

**EUROPEAN COMMISSION**

EuropeAid Co-operation Office

EuropeAid

**Results-Oriented Monitoring of EC  
External Assistance**


**Causes underlying Effectiveness and  
Impact of EC Development Projects**

**Qualitative study based on ongoing and ex post  
ROM reports (2005-2007)**

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ROM Coordination:  
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## List of Acronyms

DG	Directorate General
DFID	UK Department for International Development
EC	European Commission
EU	European Union
ECD	European Commission Delegation
E-ROM	External Results-Oriented Monitoring System
GTZ	German Technical Cooperation
I-ROM	Internal Results-Oriented Monitoring System
LFA	Logical Framework Approach
LFM	Logical Framework Matrix
MR	Monitoring Report
NGO	Non-Governmental Organization
OVI	Objectively Verifiable Indicator
OO	Overall Objective
PCM	Project Cycle Management
PMU	Project Management Unit
PP	Project Purpose
P-ROM	Project-based Internal Results-oriented Monitoring Systems
oQSGs	Office Quality Support Groups
RAO	Regional Authorizing Officer
ROM	External Results-Oriented Monitoring system of the European Commission
TA	Technical Assistance
ToR	Terms of Reference

## How to Read this Study: Quick Reading or Detailed Perusal?

The structure of this study allows different approaches to its reading. Depending on the interest and time of the reader, we suggest two ways of approaching the document:

### Quick reading

This can be achieved by means of reading the “Executive Summary” and Section 4 “Conclusions and suggestions for improvement”.

This essential understanding of the study may be complemented with a snapshot overview of the summarised technical findings of each chapter by means of “*box-hopping*” through the grey-shaded text boxes contained throughout Sections 3 of the study.

**Figure:** Example of grey-shaded text box.

**A vast majority of *poor-performing* projects, lack an adequate Internal Results-Oriented Monitoring System (P-ROMS) and OVIs**

### Detailed perusal

This alternative is recommended for the reader who wants to understand the fact-based findings that lead to the overall conclusions, the interrelation between causalities and the detailed nuances of the different factors affecting performance and their corresponding illustrative examples. For a detailed perusal, also read Section 3 “*Characteristics and/or explanatory causes behind poor- or well-performing projects: primary findings*”

Section 3 follows a structured sequence whereby each element of analysis is presented in a sub-section comprising the following:

1. A brief definition of the variable/aspect under analysis in the sub-section.
2. A *Fact Data Table* containing a summary of occurrence data for the variable, that is, quantifying the number of times the variable is found among *good* or *poor performers*.
3. An interpretation of the aforementioned data, complemented by the results of the qualitative analysis, i.e. the in-depth reading and cross-comparison of information contained in MRs.
4. A box containing a *comparative analysis* between *poor-* and *well-performing* projects as well as possible suggestions for improvement.
5. Illustrative project examples are inserted in *italics*.
6. The main technical findings are summarised in *grey-shaded text boxes*.

The methodological principles and steps behind the analysis are covered in Section 1. “*Study sample, approach and basic methodological aspects*”.

## Acknowledgements

This study would not have been possible without a team effort. Therefore, we would like to extend our gratitude to Serani Siegel, Mary Hall, Maria Navarro and Veronique Girard from Particip (*Support to ROM Coordination Office*). Their experience, technical expertise and their practical understanding of ROM data handling have proven of paramount importance to this study.

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Last but not least, the authors extend their heartfelt thanks to those who ultimately laid the foundations for this study, EU taxpayers at one end and beneficiaries of development interventions at the other end of the Development Aid chain. We sincerely hope the analysis contained herein prompts a series of reflections and subsequent actions that ultimately result in more effective Development Aid and in a higher return on investment of taxpayers' money in terms of Development benefits.

## EXECUTIVE SUMMARY

### RATIONALE AND OBJECTIVES

The External Results-Oriented Monitoring system (ROM) of the European Commission provides an exceptionally comprehensive coverage of projects. It produces approximately 1,600 Monitoring Reports (MRs) on 1,400 projects and programmes every year; it covers virtually every country with EC Development Aid and Co-operation, and encompasses all thematic sectors and a wide range of implementing partners.

It is felt that the abundance and comparability of information provided by ROM has not yet been fully exploited to extract overall conclusions or lessons learnt on the EC Development Aid portfolio. In this regard, a further research step has been deemed necessary to gain a more in-depth understanding of the key qualitative aspects and explanatory causes of project performance.

The main aim of the present study is to provide a well-founded answer to the question: **“What are the characteristics and/or explanatory causes behind poor or good performance of European Commission (EC) Development Aid projects?”** For the purposes of this study, “performance” is understood as the ability of a project to produce effects, that is their *Effectiveness and/or Impact*.

Thus the present study primarily seeks to provide useful fact-based information and overall conclusions on the portfolio to decision-makers in the European Commission and to provide a detailed analysis to ensure the operational usefulness for Managers both in Headquarters and Delegations. That said the research may also be of interest to other Development Aid actors such as practitioners, Partner Governments, donors, researchers, etc.

Additionally, in an effort to avoid a one-off undertaking, special attention has been afforded to creating a robust methodology and to documenting said methodology, in a separate report, for similar overall qualitative exercises in the future.

### METHODOLOGICAL ASPECTS

For the main part of the study 205 MRs covering 114 projects which were finished between 2005 and 2007 and which were subject to ROM monitoring during the implementation phase as well as Ex-post were analysed<sup>1</sup>. All these projects had, at one time or another, been given an “a” (very good) or a “d” (serious deficiencies) in a MR for either or both effectiveness and impact.

*Why use finished ex-post projects?*

The finalisation of a project constitutes a prerequisite to be able to establish a final judgement on its *good* or *poor* overall performance. In other words, we may identify

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<sup>1</sup> For the entire exercise including deriving a methodology and assessing ROM for its suitability as a tool to analyse aggregate information and draw overall qualitative conclusions 171 projects and their 301 MRs were analysed.

isolated “causes” during a project lifetime, but we will not know if these causes are behind a *good* or *poor* project until its end.

The goal of the present Study is not to collect a list of causes, but to separate the circumstantial ones from the determining ones. Many causalities may appear as important during the lifetime of a project, but whether these causalities are truly determinant for overall project performance can only be known at the end of the intervention.

Ongoing (Unfinished) projects include “Impact prospects” as one of the assessment criteria. This perspective is much less precise than “Impact to date”, which is used in Finished projects (through the Ex-post reports) in order to understand the actual impact of an intervention.

The capacity to adapt was one of the most important variables under the study. Only finished projects allow the analysis of this crucial aspect of performance.

This rationale emphasises the **key added value of the Ex-post ROM** in enabling overall analyses of the EC portfolio.

### *Basic methodological concepts*

In summary the methodology applied contains three main elements which permit the identification of **qualitative analysis** whilst at the same time being able to **quantitatively** substantiate the findings:

1. The identification of available information from the MRs with regard to various pre-identified variables e.g. were assumptions properly identified? Or were there appropriate OVIs?
2. The absolute statistical occurrence of this information i.e. how many times the point was mentioned?
3. The statistical occurrence of the information being “explanatory” with respect to the project’s overall performance.

These 3 elements translate into the following 6 steps:

#### **1. Pre-identification of possible variables and methodology check**

A sample of all kinds of reports (96, corresponding to 56 finished projects) was analysed to pre-select the potential qualitative questions, to collect and analyse information, and to refine the methodology. As a result of this process, **95 variables - formulated as questions- were pre-identified** and the methodology rules were defined.

#### **2. In-depth qualitative reading of reports**

Then the 205 MRs (for 114 projects) were fully read to respond to the 95 pre-identified variables. As a result, a “Qualitative Table” containing qualitative information on the 95 variables was produced, one for “d” scoring (*poor performing projects*) and another one



for the “a” scoring (*well performing ones*). Variables are **categorised** as **descriptive/occurrence** when they are mentioned but no direct causality between them and the project’s performance is given and as **explanatory** when direct causality is given.

### 3. Selection of the most abundant variables

In order to ensure the maximum representativeness of the findings we selected only variables that objectively stand out as those with the highest occurrence<sup>2</sup>. As a result, **23 variables, 11 for the *poor performers* and 12 for the *good performers***, were selected to be included in the study’s main body of analysis and its ensuing conclusions.

### 4. In depth analysis of the 23 variables so as to identify the aspects defining the characteristics and/or explanatory causes behind poor and good performance

The core analysis was done through different analysis techniques that were often juxtaposed: cross-comparison with other variables, comparative analysis between the results in *poor* and *good performers*, re-reading of selected groups of projects/reports every time there were indications of a further level of qualitative information, etc. As a result, the **most crucial characteristics and/or explanatory causes behind project performance were identified** and analysed.

### 5. Grouping the variables and analysed information into 12 aspects

The in-depth qualitative analysis of *why* and *how* the selected variables explain performance allowed us to group them under **12 concrete aspects**. Some variables are interrelated and as they may be at different levels of causality requires their grouping under homogeneous levels of causality so as to provide a user-friendly and structured presentation of findings. This step consists of an in-depth qualitative analysis focusing on the interrelations between variables, their different levels of causality and on the patterns they follow to determine performance. The ensuing **12 aspects (6 for *poor performers* and 6 for *good performers*)** appear in quantitative and qualitative terms as the most crucial characteristics and/or explanatory causes behind project performance and, as such, they provide **an answer to the research question and constitute the primary findings of the study**.

### 6. Conclusions and Suggestions for improvement

A qualitative interpretation based on the findings of the Study and suggestions aimed at

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<sup>2</sup> In the case of *poor performers* our obvious preference would be the variables that had the highest percentages of both explanatory and overall occurrence at the same time. Six variables complied with these requirements. We also added six more variables with an extremely high overall occurrence (more than 80%) regardless of their explanatory occurrence. In all cases we ensured that the minimum percentage of available information for variables to be eligible would be at least 45%.

In the case of *good performers*, we similarly chose the variables that had the highest percentages of both explanatory and overall occurrence given the following minimum thresholds: (i) the minimum percentage of available information had to be higher than 50%; (ii) the minimum percentage of overall occurrence had to be higher than 70% and; (iii) the percentage of explanatory occurrence had to be at least of 25%. Among all the variables we pre-identified for good performers, eleven complied with these three requirements simultaneously

providing food for thought and operational applications for decision makers both in Headquarters and Delegations.

### **SUMMARY OF FINDINGS AND CONCLUSIONS:**

On a number of occasions the study identifies surprising causalities that challenge conventional wisdom, thereby paving the way for the reconsideration of aspects that were previously taken for granted. At other times, the analysis confirms aspects that were already suspected by Development Aid practitioners, thereby allowing the passage from knowledge based on personal experience to knowledge based on evidence resulting from factual data. In any case, the authors believe that **the central added value** would not lie in producing a list of more or less expected causalities, but rather in identifying **the most significant ones** and, more importantly, in **understanding the relative weight of these causalities** behind project performance and in **describing their specific nature**. The information provided is detailed enough to enable establishing priorities for the operational application of the main findings and conclusions.

### **Findings and conclusions on the causes behind project performance within the EC Development portfolio:**

1. A very substantial proportion of the ultimate causes behind performance are explained by elements happening prior to the project start and more specifically in the **Identification Phase**, with flaws that are then translated into the Formulation phase, ultimately affecting project performance.
2. EC projects show a very high degree of **Strategic Relevance**, this is, relevance towards EC and Partner Government level objectives. This leads to a positive conclusion: when an EC project succeeds in producing effects, it is almost guaranteed that those effects will contribute to wider strategic objectives.
3. However, Strategic Relevance is not enough to ensure the **Real Relevance** of a project. Relevance towards the final beneficiaries is not always properly emphasised, and the attention given to the beneficiaries appears as a major factor behind poor performance when neglected and behind good performance when observed.
4. The study shows a strong association between **Ownership** and the appropriate involvement of beneficiaries, both during project design and during implementation. The qualitative analysis also reveals that a proper follow-up of results/effects plays a pivotal role in the promotion of ownership.
5. **Overambitiousness** is present in a significant number of projects. It had adverse consequences in all cases, either fully frustrating projects or reducing the effects of good performers. The key negative element in overambitiousness is not the complexity,

size or ambition of the projects in absolute terms, but rather the mismatch between allocated resources and planned objectives. This is revealed by the qualitative analysis and corroborated by the result of a linear regression showing that there is no correlation between the size of project budgets and project performance.

6. The data show that, despite strong EC institutional commitment<sup>3</sup> towards **follow-up on results**, EC Aid Delivery is still heavily focused on inputs and activities. The vast majority of EC projects analysed, be they *good* or *poor performers*, do not have an acceptable Internal Results-Oriented Monitoring System or appropriate Objectively Verifiable Indicators or baselines. The primary consequence of this absence is that the results/effects of the EC Aid portfolio remain unmeasured. The neglect of results-oriented monitoring has four major negative implications (each one analysed in detail throughout the study):

- **Inadequate Accountability** on EC expenditure in Development Aid.
- **Insufficient fact-based information** for making key strategic Development decisions.
- **Deficient Visibility** of the EC as one of the world's main Development actors.
- **Limited Learning capacity**, both at project level and at overall institutional level.

