, i. e. all along the entire project cycle, was weak or erroneous.

2. The three fundamental PCM principles mentioned below were conceived on the basis of this analysis with a view to overcoming the three fundamental weaknesses indicated above, and that in a way which makes PCM applicable to projects, programs and policies alike. Projects, programs and policies make up between them an inextricable mix of interrelated interventions. A program is, in fact, composed of a cluster or web of projects, and a policy formulates options and priorities that in turn will have to be pursued by programs/projects. The following three PCM principles thus apply to the entire range of these various interventions:

2.1. The purpose of projects, programs and policies must always be to improve, during many years, the quality of life of the people meant to profit from such development assistance. In other words and using a concise (although somewhat “technical”) language, that purpose has always to be expressed in terms of *sustainable benefits for the target group*;

- 2.2. All of the essential criteria for successful project preparation, implementation and evaluation should be considered;
- 2.3. There should be sound decision making discipline all along the project/program cycle.

The first of these principles is the very center of gravity of PCM: its “Master Principle”. The entire approach turns around it, and that includes the second and the third principles as well: they are the “Servant Principles”; important servants to be sure, but servants only, at the service of the first.

The three Basic PCM Tools

3. With a view to allowing these three principles to be applied in operational practice, three simple *tools* have been set up:
 - 3.1. The “Basic Format” is a one page guide (cf. Annex 2 below) that will accompany the entire project/program cycle. Giving operational expression to the Second PCM Principle, this guide contains the most important criteria, drawn from practical experience over many years by professionals worldwide, for project/program preparation, implementation and evaluation. This format, first established in 1993, has been revised in this paper to take account of more recent insights, notably concerning the need for promoting democracy, human rights and good governance; the need for procedural and administrative transparency; for active stakeholder involvement; and for participation, empowerment and ownership on the part of the target groups, i. e. the intended beneficiaries. It is true that this guide of less than 150 words cannot do more than point towards the really important issues. Its correct application will thus depend on the skills and the motivation of its users, above all when formulating the “Terms of Reference” (ToR), as underlined below;
 - 3.2. The “Format of Phases and Decisions” (cf. Annex 3), giving operational expression to the Third PCM Principle, will guide decision making all along the project/program cycle; and
 - 3.3. The “Logical Framework” (cf. Annex 4) will allow to structure and to check the logic of the projects/programs and to summarize the salient features of these interventions.
4. These tools are designed, like all other elements in PCM, to lead to the creation of sustainable benefits for the target groups. Since they are contained on less than three pages, they are extremely concise and concentrated on the essentials only. Such concentration is an operational necessity, as underlined below (cf. point 5)

The three Main PCM Practices

5. Indeed, the essential message conveyed by the three PCM principles and its three tools should be familiar to all of the agents bearing responsibility along the chain of delivery of development cooperation projects and programs, no matter whether that responsibility pertains to policy setting, to technical, to financial or to any other operational or management functions, and irrespective of whether these agents belong to donor or recipient countries. Voluminous handbooks will not be able to

transmit this essential message: many people who should would simply not read them, even less absorb and apply them So, if the complex development cooperation machinery is to speak with one voice and to pursue a common purpose, the “creation of sustainable benefits for the target groups”, then concentration on the essentials is a “sine qua non”. The PCM principles, tools and practices can be summed up on less than five pages.

6. However, and that goes really without saying, real life situations are so complex, so unpredictable, so utterly elusive that even a million pages won't do justice to them, let alone four or five. Therefore, there must be a way to bridge the gulf between the essential message of PCM, on the one hand, and operational real life practice, on the other. That bridge is provided by the “Terms of Reference” (ToR). Each project, each program, each policy is a unique case that has never existed before, that will never exist again and that, moreover, will change constantly all along its cycle: it will be different today from what it was yesterday, it will be different tomorrow from what it is today. The formulation of the ToR for each individual project/program at each phase of the cycle, to fit the uniqueness of each case at each moment in time, is thus an operational necessity that will ensure the practical relevance of PCM. The ToR will specify what are the detailed criteria to be observed and what are the specific decision making modalities to be chosen for each concrete intervention. The enunciation of these criteria and of these modalities, structured according to the two “Formats” mentioned above and checked by a proper “Logical Framework Analysis” (LFA), will be the result of a thorough problems and possibilities analysis to be undertaken involving all interested stakeholders, notably the intended beneficiaries. The ToR. can thus be thought of as the commented table of contents of each of the routine documents accompanying the project/program cycle, notably project/program identification sheets, pre-feasibility studies, feasibility studies, formal financing documents like financing proposals and conventions, monitoring and progress reports and, last but not least, evaluation reports. The ToR are the bridge connecting theory to practice.
7. Concerning the third of the three main PCM practices, it is important to recall, first of all, a fundamental lesson taught long ago by LFA: given certain assumptions, each output is due to a series of activities, and the project purpose is, in its turn, achieved through a series of outputs. It should, thus, be well understood that it is not sufficient to *teach* PCM. Training, indeed, is only one of the necessary activities leading to one of the necessary outputs, to wit the acquisition of the required project/program design, execution and evaluation skills: *necessary* but not *sufficient*. The most promising procedure of introducing PCM into the operational practice of an organization would therefore require that such introduction be treated as a “project” in its own right and not just as another training exercise. In other words, PCM has to be applied to the “project” of its own introduction into development cooperation organizations, guided by its own three principles, its own three tools and establishing the Terms of Reference for each individual case in point. As such project would be “people-focused”, i. e. of a “soft-ware” rather than of a “hard-ware” nature, a “process approach” rather than a “blue-print approach” would be adequate for project preparation, implementation and evaluation. This means that participation, dialogue, mutual learning, a constant concern to improve PCM itself, would be the dominating elements of this process.