7. The study reveals **adaptation capacity** as a determining factor for project performance. In a development context, adaptations are recurrently needed, be they to respond to changes in beneficiaries' needs, to minimise the consequences of delays or to address flaws in the original design. The study shows that the requisites allowing projects to adapt include (a) the presence of a proactive and capable management within the project and in Delegations; (b) good communication among project partners; (c) the fact that design flaws that are not critical and thus can be reversed and (d) the presence of a good system for follow-up and understanding of the project results/effects.

8. Appropriate **project management** is the most significant factor behind well-performing interventions. The study shows two recurrent features that characterise "appropriate project management": (a) Inclusive project management, that is, management that proactively and systematically involves beneficiaries and relevant stakeholders during the planning and implementation of activities and (b) adaptive project management, that is, managers that are highly responsive to changes in the evolving project environment.

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<sup>3</sup> The obligation to follow up on results and the basic role of result-based indicators for this purpose, are explicitly adopted by the EC in its main multilateral Development commitments such as the Paris Declaration on Aid Effectiveness of 2005, the European Consensus on Development Policy of 2005 and in the Millennium Development Goals. Within the EC, the commitment to follow up on results based on results indicators is prominent in its Communications on Development, Poverty Reduction and Aid coherence, and is reflected in its contractual framework, but rarely enforced.

9. The analysis shows that it is thanks to the proactive efforts made by the project management to promote the use of the project services that good performers succeed. In particular, the analysis reveals that the critical linkage between delivery of outputs and the generation of the desired outcomes does not take place spontaneously, but is rather prompted by **proactive managerial attitudes that transcend the mere production of outputs.**

10. EC-funded development interventions have a strong focus on capacity building and the transfer of know-how. The study confirms the presence of **good expertise and competence of technical staff** as playing a crucial role in the generation of good effects. The two features that appear as distinctive of good technical teams are: (a) The capacity to produce outputs of good quality and (b) the capacity to transfer technical skills and expertise to the target beneficiaries. This is often achieved as a result of continuous interaction with beneficiaries.

11. When assessing the **technical and organisational capacity of implementing partners**, the data reveals that whereas individuals are undoubtedly important, project success and proper management do not only depend on individuals. The organisational framework and culture of the implementing institutions play a fundamental role in project performance.

Five specific organisational aspects are particularly key to explaining good performance:

- (a) Organisations with in-house accumulated knowledge prior to the specific EC support.
- (b) Organisations with adequate initial endowments in terms of equipment, specialised expertise and in-depth practical understanding of the beneficiaries' problems.
- (c) Organisations affording great importance to networking and institutional relations.
- (d) Organisations with high levels of reputation and trust among final beneficiaries.
- (e) Organisations with a sufficient administrative capacity.

12. A significant number of EC projects present a high degree of vulnerability due to **inadequate risk management**. Identification of *assumptions* was very weak or non-existent in virtually all *poor-performing* projects with available information. In a large proportion of these projects, this flaw constituted a decisive factor behind poor performance. The lack of commitment of the Partner Government from the start of the project was the most sensitive external factor to an inadequate identification of *assumptions*, especially when they constitute pre-conditions for project performance. Proper identification and follow-up of assumptions significantly reduces the vulnerability of projects as suggested by the good performers that correctly followed up on assumptions.

#### **SUGGESTIONS FOR IMPROVEMENT: THREE KEY AREAS OF OPPORTUNITY FOR BETTER PERFORMANCE:**

The qualitative and quantitative findings and the overall conclusions of the study

converge on three key areas of opportunity. Focused action on these three highly strategic areas could decisively contribute to ensuring better performance (impact) in the EC portfolio.

#### **Area A: Greater attention to the ex-ante design phase of projects, in particular to the Analysis Stage during the Identification phase**

The weight of the data is very convincing in demonstrating the enormous risks posed by insufficient reflection prior to implementation and, conversely, the vast benefits presented by an appropriate Analysis Stage. In turn, the data analysis leads to **three distinct areas** where the **ex ante phase** should focus their efforts:

- (a) The need to emphasise the importance of a **documented Analysis Stage** covering its different aspects, namely, **Stakeholder Analysis, Problem Analysis and Strategy Analysis**;
- (b) The necessity to enforce in every type of appraisal exercise an appropriate **Institutional Capacity Assessment** covering key organisational capacity aspects of both implementing partners and beneficiary institutions (see details in the study); and
- (c) The importance of granting special attention to whether **inclusive stakeholder participatory approaches/processes** have been applied and documented during the analysis and selection of intervention strategies.

#### **Area B: Enforcement of the projects' obligation to monitor and follow up on results**

The study identifies and then analyses in detail the general absence of results-oriented mechanisms at project level, its negative implications and the considerable benefits arising for projects and the EC at large when results-oriented information is collected and capitalised upon. The EC would not need a major conceptual or financial investment to achieve very significant improvements in this area. In fact, the key factor for ensuring the availability of results-based information from the field would be to send a clear message of enforcement at two levels: from EC Headquarters (HQ) to EC Delegations and from EC Delegations to the projects. Systematic access to results-based information would be **essential** not only **to improve project performance**, but it would also constitute the most vital element and basis for **ensuring satisfactory visibility** of the EC reflecting its status as one of the world's main Development actors. Equally important, the access to fact-based information on results is the imperative **pre-condition for making well-informed key strategic decisions** on the EC-funded Development portfolio.

#### **Area C: Rethink the roles of contracts and partnership in the pursuit of development objectives**

Many of the factors identified as key elements for performance fall outside the more tangible obligations established by contracts or Terms of Reference. Aspects such as proactive managers able to adapt to new circumstances or timely communication or promotion of the use of projects' services / benefits are recurrent elements determining good performance. It is observed that, paradoxically, these key aspects are sometimes not included as contractual requirements, but they tend to occur (when they do) as a

result of proactive behaviour when there is a sense of “shared objectives” between the EC and the implementing partner. In contrast with this, the EC expends a vast amount of energy in conducting close follow-up of contractual requirements related to activities and inputs, whereas insufficient attention is devoted to key areas such as concrete follow of the achievement of results or the creation of goal-based partnerships (as opposed to the more limited donor-implementer contractual relationships).

Furthermore, the EC management framework places extremely high demands on Task Managers in terms of administrative and contract-related communication requirements and follow-up/supervision tasks associated with the implementation of activities. Yet, results and impact, which are the ultimate *raison d'être* for the very existence of projects, whereas recognised as strategically fundamental, are actually subject to much lighter concrete demands in terms of follow-up and communications.

In this scenario, a primary step points at placing the main emphasis on results/effects in the reporting channels and on investing resources in a more fluid results-based communication between EC Delegations and the implementing partners. More ambitious steps are beyond the scope of this study; however, it seems useful to explore management approaches in the lines of the *Managing for Results* framework of the UK's DFID or the *Managing for Development Results* framework of Germany's GTZ.

## 1. BACKGROUND AND MAIN AIMS OF THE STUDY

### **BACKGROUND**

The External Results-Oriented Monitoring system (ROM) of the European Commission (EC) provides analytical information and recommendations on the performance of Development Co-operation projects/programmes based on the five evaluation criteria of the Development Assistance Committee, namely *Relevance, Efficiency, Effectiveness, Impact and Sustainability*.

The sort of information provided by ROM is unique in various respects: firstly, ROM provides an exceptionally comprehensive coverage<sup>4</sup>, including within its scope every world region, all thematic sectors and a wide range of implementing partners. Secondly, though originally designed to provide support to individual projects/programmes, the fact that ROM includes uniformity in its approach and format across the board, allows comparability among different interventions at a scale that is currently not possible through any other evaluation tool. Additionally, the ROM system offers different time perspectives of project analysis (ex-post vs. ongoing intervention analysis) and, in many cases, it provides several observations on the same project (re-monitored projects), which allows a dynamic understanding of project performance over time.

***There is increasing demand from within the EC and among interested stakeholders to capitalise upon the abundance and comparability of information provided by ROM to draw overall conclusions or lessons learnt on the EC Development Co-operation portfolio and on Development Co-operation approaches at large. However, the opportunities presented by the ROM system in this regard have not yet been fully exploited.***

To date, ROM information has primarily been used to support management at individual project/programme level whereas its use to draw overall conclusions has only been partially attempted<sup>5</sup>. The ROM contractors' annual reports have responded to EC aggregate reporting needs by converting the performance scores of individual reports into numerical values. These numbers are used for the subsequent calculation of average ROM scores for regions, sectors and themes, followed by a comparison between the (slight) increase or decrease in the quantitative value of the scores. This numerical focus shows some comparative data; however, it does not answer the key question of why some projects are performing very well and others are not.

Given the commitment of the EC to ensure improved quality<sup>6</sup> and effects of its Development Aid programme to respond to evolving global needs, it is felt that the

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<sup>4</sup> In the past few years, ROM has covered every region and almost every country falling under the Commission's external co-operation activities, annually providing approximately 1,600 reports on 1,400 projects and programmes with a total value of almost 10 billion Euro.

<sup>5</sup> A number of attempts have been made to draw overall conclusions on specific topics via ROM coordination, i.e. in Governance, Environment, or Sustainability, – as well as through joint ROM seminars. In addition, the ROM contractors have issued ad hoc thematic reports restricted to their geographical region, albeit with modest samples and without the objectives of creating a systematic methodology.

<sup>6</sup> Directorate E oversees and supports the quality of EC co-operation programmes, aiming to improve their effectiveness and impact. E5 is specifically responsible for quality monitoring systems and methodologies.

emphasis on a numerical approach should be complemented by other methodologies that allow the attainment of overall conclusions focusing on qualitative aspects.

### **MAIN AIMS OF THE STUDY**

**The study has two main aims:**

1. *To provide a better understanding of the **characteristics and explanatory causes behind good or poor performance** of EC funded Development Co-operation interventions. For the purposes of this study, “performance” is understood as the ability of a project to produce effects, that is their **Effectiveness and/or Impact**.*
2. *To create a methodology to draw overall qualitative conclusions from the extensive amount of ROM raw data, thereby creating the opportunity to use and adapt the methodology in future exercises and allowing for its gradual improvement in the long term through the accumulation of experience and expertise.*

These two main aims encompass **three<sup>7</sup> concrete outputs**:

1. **The core study**: a qualitative analysis to identify key characteristics and explanatory reasons behind poor and good performance of EC funded development projects. Conclusions, suggestions and food for thought for decision-makers. This report and its Annexes comprise this core study.

Subsequent outputs will include:

2. A **methodology** to extract qualitative overall conclusions from the extensive amount of ROM data. This methodology should provide the basis for its future use, adaptation and gradual improvement in the long term.
3. An analysis on the **uses and scope of ROM** vis-à-vis its suitability as a tool to analyse aggregate information and draw overall qualitative conclusions.

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<sup>7</sup> A peripheral by-product was the ad-hoc provision of technical input to the *Support to ROM coordination office* in the qualitative section of the Annual Report Template used by ROM contractors.



## 2. STUDY APPROACH, BASIC METHODOLOGICAL ASPECTS AND SAMPLE

### Study approach

The study builds upon four overarching principles:

1. A **focus on qualitative** findings and causal relations.
2. An emphasis on the **quantitative significance** of findings, so that overall conclusions can be drawn on the research question: What are the characteristics and/or explanatory causes behind *poor-* or *well-performing* projects?
3. The **mitigation of the researchers' bias** by way of specific methodological tools.
4. The **creation of a methodological basis** that may be used in the future as the basis for answering other possible EC research questions.

### Basic methodological aspects

A comprehensive and detailed description of the methodological process that supports the findings and conclusions of the study is included in the stand-alone document "*Methodological basis for the study and guidelines for future qualitative studies*". Nonetheless, a summarised outline of the main methodological steps and basic terminology for the reader's ease of reference is presented below.

#### Step 1 – Defining the object of analysis

The study's central unit of analysis is **the project** and the source of qualitative information used is the **MR** (MR). A given project may have one or more associated MRs depending on the number of times a project has been monitored by ROM during the period of analysis. Only MRs produced within the period of analysis **2005-2007** and related to **finished<sup>8</sup> projects** which have been subject to and Ex-post MR have been considered.

The term **performance** in the study is understood as a project's ability to produce effects. The focus of the analysis is on extreme performers or outliers, that is, particularly *poor-performing* projects and particularly *well-performing* projects.

The **criteria** used for the *poor-performing* projects were those having a "d" rating (serious deficiencies) in effectiveness and/or impact in any of their associated MR; for the *well-performing* projects the criteria were having an "a" rating (very good) in effectiveness and/or in impact in any of their associated MRs.

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<sup>8</sup> A future document "*Methodological basis for the study and guidelines for future qualitative studies*": 1. A prerequisite for understanding causality is to be able to assign causes to effects, which is only possible with finished projects. 2. The focus of the study is not on identifying a list of causes, but rather on separating circumstantial causes from determining causes. This can only be judged in finished interventions. 3. Adaptation is a crucial variable that would be lost without an end-project focus. 4. Unfinished projects include *prospects for impact*, a concept that is not comparable with *real impact* at the project's end. 5. The "rotten apple" effect of mixing circumstantial effects with final effects would render the whole set of data invalid, thereby hampering the extraction of overall conclusions.

**Step 2 – Pre-identification of the possible characteristics and/or explanatory causes behind extreme performance and the use of the *Qualitative Table*.**

Among the wide range of potential causes behind performance (e.g. factors associated with the intervention’s conception, its implementation, the generation of wider effects, etc.), we pre-identified **two sets of variables**<sup>9</sup> on which we would focus the analysis. These variables, in the form of questions, **52** for the *poor-performing* projects and **43** for the *good performing* ones, were pre-identified on the basis of an in-depth analysis of sixty projects. At this stage, these variables were only **potential causes behind performance**, as it is only after having observed their occurrence<sup>10</sup> or lack of occurrence (See Step 4 *Selecting the variables*) that we can determine which of them can be selected as **real causes behind performance**.

To this effect, we introduced the pre-identified variables into two Excel ***Qualitative Tables***, one for the *poor performers* and another for the *good performers*. The main purpose of the *Qualitative Tables* is to capture the raw qualitative information that will constitute the basis for the qualitative analysis at a later stage.

The complete tables and their content are provided in the study’s Methodology. Nonetheless, Figure 1 below shows an extract from them for the sake of convenience. The illustration contains three variables and two projects, exemplifying the basic structure of the *Qualitative Table*.

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<sup>9</sup> Although most of the variables in the qualitative table correspond to potential causes of good/poor performance, there are a number of variables relating to the analysis of the “Scope and uses of ROM”. This analysis constitutes one of the three outputs of the study and is presented in a stand-alone document.

<sup>10</sup> A variable with a high occurrence is a variable that appears a considerable number of times in the total number of projects being analysed.

**Figure 1: Basic Layout of the Qualitative Table (fragment)**

**Coding of projects (example)**

**Example of Qualitative Variables in the form of questions**

**Example of qualitative information**

Positive answer "yes"

No comment about the variable in the reports "absent info"

Explanatory positive answer: causal "yes"

1 Project entry (3 reports)

Geo zone	Status	Type of ROM	Rating Effect	Rating Impact	Etc.	Assumptions properly identified?	Appropriate Analysis Stage?	Etc.	Key characterising / explanatory area?	Is the understanding of EC procedures by counterparts or the interpretation by the ECD a significant factor in smooth implementation?
Lebanon	FINAL	Ex-Post	a	a		Y	1	Y	1	Y
Bangladesh	FINAL	Ongoing	a	a		Y	1	Y	1	Y
Bangladesh	FINAL	Ongoing	b	a		Y	1	Y	1	Y
Bangladesh	FINAL	Ex-Post	a	a		Y	1	Y	1	Y

Negative answer "no"

"1" to enable summation

The high impact is due to 2 main success factors: 1) Design including components simultaneously working at immediate, mid-term and long-term levels, reinforcing each other. 2) Local partner with reputation, trust, understanding of the complex situation and technical understanding and capacity to learn and integrate learning. Key recommendations to improve were: 1) EC to find ways of supporting long term partners that produce good results, 2) NGO protecting HHRR should step from activism to defender of the law for both workers and employers to achieve higher impact. 3) The NGO works with a system of indicators that suffices for immediate learning but is not systematized enough to serve other needs such as replication (technical legitimacy needs to be proven) or a basis for convincing arguments in a context of diverging interests. The rest of key lessons are too technical or specific for the specific context of the intervention (cannot extract overall conclusions).

Thorough Analysis Stage (based on previous lessons and evaluation studies). Design components reflect an effective multidimensional integrated approach to improve livelihoods (PP) and reduce poverty (OO); economic, social and political dimensions addressed. Comprehensive internal Monitoring system to monitor progress and impact, which allowed timely adjustments to boost effects; this system included a personalised beneficiary-progress follow-up system. Excellent beneficiary selection process; effective PRA methodologies applied.

Well understood and good support from the ECD when clarifications needed

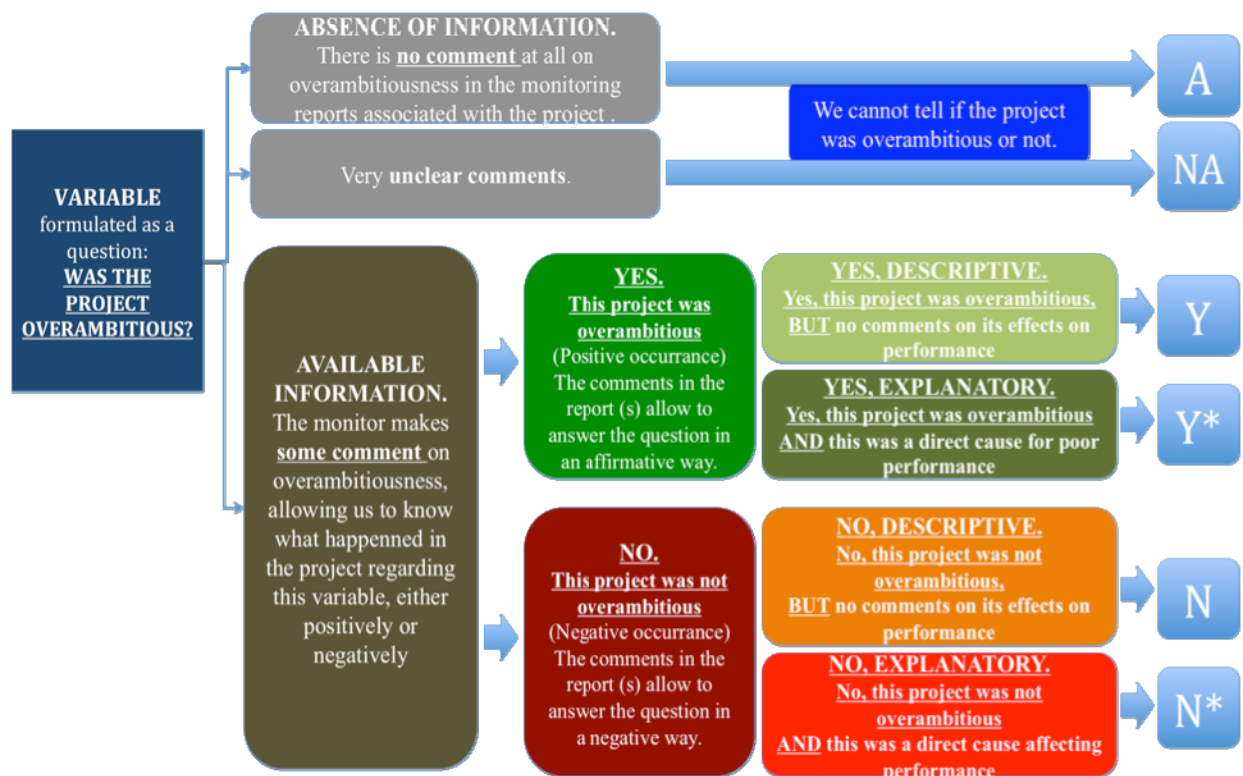
The example provided above shows how the information regarding one project is provided by a single MR, as in the case of the Lebanon project in the first row, whereas the analysis of other projects includes information provided by several MRs associated with the same project, as shown by the second project in Bangladesh, which comprises information from three different MRs on the same project.

### **Step 3 – Entering information on each pre-identified variable in the *Qualitative Table***

Filling in the *Qualitative Tables* with data encompasses an in-depth reading of all the MRs<sup>11</sup> and project synopses produced for each project in order to respond to the questions formulated for each pre-identified variable.

Figure 2 below shows the underlying rationale and practical process for entering information on a variable in the *Qualitative Table*. We have taken one of the variables we wished to analyse as an example: “*Realistic coherence between project objectives and resources provided for those objectives*”. This variable has been formulated for the poor-performing projects as: “*Was the Project overambitious?*”

**Figure 2.** Entering Information on a Project in the *Qualitative Table*. An example using: *Was the Project Overambitious?*



As shown in the example, a variable is considered *descriptive* (see the light green and orange word balloons) when the monitor mentions that the variable occurs, but without

<sup>11</sup> As Background Conclusions Sheets (BCS) were not available for several geographical zones, the present Study focused on reading MRs and Project Synopses. An assessment of the pros and cons of including the BCS in aggregate qualitative analysis is included in the separate *Methodology* document.

specifying any direct causality between the variable and the project's effects. Conversely, a variable is considered *explanatory* (see the olive green and bright red word balloons) when it is mentioned as a direct cause for the success or failure of the project. This distinction becomes paramount to ensuring the robustness of the findings and conclusions at the stage of the aggregate analysis. The example illustrates the emphasis placed on trying to interpret the content of the MRs associated with each project with the least possible bias, and on the other hand, the interest in separating explicit causality (Y\* or N\*) from simple association (Y or N), in anticipation of the aggregate analysis to be carried out at a later stage.

#### **Step 4 – Selection of the variables with the highest occurrence (*Occurrence Table*)**

So far, we have had variables that were only **potential causes behind performance**. It is only now that we can observe and analyse their cumulative occurrence or lack of occurrence so as to determine which of them are significant as **actual causes behind performance**. The final process is as follows:

Once the *Qualitative Table* is filled with the data taken from all the MRs, it allows the qualitative information to be retrieved and facilitates the cross-comparison of this information between variables. Most importantly, the number of times a given characteristic or causal relation happens, i.e. its **occurrence**, can be quantified by means of this table. This constitutes the basis for drawing overall conclusions, as the study aims not only to identify **qualitative findings**, but also to **ensure their quantitative significance**. In order to ensure the maximum representativeness of the findings, only variables that appeared in a very abundant number of projects<sup>12</sup> were selected to be included in the study's main body of analysis and its ensuing conclusions. Specific percentage thresholds were assigned to each one of these three dimensions to ensure the significance of the findings on the basis of high occurrence. The logic behind these thresholds for *poor* and *good performers* is explained in detail in the study's Methodology. We include here a brief description of the thresholds applied.

In the case of *poor performers* our obvious preference would be the variables that had the highest percentages of both explanatory and overall occurrence at the same time. Six variables complied with these requirements. We also added six more variables with an extremely high overall occurrence (more than 80%) regardless of their explanatory occurrence. In all cases we ensured that the minimum percentage of available information for variables to be eligible would be at least 45%.

In the case of *good performers*, we similarly chose the variables that had the highest percentages of both explanatory and overall occurrence given the following minimum thresholds: (i) the minimum percentage of available information had to be higher than 50%; (ii) the minimum percentage of overall occurrence had to be higher than 70% and; (iii) the percentage of explanatory occurrence had to be at least of 25%. Among all the variables we pre-identified for good performers, eleven complied with these three requirements simultaneously.

The aggregate information in the *Qualitative Table* is summarised in the *Occurrence Table* (see extract in figure 3 below). The sole aim of this tool is to select the quantitatively most significant variables, which will subsequently be analysed in depth.

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<sup>12</sup> The thresholds and benchmarks used for this purpose are explained in detailed in the Methodology.