This “people-focused” process approach would allow participating organizations to decide, step by step, which are the elements of their respective systems they want to review and which are those they want to maintain unchanged. The process will constantly and fully be controlled by each of these organizations as far as their own sphere of interest is concerned. In other words, participating organizations will have a triple advantage: (a) they are free to decide which (if any) of the individual features of their systems should be changed, while (b) those features they want to maintain unchanged would in no way be affected; and (c) the process could be halted at any moment if participating organizations so decide. The organizations in question could be bilateral or multilateral public development cooperation departments or agencies; development banks; voluntary non-governmental organizations (NGOs), private consultancy companies; etc... in developed countries; and government departments; public, semi-public, private or voluntary (NGOs) agencies, etc.. in developing countries.

An operational application of PCM by such organizations would lead to a common thrust of their activities giving rise to a visible, general improvement of development cooperation effectiveness and to a considerable easing of the administrative burden to be borne by recipient countries’ administrations. An ongoing exchange of views conducted in a spirit of a creative debate among such organizations could, moreover, be instrumental in achieving further improvements in PCM, enriching it by important new insights already gained or becoming available in the future, flowing from common endeavor and mutual learning. That would give PCM the dynamic nature it needs to be and to remain relevant for successful development cooperation.

The PCM Basic Format

1. Summary

2. Background

- 2.1. Government/sectoral policy - Donor policy
Democracy - Human Rights - Good governance**
- 2.2. Features of sector**
- 2.3. Beneficiaries and other stakeholders**
- 2.4. Problems and opportunities to be addressed**
- 2.5. Other interventions**
- 2.6. Documents available**
- 2.7. Project/program history**

3. Intervention

- 3.1. Overall objectives**
- 3.2. Project/program purpose**
- 3.3. Outputs**
- 3.4. Activities**

4. Assumptions

- 4.1. Assumptions at different intervention levels**
- 4.2. Risks and flexibility**

5. Implementation

- 5.1. Project/program phases and decision making**
- 5.2. Physical and non physical means**
- 5.3. Organization - procedures - transparency**
- 5.4. Timetable**
- 5.5. Cost estimate and financing plan**
- 5.6. Special conditions: accompanying measures taken by Government**

6. Factors ensuring sustainability

- 6.1. Policy support**
- 6.2. Appropriate technology**
- 6.3. Environmental protection**
- 6.4. Socio-cultural aspects: - Gender issues -
participation - empowerment - ownership**
- 6.5. Institutional and management capacity, public and private**

7. Economic and financial viability

8. Monitoring and evaluation

- 8.1. Monitoring plan and indicators**
- 8.2. Reviews / evaluations**

9. Conclusions and proposals

(including overall sustainability assessment)

The Format of Phases and Decisions

	Phases	Decisions
1.	Project Idea According to program within framework of a pre-determined policy	Does this idea correspond to the predetermined policy? <u>YES:</u> execute the pre-feasibility study <u>NO:</u> Abandon the project
2.	Project Identification pre-feasibility study	Should Project Formulation take place? <u>YES, because the project seems relevant:</u> undertake the feasibility study <u>NO, because the project does not seem relevant:</u> abandon the project
3.	Project Formulation feasibility study	Is the Project feasible? <u>YES, because project sustainability appears ensured:</u> establish the formal financing documents <u>NO, because project sustainability appears doubtful:</u> abandon the project
4.	Financing formal financing documents	Should the formal financing documents be signed? <u>YES, because they correspond to project formulation according to point 3.:</u> sign the formal financing documents <u>NO, because they do not correspond as yet to project formulation according to point 3:</u> correct the financing documents, then sign
5.	Implementation monitoring reports	Should the project be adapted without changing the project purpose? <u>YES, if not, the achievement of the project purpose seems improbable:</u> adapt the project <u>NO, because the achievement of the project purpose continues to appear probable:</u> continue implementation as before
6.	Evaluations evaluation reports	Should the project be re-oriented? <u>YES, i. a. because the project purpose might have to be changed:</u> proceed with the re-orientation <u>NO, because i .a. the project purpose still appears realistic:</u> continue implementation as before In any case, apply lessons learned to future projects

The Logical Framework:

Annex 4

	Intervention Logic	Objectively verifiable Indicators	Sources of verification	Assumptions
Overall Objective	(1)	(2)	(3)	(4) (void)
Project Purpose	(5)	(6)	(7)	(8)
Outputs	(9)	(10)	(11)	(12)
Activities	(13)	<u>(14)</u> <i>Means (Inputs):</i>	<u>(15)</u> <i>Costs:</i>	<u>(16)</u> <i>Preconditions:</i>