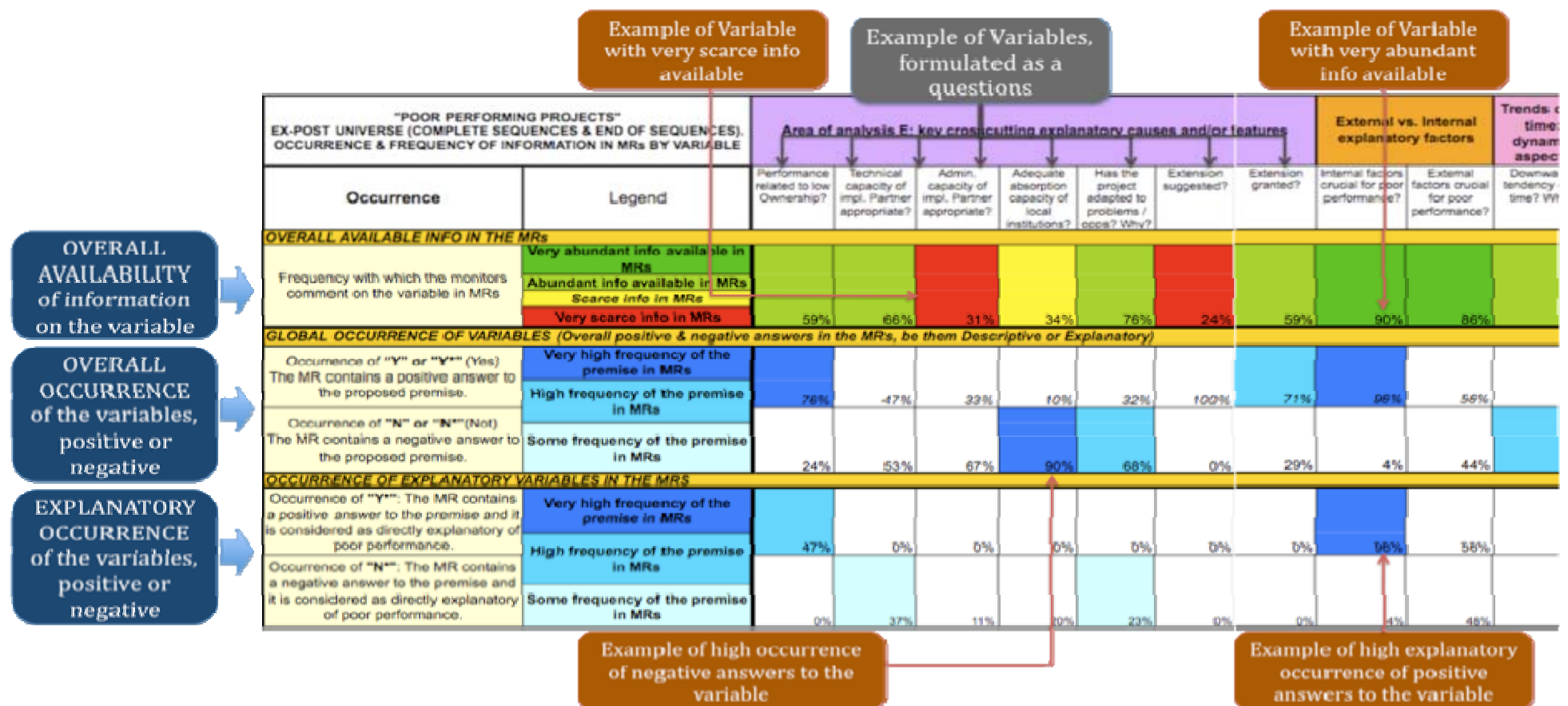
In order to ensure quantitative significance, we have considered as the basis for the findings only those variables that present high occurrence<sup>13</sup> in three different dimensions: (i) the abundance of information on the variable (Overall Availability), (ii) the frequency of positive or negative answers to the variable (Overall Occurrence), and (iii) the frequency of positive or negative answers to the variable establishing direct causality (Explanatory Occurrence).

Figure 3 on the next page shows an extract from the *Occurrence Table* that illustrates the three dimensions of occurrence and briefly outlines the process behind the quantification of the qualitative information.

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<sup>13</sup> Specific percentage thresholds have been assigned to each level of occurrence to ensure the significance of the findings (see the study's Methodology).

Figure 3. Occurrence Table (extract).



**Step 5 – In-depth qualitative analysis of the selected variables** so as to identify **the aspects** defining the characteristics and/or explanatory causes behind poor and good performance

Among the 95 qualitative variables<sup>14</sup> that were pre-identified as potential causes behind project performance, the detailed quantification and analysis of their occurrence resulted in a selection of 23 variables that objectively stand out as those with the highest occurrence. The in-depth qualitative analysis of *why* and *how* these variables explain performance allows us to group them under 12 concrete aspects. Why do we group these 23 variables into 12 aspects? The fact that some variables are interrelated and that they may be at different levels of causality requires their grouping under homogeneous levels of causality so as to provide a user-friendly and structured presentation of findings. This step consists of an in-depth qualitative analysis focusing on the interrelations between variables, their different levels of causality and on the patterns they follow to determine performance.

The ensuing **12 aspects** (6 for *poor performers* and 6 for *good performers*) appear in quantitative and qualitative terms as the most crucial characteristics and/or explanatory causes behind project performance and, as such, they provide **an answer to the research question and constitute the primary findings of the study**.

**Step 6 – Comparative analysis between *poor* and *good performers*.**

The main findings for *poor-performers* and *good-performers* are compared and analysed jointly to provide a further level of **findings**, feeding into the conclusions section of the study.

**Step 7 – Analysis of crosscutting factors affecting the EC portfolio**

As a direct result of the detailed qualitative analysis of the 114 projects and 205 MRs, an additional group of six crosscutting factors stand out from the rest. These factors, though recurrent, do not comply with the stringent thresholds to be selected as characterising/explanatory from a quantitative point of view. Still, the qualitative analysis shows very strong indications of their importance for project performance, and in consequence, their causalities and consequences are also analysed in a different section.

**Step 8 – Conclusions**

The **final conclusions** of the study are reached taking into account the findings and interrelations obtained through steps 5, 6 and 7.

**Study Populations**

There are three levels of population in this study:

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<sup>14</sup> The present study includes 52 qualitative variables for the qualitative analysis of the poor-performing interventions. Of these, 50 are not only qualitative but they can also be quantified. For the well-performing interventions, the present study includes 43 qualitative variables. Of these, 41 are not only qualitative but they can also be quantified.



## Overall Universe

This is the total number of projects that were finished between 2005-2007. Unfortunately, the universe figure is **not available** since CRIS can only provide information on “Decisions” and “Contracts”, but not on "projects" as defined by PCM and ROM guidelines

## Overall Population of this study

This amounts to the 307 projects which finished during 2005-2007 and were subject to an ex-post ROM

## Target Population of this study

This consists of 114 projects from the 307 projects, which at some point during 2005-2007, have been graded with an “a” or “d” for either or both effectiveness and impact in an MR or an ex-post MR or both. Annex 1 lists all the projects in the target population.

Table 1 below present this information in tabular form

Table 1: Relation between the study’s Universe, Overall Population and Target Population.

UNIVERSE	EC PROJECTS FINISHED from 2005-2007			
OVERALL POPULATION (307 projects)	Within the Universe, only those projects <b>SUBJECT TO Ex-Post ROM</b> (including all ratings: <i>a</i> , <i>b</i> , <i>c</i> , or <i>d</i> )			
TARGET POPULATION OF THE STUDY (114 projects)	Within the Overall Population, only those projects <b>with an “a” or “d” in effectiveness and/or impact</b> ( <i>outliers</i> or <i>extreme performers</i> )			
	Well-performing projects ( <i>a</i> in effectiveness and/or impact)		Poor-performing projects ( <i>d</i> in effectiveness and/or impact)	
	85	75%	29	25%

## Study representativeness

*Representativeness* is a relative concept that allows multiple comparative angles<sup>15</sup>: two of its main dimensions have been selected to illustrate the degree of global representativeness of the study and its findings.

(1) The **Overall Population** in relation to the **Universe** is unknown, as already mentioned the Universe is an unknown figure.

(2) The **Target population** of the study is **100% representative** as it includes all the project fulfilling the criteria of:

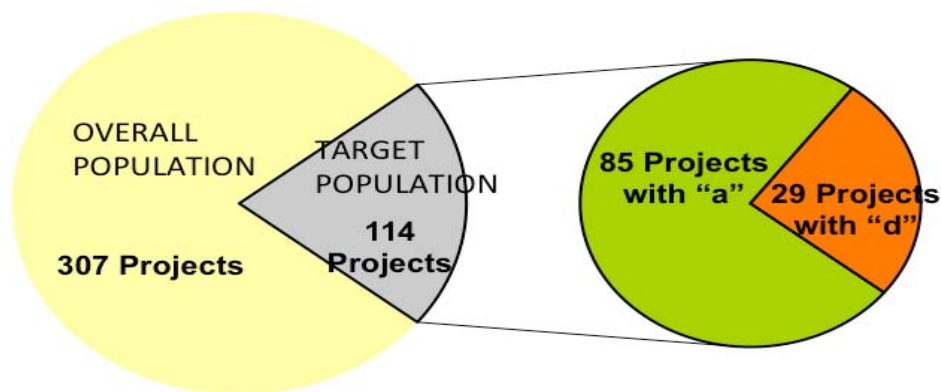
- Finishing between 2005-2007
- Having been ex-post monitored

<sup>15</sup> Depending on the chosen scope or focus, the reference point for the *representativeness* of any findings may be determined at different quantitative levels, e.g. towards Development projects at large, towards Development projects of the EC, towards one particular geographical region, etc. The reference point can also be established at comparative level, i.e. the *representativeness* of the information contained in the Study in comparison to the *representativeness* of previous studies or of previous available information. Finally, *representativeness* can also be considered from a qualitative angle, i.e. the extent to which information *represents the reality* in the field. This dimension is determined by aspects such as the accuracy with which the monitors collected information in the field, the honesty of the interviewees, the representativeness of the meetings held in the field, etc.

- Having any MR in that period containing an “a” or “d” for effectiveness or impact.

The figure 4 below shows the relation between the Overall Population and the Target Population in a more intuitive format. Additionally, it illustrates the proportion between projects with “a” and “d” within the Target Population. For every poor-performing project (29) there is an approximate proportion of three well-performing projects (85).

**Figure 4.** Comparison between the Overall Population and the Target Population. Distribution of the Target Population between “a” and “d”.



There were 205 MR reports related to the 114 projects. They study involved the analysis of all 205 MR, 68 MRs corresponding to *poor performers* and 137 MRs to *good performers*.

**205 MRs**, representing **114 projects**, constitute the basis for answering **the research question**: WHAT ARE THE CHARACTERISTICS AND/OR EXPLANATORY CAUSES BEHIND POOR- OR WELL-PERFORMING PROJECTS?

In addition to answering the research question (output 1), the study as a whole aimed to establish a methodological basis for the future (output 2) and to analyse the uses and scope of ROM vis-à-vis its suitability to draw overall qualitative conclusions (output 3). The total number of projects analysed to produce these three outputs was 171, corresponding to 301 MRs.

**301 MRs**, representing **171 projects**, constitute the total basis **for the study as a whole**. **This includes the qualitative analysis to answer the research question**, the creation of a long-term methodology and the analysis of the uses and scope of ROM.

In summary, the qualitative findings of the present study are **highly representative** of the characteristics and/or explanatory causes behind extremely good or poor performance of completed interventions that were monitored ex-post during the period 2005-2007. That said, it should be noted that **further extrapolation** of the study findings to the whole portfolio of finished EC-funded projects beyond ROM should be done with caution. In this regard, and with a view to the future, it is worth observing that following the present trend, the future accumulation of EC projects subject to ex-post monitoring will broaden the analysis basis, allowing a gradual cumulative increase of the degree of representativeness.

Finally, an additional note is required on the specific aspect of representativeness of the qualitative variables identified to analyse the information (see *Basic Methodological Aspects* below). In order to ensure maximum representativeness of the findings, **only variables that appear in a sufficiently ample number of projects<sup>16</sup> have been selected** for the study analysis and conclusions.

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<sup>16</sup> The thresholds and benchmarks used for this purpose are explained in the study's methodology (see below).

### 3. CHARACTERISTICS AND/OR EXPLANATORY CAUSES BEHIND POOR-OR WELL-PERFORMING PROJECTS: PRIMARY FINDINGS

The primary aim of the present study is to provide a well-founded answer to the main research question: **What are the characteristics and/or explanatory causes behind poor- or well-performing projects?**

Once the most significant variables have been selected (those with highest occurrence), we determine through their in-depth qualitative analysis *why* and *how* they explain performance. As a result, we can define 12 concrete aspects that appear in quantitative and qualitative terms as the most crucial characteristics and/or explanatory causes behind project performance.

A set of **12 concrete aspects**, six for *Poor-performing* projects and six for *Well-performing* projects, appear in quantitative and qualitative terms as **the most crucial characteristics and/or explanatory causes behind project performance**. As such, these aspects provide **an answer to the research question** and **constitute a primary finding of the study**.

The 12 concrete aspects (no ranking among them<sup>17</sup>) are as follows:

#### **Poor-Performing projects, six crucial characteristics/explanatory causes:**

- I. Weak Analysis Stage/Identification Phase prior to project formulation**, which results in projects featuring crucial flaws from the outset.
- II. Projects with apparent *Relevance*** that is in fact only Strategic Relevance that does not correspond to *Real Relevance* for the beneficiaries, causing low ownership.
- III. Overambitious** formulations that impede the attainment of results.
- IV. Inadequate risk management**, rendering the projects highly vulnerable towards foreseeable circumstances (Assumptions poorly identified or inadequately monitored).
- V. Non-existent or very poor Project-based Internal Results-oriented Monitoring Systems (P-ROMs)**, which hinder **accountability, visibility, learning and adaptation**.
- VI. Weak Adaptation capacity and Communication** among partners, which hamper adjustment to the changing environment.

#### **Well-Performing projects, six crucial characteristics/explanatory causes:**

- I. Analysis Stage:** projects with **appropriate implementation set-ups** that target real problems/priorities by means of clear and **well-suited strategies**.

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<sup>17</sup> The presentation of the 12 aspects does not follow a ranking based on the importance or weight of each variable according to their occurrence. The selection process of the main variables originally took into account a combined ranking of the three dimensions analysed for each variable i.e. availability of information, overall occurrence and explanatory occurrence. However, once a group of variables were selected as the most recurrent among all and grouped into 12 aspects, establishing a ranking was no longer relevant.

**II.** Highly **relevant** interventions regarding what they choose to address from the onset (beneficiaries' priorities) and how they address it throughout the project's lifetime.

**III.** Project teams which include **proactive managers** that apply inclusive and adaptive management approaches and **technical staff** of good quality.

**IV.** The **choice of implementing partners** with a strong organisational and technical capacity, which constitutes one of the ultimate causes behind successful interventions.

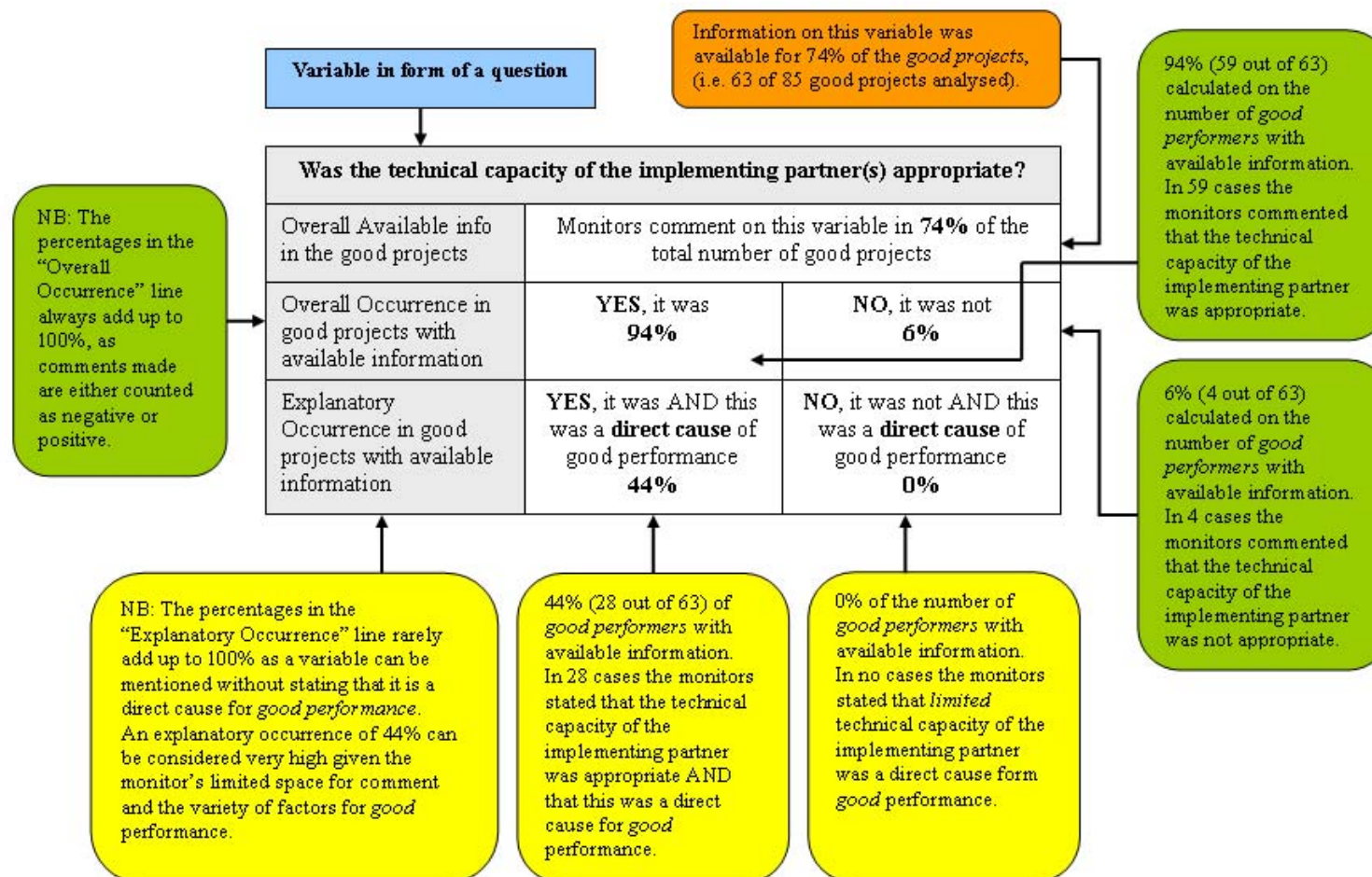
**V.** **Demand-driven and service-provision oriented** interventions that result in widespread access and use of project services and high levels of ownership by beneficiaries.

**VI.** Strong **adaptation capacity** as a result of **good communication** among project partners and overall proactive management.

For the sake of clarity, we address each concrete aspect through a separate analysis of the *poor-performing projects* and the *well-performing projects*. This separate analysis is followed by conclusions and recommendations as a whole.

In order to substantiate the individual aspects and illustrate the quantitative support that underpins each of them fact data tables are provided. The following figure 5 shows how to read these tables.

**Figure 5. How to Read a Fact Data Table**



### 3.1 POOR-PERFORMING PROJECTS: PRIMARY FINDINGS

The analysis perspective in the present section, 3.1, focuses on *poor-performing* projects only<sup>18</sup>, leaving the central analysis of *well-performing* projects to section 3.2.

Among the 52 qualitative variables<sup>19</sup> that have been analysed and quantified for the *poor-performing* interventions, 11 stand out as those with the highest occurrence. An in-depth qualitative analysis of the interrelations between these variables, their different levels of causality and the patterns they follow to determine *poor performance*, allows them to be grouped under six concrete aspects that constitute the most crucial characteristics and/or explanatory causes behind *poor performance*.

**The six concrete aspects** that appear in quantitative and qualitative terms as the most crucial **characteristics and/or explanatory causes behind *poor performance*** are as follows:

**I. Weak Analysis Stage/Identification Phase prior to project formulation**, which results in projects featuring crucial flaws from the outset.

**II.** Projects with apparent **formal Relevance** that does not correspond to **real Relevance** for the beneficiaries, causing low ownership.

**III. Overambitious** formulations that impede the attainment of results.

**IV. Inadequate risk management**, rendering the project highly vulnerable towards foreseeable circumstances (Assumptions poorly identified or inadequately monitored).

**V.** Non-existent or very poor Project-based **Internal Results-Oriented Monitoring Systems (P-ROMs)**, which hinder **accountability, visibility, learning and adaptation**.

**VI. Weak Adaptation Capacity and Communication** among partners, which hamper adjustment to the changing environment.

<sup>18</sup> Although the focus of section 3.1 is on *poor-performing* projects, some comments on *well-performing* projects have already been included in this section each time a useful comparison was deemed valuable. These *ad hoc* references gradually anticipate the analysis of well-performing projects that is central to section 3.2.

<sup>19</sup> The present study includes 52 qualitative variables for the qualitative analysis of the poor-performing interventions. Of these, 50 are not only qualitative but they can also be quantified.

## I. WEAK ANALYSIS STAGE/IDENTIFICATION PHASE PRIOR TO PROJECT FORMULATION

Among the 52 different variables this study has analysed to understand *poor performance*, the absence of an appropriate Analysis Stage prior to project formulation is the most significant one.

The fact data table shows the following details:

Fact data table: *Was there an appropriate Analysis Stage prior to project formulation?*

<b>Was there an appropriate Analysis Stage prior to project formulation?</b>		
Overall Available info in the poor projects	Monitors comment on this variable in <b>79%</b> of the total number of poor projects	
Overall Occurrence in poor projects with available information	<b>YES</b> , there was <b>0%</b>	<b>NO</b> , there was not <b>100%</b>
Explanatory Occurrence in poor projects with available information	<b>YES</b> , there was AND this was a <b>direct cause</b> of poor performance <b>0%</b>	<b>NO</b> , there was not AND this was a <b>direct cause</b> of poor performance <b>65%</b>

The Logical Framework Approach (LFA) adopted by the European Commission and the vast majority of development agencies, establishes the need for an appropriate Analysis Stage during the identification phase and prior to the formulation phase. Its four main elements are as follows:

1. *Stakeholder Analysis* or profile of the main players, including preliminary institutional capacity assessment, environment and gender analysis.
2. *Problem Analysis* or profile of the main problems and their cause-effect relationships.
3. *Objective Analysis*, understood as a conversion of the identified problems into solutions and objectives.
4. *Strategy Analysis*, comparing different options to address a given situation.

However, this analysis protocol is not always put into practice. This may be due to reasons such as pressure for an urgent project start, previous political engagements or technical shortcomings lead on many occasions to an Analysis Stage that is superficial, incomplete or altogether omitted.

The Fact data table above highlights the repercussions of insufficient attention given to the Analysis Stage. We observe that 100% of the *poor-performing* projects with comments on the Analysis Stage confirm that this exercise was either absent or inappropriate. In 65% of the cases, the inadequate Analysis Stage was considered as a direct cause of poor performance, the highest causality relation found in the study.

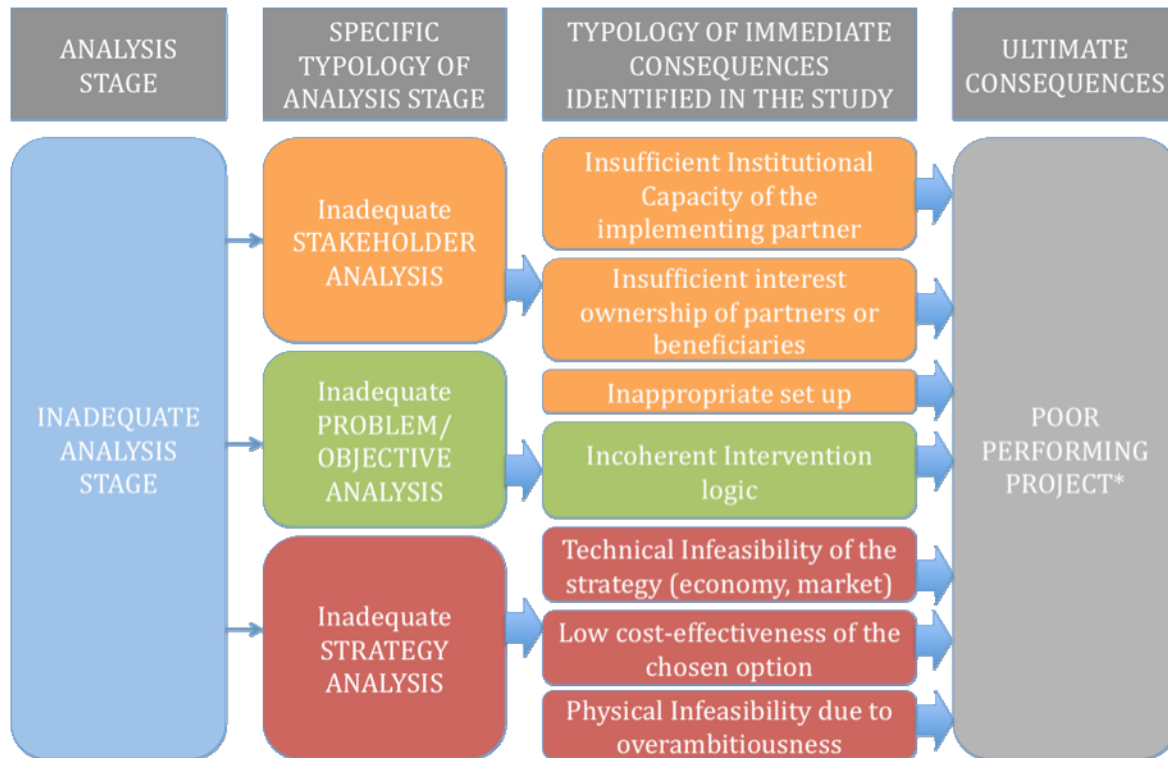
The most immediate message conveyed by this data is the fundamental importance of the preparation period prior to project commencement.

**A very high proportion of the ultimate causes of *poor performance* are explained by elements occurring prior to the project start, i.e. during the Analysis Stage/Design Phase**



On proceeding to a more in-depth qualitative analysis focusing exclusively on the projects that present a direct causal relation between an *Inadequate Analysis Stage* and *Poor Performance*, we observe that they can be grouped under more specific categories depending on the specific aspect of the Analysis Stage that was omitted and the nature of the consequences on the project performance. See Figure 6 below:

**Figure 6:** *Inadequate Analysis Stage, Typology of Omissions and Consequences*



A detailed reading of the MRs related to an *Inadequate Analysis Stage* shows that the consequences are often very serious, especially when they put the projects in situations that affect structural aspects of the intervention and cannot be reverted by the management.

Some of the most harmful effects specifically stem from an inadequate institutional capacity assessment. This may translate into two distinctly different risks:

- (i) The failure to identify the lack of real interest and commitment from the implementing partners, with its inherent effects
- (ii) The oversight of an inadequate institutional capacity, which acquires a particularly important role for the performance of projects due to its weight as a pre-condition for good management. This is revealed when we undertake a comparative analysis between poor-performing and well-performing projects (see details below under *Comparative Analysis*).

The lack of a feasibility analysis of the economic or marketing strategy also represents a high risk, as it may overlook aspects that cannot be corrected with a mere rectification of the approach. *This can be exemplified by a project in the Solomon Islands, where the intervention was approved based on the nobleness of its objectives, but omitted the analysis of the approach's technical coherence towards the fishing industry's real requirements. Consequently, the project failed to notice (until it was too late) the absence of basic pre-*

*requisites such as the capacity of the Rural Fishing Centres (direct beneficiaries) for a timely delivery of adequate volumes of fish, the constraints due to unreliable shipping and structural logistical means or the excessive cost of fuel.*

Additionally, the lack of a strategy analysis including the comparison of different possible approaches to achieve the same objective, places the intervention at high risk of choosing relatively low cost-effective options. This aspect is not easily detected by short monitoring visits, only cases of extremely low cost-effectiveness could be captured by the data; the importance of an adequate strategy analysis in relation to project performance is nonetheless corroborated by a Comparative Analysis with the data provided by the well-performing projects (see details below under Basic Comparative Analysis).

Even though *Overambitiousness* typically originates in a defective or absent Analysis Stage, we will analyse it separately (see 3.1.III) due to its particular importance, its high occurrence as an individual variable and its specific characteristics.

Thus far, we have analysed the different sub-types of an inadequate Analysis Stage in order to find specific solutions and to be able to suggest practical recommendations (see the box “*Considerations and possible suggestions for improvement*” below). However, it is worth drawing attention to the fact that, more often than not, these different sub-types tend not to be isolated, but appear in a group combination. It could be concluded that if the Analysis Stage is not thoroughly conducted, the project becomes vulnerable to all kinds of potential serious difficulties and, from that moment on, it is purely luck that determines the gravity of the unidentified adverse effects and their extension to one or multiple aspects of the implementation.

An illustrative example of the possible multiple consequences of an inadequate *Analysis Stage* is the following regional programme in the Caribbean: *The programme aimed at promoting intergovernmental cooperation on the environment among 13 countries of the Caribbean. The Ex-post MR explains how the intervention not only failed to achieve this objective, but how, quite on the contrary, it actually generated a negative impact as the negative experience discouraged the environment agencies from further attempts to coordinate at intergovernmental level. In retrospect, when we try to understand the causes leading to such an undesired outcome, we find that they are rooted in the absence of an appropriate Analysis Stage. The MRs singles out four main flaws pertaining to the Analysis Stage: (1) the programme was designed at high political level (EC-CARIFORUM) with insufficient or non-existent consultation of beneficiaries at country level, which resulted in a “one size fits all” set-up that did not work at country level and also in a financial structure that proved to be unmanageable; (2) the main implementing partner (Caribbean Conservation Association) was selected for political reasons, but it had neither the financial nor management capacity to implement the programme; (3) the selected institutions were unable to deal with EC procedures, an aspect that was not foreseen or taken into account by the design; (4) Given the resources available, it was unrealistic to include 13 countries.*

*The MRs mention how during implementation the relevant stakeholders (ECD and RAO amongst them) attempted to reverse the situation (even with a 18-month extension), but the problems were structural and the process that led to negative impact could not be corrected, thereby generating disappointment and frustration.*

This case, which is exemplary of a combination of Analysis Stage omissions, illustrates the particular vulnerability of regional programmes to a defective identification phase. The small sample of regional programmes included in the study calls for caution vis-à-vis conclusions in this particular field. Having said this, the qualitative analysis of the data provided indicates

that whereas simpler national projects can hold greater hope of correcting initial mistakes, i.e. through proactive management that can place the main stakeholders around the same table for “shock treatment”, the sheer multiplicity of actors and distances that are characteristic of regional programmes allows less flexibility and demands an even more thorough Design and Analysis Stage. Paradoxically, and as illustrated also by the example, the political support granted to highly relevant objectives can become counterproductive when it translates into undue pressure for an urgent start and a politically-driven process that takes precedence over a technical Analysis Stage that requires some time.

Development theory establishes the rational need for an Analysis Stage prior to the formulation of an intervention. The data collected unambiguously shows that this need is not an academic construction and the practical consequences of underestimating its importance: the association between an *Inadequate Analysis Stage* and *Poor performance* is the strongest in the study, both in overall occurrence and in direct causality. The potential gravity of the consequences is further highlighted by the qualitative analysis of the different individual cases identified.

**The association between an *Inadequate Analysis Stage* prior to project formulation and *Poor Performance* is the highest in the study**, underlining the significance of this variable and the practical consequences of underestimating its importance.

#### **Comparative Analysis with the *Well-performing Projects***

- As presented above, the presence of an *Inadequate Analysis Stage* shows a strong association with *poor performance*. This is further confirmed when we compare them with the *well-performing* projects, and we observe that the vast majority (73%) of *good performers* show an *Appropriate Analysis Stage*. This is a recurrent characteristic of good performance that consolidates the *Analysis Stage* as a characteristic element to explain performance at large, both poor and good.
- The particularly harmful effects due to an inadequate institutional capacity are further confirmed in well-performing projects that, in spite of being globally considered as good performers, had their effects reduced due to this flaw.
- *Good performers* show that a project may, in exceptional cases, be able to recover from a poor Analysis Stage provided a combination of circumstances is present: design flaws are not exceedingly serious or structural, the management shows a strong adaptation capacity and good communication takes place among partners.
- The lack of a systematic institutional capacity assessment during the analysis stage is also a feature of *well-performing projects*. This usually leads to delays in implementation but may also result in lessening the positive effects.
- Particularly outstanding projects do not only present a suitable *Analysis Stage*, but they also document it through research studies, surveys, diagnosis reports, previous evaluation studies used in problem and strategy identification, etc.
- Among the different aspects pertaining to the *Analysis Stage*, outstandingly *good performers* are characterised by an inclusive analysis stage and the attention given to an appropriate degree of beneficiaries' participation.
- All three categories under the *Analysis Stage* (*Stakeholder Analysis*, *Problem Analysis* and *Strategy Analysis*) are needed to ensure a solid base for a good intervention. The

*poor performers* show how neglecting just one of these elements can ruin the possibilities of a project, a fact that is corroborated by *well-performing* projects that do not fail to produce effects, but attain less outcomes than expected due to the absence of just one aspect of the Analysis Stage (See examples of missing institutional capacity assessment in El Salvador and Honduras).

### **Considerations and possible suggestions for improvement**

Special attention should be placed on the ex-ante phase or Analysis Stage given its paramount importance in determining project performance. The following concrete actions are recommended:

- Special attention should be paid to systematically document the main elements of the Analysis Stage – Stakeholder Analysis, Problem Analysis and Strategy Analysis – and the entire process they involve. This would allow better ex-ante assessments and the timely identification of structural project design flaws. In addition, it would constitute a valuable source of information for EC Headquarters and Delegations throughout the project's life.
- The Stakeholder Analysis, in particular, need to be supported by Stakeholder Analysis Matrices or SWOT analysis and should always include Institutional Capacity Assessments covering appraisals of key organisational capacity aspects of both implementing partners and beneficiary institutions. This requirement should be enforced in all types of project proposal appraisal exercises.
- Ex-ante quality assurance procedures and proposal appraisal exercises should also place special attention on whether inclusive stakeholder participatory approaches/processes have been applied during the analysis and selection of intervention strategies. It should be required that these approaches/processes are duly documented.
- Grant particular attention in Ex-ante processes to those aspects identified in this study as having their ultimate cause in the *Analysis Stage* (e.g. Overambitiousness, Real relevance, Adaptation capacity, etc).

## II. STRATEGIC RELEVANCE VS. REAL RELEVANCE FOR THE BENEFICIARIES. OWNERSHIP

The table below shows the aggregate information on Relevance of the *poor-performing* projects.

Fact data table: *Was the intervention Relevant (in theory/strategic terms)?*

<b>Was the intervention Relevant (in strategic terms)?</b>		
Overall Available info in the poor projects	Monitors comment on this variable in <b>97%</b> of the total number of poor projects	
Overall Occurrence in poor projects with available information	<b>YES</b> , there was <b>100%</b>	<b>NO</b> , there was not <b>0%</b>
Explanatory Occurrence in poor projects with available information	<b>YES</b> , there was AND this was a <b>direct cause</b> of poor performance <b>0%</b>	<b>NO</b> , there was not AND this was a <b>direct cause</b> of poor performance <b>0%</b>

100% of *poor-performing* projects, which mentioned relevance, were assessed as being relevant by the monitors. This is a remarkably unexpected finding. Admittedly, it is quite possible that some projects could perform poorly in spite of their appropriate relevance, due to other causes. However, even taking this factor into consideration, it is still highly surprising to find that all poor performers were evaluated as relevant.

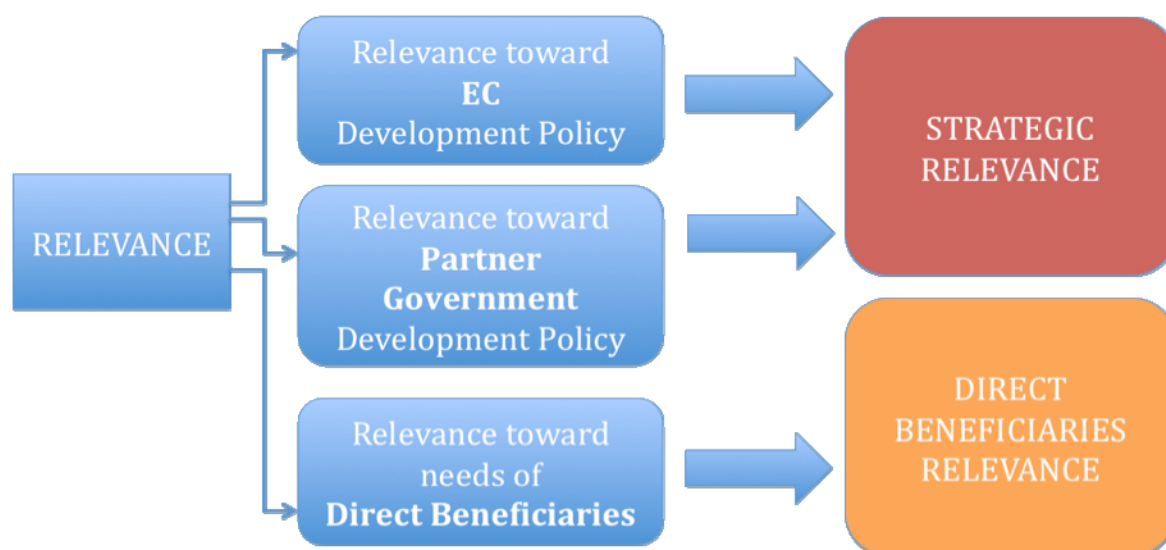
**100% of poor-performing projects were assessed as relevant by the monitors!**

Following detailed examination of the qualitative data a, it becomes apparent that the main cause for this seemingly contradictory finding lies in the lack of an explicit distinction between the possible different approaches to *Relevance*. Evaluation and monitoring methodologies include *Relevance* as a broad concept that, in fact, comprises a much more complex conceptual subdivision affected by two dimensions: *Subject* (*Relevance* for whom?) and *Time* (*Relevance* when the project began or when the project finished?).

On examining the *Subject* dimension (see Figure 7), we find that under the generic concept of *Relevance*, we can distinguish at least<sup>20</sup> three different subjects: the EC, the Partner Government and the Direct Beneficiaries. Thus, depending on whose problems/needs the intervention addresses, we can establish a primary distinction between *Strategic Relevance* and *Direct Beneficiaries Relevance*. Even if these two concepts are ideally complementary, it is necessary to pay due consideration to the fact that, in practice, they may be incompatible, contradictory or even opposed in extreme cases.

<sup>20</sup> A further breakdown of Relevance by its subject is possible. For instance, we could differentiate between Relevance toward Municipal policy vs. National policy, or between Relevance toward EC Human Rights policy vs. EC CSP policy, etc. In many cases, this differentiation will not just be a theoretical disquisition, but a key factor in understanding the real relevance of the intervention and its consequences.

**Figure 7.** Subject Dimension of Relevance: Strategic Relevance vs. Direct Beneficiaries Relevance



As this distinction is not explicitly requested from evaluators or monitors, the general tendency is to give disproportionate importance in the assessment of *Relevance* to what is only *Strategic Relevance* and not necessarily *Direct Beneficiaries Relevance*.

In practice, only an in-depth reading and analysis of the overall content, including the other criteria, of each individual MR allows us to discern whether the reports speak of *Strategic Relevance* or *Direct Beneficiaries Relevance*. The result of this reading exercise reveals that the statement “100% of *poor-performing* projects were assessed as relevant by the monitors” in reality means that “100% of *poor-performing* projects were assessed as Strategically Relevant by the monitors”.

The first (positive) conclusion is that EC interventions do respect and take into account the coherence required toward strategic objectives both of the EC and of the Partner Governments. This aspect guarantees that any potential outcomes achieved will contribute to positive macro objectives<sup>21</sup>. However, the question remains, is this strategic relevance sufficient to truly ensure *Real Relevance* of the interventions towards the direct beneficiaries?

A closer examination of each MR, this time distinguishing between *Strategic Relevance* and *Real Relevance towards beneficiaries* produces the data required to answer this question:

Fact data table: *Was the intervention Relevant (in practice)?*

Was the intervention Relevant (in real terms)?		
Overall Available info in the poor projects	Monitors comment on this variable in <b>83%</b> of the total number of poor projects	
Overall Occurrence in poor projects with	<b>YES</b> , it was	<b>NO</b> , it was not

<sup>21</sup> Strategic Relevance itself also comprises different levels and angles, such as relevance towards general EC policy or CSP, towards National or Local Government policy, Millennium Development Goals, sector objectives, regional goals, etc. Monitors, when addressing the criterion *Relevance and quality of design* typically concentrate on this *Strategic* or *Formal Relevance* by means of a comparison between the PP and the aforementioned policy references. Other aspects of Relevance tend to appear implicitly under the criteria of *Effectiveness* (Use of services) or *Sustainability*, but are rarely rated or analysed as *Relevance*.

available information	<b>50%</b>	<b>50%</b>
Explanatory Occurrence in poor projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of poor performance <b>4%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of poor performance <b>42%</b>

This data shows that although 100% of the projects were *Strategically Relevant*, less than half of them featured *Real Relevance*. This level of analysis suffices to demonstrate that *Strategic Relevance* is insufficient to ensure *Real Relevance*, a distinction that clarifies the surprising (and erroneous) conclusions that we would have drawn by only considering *Relevance* without any breakdown considering its *subject* or *time*. The importance of distinguishing at least between *Strategic Relevance* and *Real Relevance* becomes unambiguously clear when we learn that 42% were not only described as *Non-relevant in real terms*, but that this *Lack of Real Relevance* was identified as a direct cause of poor project performance.

**Though 100% of poor-performing projects were *Strategically Relevant*,  
over one-third of them did not show *Real Relevance*.  
This contributed directly to these projects' poor performance.**

When we endeavour to understand more precisely the characteristics that describe projects which are *Relevant in Practice* or *Non-relevant in Practice* and the relation with *Ownership*, the MRs reveal some key features:

1. The ability/inability to distinguish *High Priority* from *Passive Acceptance* and to identify ownership.
2. The ability/inability to understand not only *What to address*, but *How to address* it appropriately.

1. The ability/inability to distinguish *High Priority* from *Passive Acceptance*. Given the range of needs of the beneficiaries, the data show that a project that is *Relevant in Practice* addresses those that are most urgent and important for the beneficiaries, those which constitute a *high priority* for them. The fact that target beneficiaries do not explicitly reject or oppose an intervention does not necessarily mean that the intervention is *Relevant in Practice*. A project that does not represent an immediate priority may not be openly rejected, but simply accepted passively (*passive acceptance*). When the Analysis Stage is not in-depth enough and fails to capture this difference, the consequences appear through *low ownership* (it also appears through *low use of the services*). A pre-requisite for a proper ex-ante identification of the degree of *Relevance in Practice* is the involvement of both the political level and the level of direct beneficiaries<sup>22</sup> during the *Analysis Stage*.

<sup>22</sup> Both the political level and the group of direct beneficiaries may in turn comprise different sub-layers. This factor should be taken into account to ensure inclusive participation or a consultation process.

*A regional programme in Central Asia provides a practical example of this. The MR explicitly points to the lack of ownership as the key factor behind low impact. In spite of a consultation process followed by official formal acceptance of the project, partners involvement in the preparatory consultation process was incomplete, which resulted in the programme's failure to address the real priorities of the concrete beneficiary institutions (railway agencies) and a lack of incorporation of the project outputs into the decision-making process (no impact). The main lesson learnt is that in order to ensure ownership, it does not suffice to conduct a Consultation or Participation process. It is the degree of quality, depth and inclusiveness of this process that will determine the prospects for success.*

The association between *Relevance in Practice* and *Ownership* is primarily indicated by a cross-comparison between the information available in both variables, which shows that 90% of the projects with *Low Real Relevance* also present *Low Ownership*. A complete reading of the concerned reports confirms the causality relation.

As for the relation between *Low Ownership* and *poor performance* of projects, the Fact data table below shows a strong association both in overall occurrence (76%) and in explanatory occurrence, which confirms Development theory hypotheses.

Fact data table: *Is poor performance (effects) related to low Ownership/Participation?*

<b>Is poor performance (effects) related to low Ownership/Participation?</b>		
Overall Available info in the poor projects	Monitors comment on this variable in <b>59%</b> of the total number of poor projects	
Overall Occurrence in poor projects with available information	<b>YES, it is 76%</b>	<b>NO, it is not 24%</b>
Explanatory Occurrence in poor projects with available information	<b>YES, it is AND this was a <b>direct cause</b> of poor performance 47%</b>	<b>NO, it is not AND this was a <b>direct cause</b> of poor performance 0%</b>

A further cross-comparison, this time between the information available in *Low Ownership* and *Appropriate Analysis Stage*, reveals that all projects with Low Ownership were preceded by an *Inadequate Analysis stage*, which suggests a strong relation between a thorough identification/formulation exercise and ownership.

**The study shows significant associations between the three variables *Low Real Relevance*, *Low Ownership* and *Inadequate Analysis Stage*.**

Having said this, it is nonetheless worth noting that *Ownership* and *Relevance in Practice* are not exclusively circumscribed to the identification and formulation phases. Even if a project succeeds in the diagnosis of *What problems/needs* should be addressed, it is equally decisive understanding *How problems/needs* should be addressed, an element which is determined not



only by the project design, but by its overall implementation as detailed in the following point.

2. The ability/inability to understand not only *What to address*, but *How to address it appropriately*. An in-depth reading of the MRs that involve Low Ownership reveal cases in which there was an initial interest and identification of the problem/needs of the beneficiaries, but these were not solved in a timely and appropriate manner and interest was lost. This mainly happened due to reasons such as excessive delays and/or loss of confidence in the project as a reliable means to generate the expected outcomes or lack of capacity to recognise the project's diminishing relevance concerning the needs of the beneficiaries (in turn related to the absence of an internal monitoring system).

One of the factors behind the inability to properly address and adapt to beneficiaries' needs lies in a good understanding of the local context, an advantage that proves advantageous for local implementers when compared with external implementers. *An extreme example of the possible effects of this dichotomy is provided by a project in Nicaragua. A foreign NGO with limited presence and experience in the country implemented a reproductive health intervention with a complete absence of impact due to the impossibility for the beneficiaries to gain access to the services, a situation that could have been foreseen with a correct understanding of local circumstances. The NGO was also incapable of adapting the key aspects of the intervention in spite of extensions converting a 36-month project into a 63-month project. This illustrates how a project that was strategically relevant, was actually irrelevant in practice as it failed to address the problems of the beneficiaries.*

#### **Comparative analysis with *Well-performing projects***

- The comparative analysis shows that the intervention's ability to distinguish between real priorities and *Passive Acceptance* and the ability to understand not only what to address but how to address it, constitute determining factors behind the degree of real relevance of EC interventions, which, in turn, explains to a considerable extent the projects' likelihood to perform satisfactorily.
- Conducting thorough *Analysis Stages* and the adoption of proactive managerial approaches enabling the identification of beneficiaries' lack of interest towards the project and ensuring the timely delivery of services are decisive factors behind the continuity of project relevance throughout the intervention life span.
- The assessment of the relevance criterion in MRs tends to focus on *Strategic Relevance* – which is generally high within the EC portfolio – rather than on *Direct Beneficiary Relevance*. This hinders the ability of ROM assessments as a tool for identifying warning signs of *Passive Acceptance* which generally results in low real relevance and, in turn, in low ownership and ensuing low effects.

#### **Considerations and suggestions for improvement**

- Ex-ante quality assurance procedures and proposal appraisal exercises should place special attention on whether inclusive stakeholder participatory approaches/processes have been applied during the analysis and selection of intervention strategies. It should be required that these approaches/processes are duly documented.
- Ensure that inclusive approaches are not limited to the Design Phase, but continued after project start. Managers should ensure the appropriateness of the project services by means of promoting the participation and involvement of direct and indirect beneficiaries – usually local governments – and implementing partners during activity

planning and implementation. This ensures incorporating key stakeholders' views and perceptions and, ultimately, results in project services being delivered in a demand-driven fashion (as opposed to "supply-driven").

- The Relevance criterion covers two dimensions (Subject and Time) and encapsulates a broad spectrum of conceptual subdivisions containing highly valuable information that is often lost if such subdivisions are not explicit. It would be thus advisable to consider the inclusion in all the EC's applied tools for Monitoring and Evaluation (including ROM), the different conceptual subdivisions and dimensions of project Relevance, i.e. Strategic Relevance, Direct Beneficiaries Relevance, Relevance of the real effects towards initial and/or the current problems (Utility), etc. Reflecting this breakdown in the ROM's Background Conclusions Sheet or in the Terms of Reference of mid-term evaluations would enable, for instance, the timely identification of Passive Acceptance and its detrimental effect on low use of services and, ultimately, on performance.

### III. OVERAMBITIOUS FORMULATIONS

The study reveals *Overambitious* formulations as a definite feature of *poor performance*, both in descriptive and explanatory terms. The strong association is illustrated by the fact data table below.

Fact data table: *Was the intervention Overambitious?*

Was the intervention Overambitious?		
Overall Available info in the poor projects	Monitors comment on this variable in <b>55%</b> of the total number of poor projects	
Overall Occurrence in poor projects with available information	<b>YES</b> , it was <b>81%</b>	<b>NO</b> , it was not <b>19%</b>
Explanatory Occurrence in poor projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of poor performance <b>50%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of poor performance <b>0%</b>

These data encompass *poor-performing* projects that were classified as *Overambitious* for different reasons, the following being the most important:

- Mismatch between amount of time allocated and the magnitude of the objectives planned (E.g. *four-year project in Lebanon to address an overall administration reform*).
- Mismatch between amount of budget allocated and the magnitude of the objectives planned (E.g. *2,800,000 EUR allocated to provide a fully-fledged institutional support programme in Russia, Georgia and Ukraine for Biosphere protection*).
- Mismatch between amount of human resources allocated and the magnitude of the objectives planned (E.g. *A management unit in Kiribati seeking to implement a vocational training programme on ten islands encompassing a vast oceanographic surface with few and erratic transport connections*).

The first conclusion we draw upon considering the different typologies is that *Overambitiousness* is not an absolute notion, but rather a relative concept that can be defined as an uneven ratio between the magnitude of the resources (time, budget or human resources) and the magnitude of the corresponding objectives.

Indeed, the study shows cases of *Overambitiousness* associated with both *small* and *large* interventions. In this regard, we should clearly distinguish between *Overambitious* projects (always a negative attribute) and *complex*<sup>23</sup> or *ambitious*<sup>24</sup> projects, that are not necessarily negative traits as corroborated by the data on well-performing projects, which show that

<sup>23</sup> The nature of the problem to be addressed may call for a *Complex* intervention, an attribute that tends to objectively translate into more demanding requirements on design and management, but that does not necessarily relate to good or poor performance.

<sup>24</sup> *Unfeasibility* or *incoherence* between objectives and means are negative features, but *Ambitiousness* or the determination to succeed on a large scale is not a negative feature in itself. Additionally, it is worth noting that some interventions are only worth attempting on a large scale; again, the ratio between risk assumed and benefits expected should be the object of the assessment.

complex interventions can perform exceptionally well (*E.g. BRAC programme in Bangladesh, extremely complex conceptually, extremely ambitious with a tailor-made quality approach to reach the most vulnerable in large quantities and also very cost-effective*).

A **linear regression** between project budgets size and their *good* or *poor* project performance (see Annex II for details) leads to a second conclusion: budget size is not in itself a determining factor behind project performance. On examining the data and observing the lack of correlation between the two variables, we can conclude that Schumacher's precept "Small is Beautiful" does not necessarily apply to the Development field, "Appropriate is Beautiful" being a much more accurate representation of the Development Aid reality.

***Overambitious formulations show a strong association with poor performance.***

**The key negative element in overambitiousness is the mismatch between resources and objectives, not the complexity, size or ambition of the projects in absolute terms.**

Finally, the sample allows the identification of some categories in which the necessary resources to match the planned objectives tend to be underestimated:

- Projects involving preliminary tasks such as tendering or hiring personnel, underestimating the time required and their effect on overall work plans and project duration.
- Behavioural change programmes underestimating the time required to ensure effects. (*E.g. Two years for an environmental protection programme in Jharkhand, India*).
- Rural projects underestimating the effects of the rainy season on their work plans and overall project duration. (*E.g. Basic water and sanitation project in Palestine*).
- Regional programmes underestimating the demands imposed by distance on human resources and systems.

A detailed qualitative reading of the reports concerning overambitious projects suggests the presence of an additional risk; paradoxically, the mounting pressure exerted by the consumption of the project's time without reaching the (unfeasible) objectives, may translate into greater pressure on expenditure and hinders the needed reflection of the reasons behind (the lack of) objectives obtained. Without remedying the base problem this is counterproductive both in financial terms (unnecessary additional expenditure in a dead-end project) and in development terms (lack of the required reflection to redress the project).

### **Comparative analysis with the *Well-performing Projects***

- *Overambitiousness* is closely associated with *poor performance*; however, it is not an exclusive feature of *poor-performers* as it also occurs in *well-performing projects*.
- *Overambitiousness* had adverse consequences in all cases.
  - (i) It was a killing factor in extreme cases (causing very poor performance regardless of any effort to adapt).
  - (ii) In less extreme cases, it still caused lower than expected effects in potentially very good projects.
  - (iii) *Well-performing* projects that managed to adapt had to make stringent efforts and invest considerable resources to do so (opportunity cost).
  - (iv) In the case of Calls for Proposals, seeking to remedy *Overambitiousness* through scaling down objectives conflicts with the fairness of a competitive process that may have been won by the implementing partner precisely based on the strength of their attractive (overambitious) objectives.
- *Overambitiousness* is not an absolute notion but rather a relative concept. Complex projects can perform well as shown by the analysis of the *well-performing* projects.

### **Considerations and possible suggestions for improvement**

- The study shows that *Overambitiousness* can, in exceptional cases, be mitigated during the lifetime of the project; however, the exceptional nature of good solutions coupled with the cost involved in adaptation leads to the conclusion that the focus needs to be directed towards the identification/formulation phases.

Some concrete aspects put forward for consideration include:

- In the appraisal process, give priority to coherence between inputs (time, budget and human resources) and objectives over the attractiveness of objectives in absolute terms.

In Calls for Proposals:

- (i) Convey an explicit message that feasibility will take precedence over attractiveness of the objectives (to compensate for the perception on the contrary by many NGOs).
  - (ii) Consider a more strict approach to exert the right to withhold payments in the event of severe non-compliance with originally contracted objectives.
- Grant special attention to areas prone to *Overambitiousness*, i.e. the relation between time and behavioural change programmes; the effects of the rainy season in workplans for rural or agricultural projects; the effects of underestimating preliminary activities such as tenders and staff contracting in overall workplans; the special requirements in terms of human resources and systems for regional programmes, required to compensate for the physical distance.

#### IV. INADEQUATE RISK MANAGEMENT (ASSUMPTIONS POORLY IDENTIFIED OR INADEQUATELY MONITORED)

##### IV.1. Assumptions poorly identified

The weak identification of assumptions is not only a highly recurrent feature of *poor-performing* projects, but it is also often identified as its direct cause as shown by the fact data table below.

Fact data table: *Were assumptions properly identified?*

Were assumptions properly identified?		
Overall Available info in the poor projects	Monitors comment on this variable in <b>66%</b> of the total number of poor projects	
Overall Occurrence in poor projects with available information	<b>YES</b> , they were <b>11%</b>	<b>NO</b> , they were not <b>89%</b>
Explanatory Occurrence in poor projects with available information	<b>YES</b> , they were AND this was a <b>direct cause</b> of poor performance <b>0%</b>	<b>NO</b> , they were not AND this was a <b>direct cause</b> of poor performance <b>58%</b>

Assumptions are external factors that have the potential to influence (or even determine) the success of a project, but lie beyond the direct control of project managers (i.e. policy, social or economic aspects). Assumptions should be identified before project formulation during the identification stage. The analysis of assumptions is a vital step in assessing the degree of risk of a given project, and it provides the basis for making key decisions such as identifying which risks can be addressed in the project design (i.e. through additional inputs, activities, assumptions to be followed up, etc.) and which risks are so dangerous that they make it altogether advisable to abandon the project as unworkable.

Though the absence of a proper identification of assumptions does not automatically impair the project, it certainly renders the project highly vulnerable to external factors should these prove unfavourable.

The fact data table above shows how this potential danger is not theoretical and can often arise: in spite of the recognised importance of assumptions, 89% of *poor-performing* projects carried out a very weak identification of assumptions or did not identify assumptions at all. The importance of this conclusive statistic is further emphasised by the fact that in over half of the cases (58%), the absence of a proper identification of assumptions was a decisive cause of project failure.

**The identification of assumptions was very weak or completely disregarded  
in virtually all *poor-performing* projects with available information.**

**In 58% of them, this flaw constituted a decisive factor behind *poor performance*.**

This data calls for more in-depth analysis to understand whether there is, or not, a particular field that was more sensitive than others to an inadequate identification of assumptions. When

we proceed to a full and detailed reading of each MR related to the *Assumptions* variable, it reveals that one field stands out as extremely sensitive to the weak identification of assumptions, i.e. “Lack of commitment of the Partner Government”.

This element is especially visible in cases in which the participation and interest of the Partner Government should have been made a pre-condition to even initiate the project; however, the identification stage failed to take this into account.

*This scenario can be illustrated through a project in Lebanon: An administration reform project that was not backed up by real Government interest. The project produced (good) outputs in the form of technical diagnosis and recommendations for the different Government departments, but they remained unused by the Government in most cases due to this lack of real interest. This circumstance not only caused very limited effectiveness and impact.*

This case exemplifies an extreme situation in which the absence of a proper analysis and identification of assumptions had extremely negative consequences, as it resulted in a design that was unaware of what turned out to be killing assumptions or pre-conditions.

**Among the cases in which Assumptions are not adequately identified, the lack of commitment of the Partner Government appears as the most sensitive one, especially when this Assumption constitutes a pre-condition.**

When speaking of the lack of commitment of the Partner Government, it should be borne in mind that an appropriate level of consultation with the Partner Government and correct identification of assumptions do not fully guarantee support from said Government as it is not feasible to consult with all levels. Consequently, a certain level of (acceptable) risk exists that can be mitigated through proper planning, but not completely avoided.

*In the case of a project in Algeria the intervention was well designed, it had strong ownership by the beneficiary communities as well as a good management team complemented by a responsive ECD. At a time of high political instability, assumptions were properly identified and followed up. However, when all prospects were positive and the water plant (main project output) was finished, the Government refused to connect it to the national electricity grid. This unexpected and unforeseeable decision, due to internal political disputes, thwarted the access of beneficiaries to the service and any potential impact.*

#### **IV.2. Follow-up on assumptions**

So far, we have been focusing on the identification of assumptions. However, to ensure good preparedness against possible external factors, the identification of assumptions does not suffice; these identified assumptions also need to be incorporated in the project’s monitoring and risk management plan. In short, regular monitoring of assumptions is needed to ensure a useful risk management system.

So, in reality, how often do projects monitor assumptions? And, what are the consequences of not doing so? Let us examine the fact data table for *poor-performing* projects:

Fact data table: *Were assumptions properly followed up?*

Were assumptions properly followed up?		
Overall Available info in the poor projects	Monitors comment on this variable in <b>41%</b> of the total number of poor projects	
Overall Occurrence in poor projects with available information	<b>YES</b> , they were <b>0%</b>	<b>NO</b> , they were not <b>100%</b>
Explanatory Occurrence in poor projects with available information	<b>YES</b> , they were AND this was a <b>direct cause</b> of poor performance <b>0%</b>	<b>NO</b> , they were not AND this was a <b>direct cause</b> of poor performance <b>25%</b>

Of all the *poor-performing* projects contained in this study that commented on the follow-up of assumptions, not one included an appropriate monitoring of assumptions. This circumstance places these interventions in a very high-risk situation, and in fact, in 25% of the cases, the absence of monitoring of assumptions was directly identified as a cause of *poor performance*.

*An example of the possible effects of inadequate monitoring of assumptions is an intervention in Russia, where key foreseeable risks were not taken into account or followed up. The project purpose was to prepare municipalities for the development of “bankable” dossiers. However, the project strategy did not grant due consideration to the fact that the willingness of the municipalities to take out loans was not the only necessary factor. The (changing) requisites of the International Financial Institutions (IFIs) regarding the provision of guarantees and their criteria for credit worthiness of the candidates were of equal importance for obtaining a loan. The lack of follow-up on the European Bank for Reconstruction and Development (EBRD) regulations resulted in the project’s unawareness of the fact that the municipalities were being prepared in the wrong direction as they were not adapting their preparation to the EBRD’s changed requisites. Other important assumptions such as municipal reform or budget reform were also disregarded and hampered the feasibility of the objectives as a whole.*

**Every *poor-performing* project containing some information on assumptions confirmed that the follow-up was either inappropriate or non-existent.**

Thus far, we have analysed the importance of risk assessment systems in relation to its consequences on vulnerability and poor performance. However, a much more complete understanding is provided by way of contrasting with *well-performing* projects. To that effect, we have taken an example of the added value of a risk management system towards project success in a context in which external factors are strongly present.

*A project aimed at the reintegration of marginalised youth in Lebanon was highly successful in spite of a context of uncertainty and change. The implementing partner, a national NGO*



*with an in-depth understanding of the local context, systematically coordinated with those actors whose decisions and policies could benefit the project. Given that the project was centred on education and employment, constant attention was granted to institutions such as the Ministry of National Education, the Ministry of Social Affairs and the National Employment Office regardless of their lack of direct involvement in the intervention. This attitude enabled the project to foresee potential risks and to follow up on assumptions in real time. In addition the NGO tried to influence the project's environment by means of raising awareness within those governmental bodies.*

### **Comparative analysis with the *Well-performing Projects***

- A qualitative analysis of the *Well-performing projects* indicates a higher attention to identification and follow-up of assumptions. Local implementers have an initial competitive advantage in this respect thanks to their in-depth understanding of the context. Having said that, it should be noted that the MRs on *good performers* offer few specific comments related to assumptions as if potential risks simply did not materialize, smooth implementation was possible. In poor-performers, however, the lack of assumptions follow-up is more likely to be commented on when it causes problems to the project.

### **Considerations and possible suggestions for improvement**

Given the importance of identification and follow-up on assumptions on project performance it is highly recommended:

- To require supporting documentation on assumptions and risks analyses carried out in the project identification phase. Similarly, contractual frameworks should stipulate the periodic review/re-assessment of assumptions and their inclusion in progress reports. This would keep EC Delegation and HQ staff better informed of the project's immediate external context and increase their role in risk management-related decisions.
- The degree of commitment – and ownership – of Partner Governments and beneficiary institutions is a complex and dynamic variable. Sound levels of ownership at the project start may not be a guarantee of success as they may drop during the project's life due to a wide variety of reasons, e.g. changes in political agendas, sudden shifts in the country socio-economic framework. In this scenario, EC-funded projects should be flexible enough to respond to these changes.
- In countries or settings at high risk of fluctuation in ownership levels, the feasibility of adopting multi-phase approaches should be systematically assessed. That is, divide the intervention into a sequence of phases and establish conditionalities based on the actual use of project services to move from one project phase to the next. These conditionalities should be results-based, in line with Resolution 25 of the Accra Agenda for Action.

## V. PROJECT-BASED INTERNAL RESULTS-ORIENTED MONITORING SYSTEM (P-ROMs) NONEXISTENT OR POOR

A proper **follow up of results** does not only constitute an intrinsic **accountability** obligation in the Administration of Public Funds, but it is also widely established as a cornerstone of **good practice** in the field of Aid Effectiveness by both donors and Partner Governments.

The obligation to **follow up results** and the basic role of **results indicators** for this purpose, are explicitly adopted by the EC in its main **multilateral Development commitments** such as the *Paris Declaration on Aid Effectiveness*<sup>25</sup> of 2005, the *European Consensus on Development Policy*<sup>26</sup> of 2005, jointly adopted by the EU Council and Member States, the EC and the European Parliament and in the *Millennium Development Goals* (MDG) assumed in 2000 and renewed in 2008. Within the EC, the commitment to follow up on results based on results indicators is prominent in its Communications on Development, Poverty Reduction and Aid Coherence. **This obligation translates in the contractual framework of the EC** in the form of specific clauses such as the ones included in the *General conditions applicable to EC Grant contracts for External Aid*<sup>27</sup> or in the *General conditions applicable to EC Contribution Agreements with International Organisations*<sup>28</sup>.

There are multiple possible approaches, systems and methodologies that can be used to put into practice a proper follow up of results; however, any results-oriented mechanism need to contain two basic elements:

1. A functional Project-based Internal Results-Oriented Monitoring System (P-ROMs) that collects information originating in the field and transforms it into usable information for management;
2. Objectively Verifiable Indicators (OVIs) to verify the degree of progress and achievement of results (or lack of).

Thus, in an attempt to understand from different angles the causal relations between project performance and P-ROMs, we have collected and looked at the information from three different (complementary) perspectives at the same time:

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<sup>25</sup> Different mentions to the importance of results and indicators, among which, article 44: “Partner countries commit to endeavour to establish results-oriented reporting and assessment frameworks that monitor progress against key dimensions of the national and sector development strategies; and that these frameworks should track a manageable number of indicators for which data are cost-effectively available.” “The Indicators of Progress provides a framework in which to make operational the responsibilities and accountabilities that are framed in the Paris Declaration on Aid Effectiveness”.

<sup>26</sup> Different mentions to the importance of results and indicators, among which, articles 15 & 115: “The Community will consistently use an approach based on results and performance indicators. Increasingly, conditionality is evolving towards the concept of a ‘contract’ based on negotiated mutual commitments formulated in terms of results.” “The EU will support partner countries’ poverty reduction, development and reform strategies, which focus on the MDGs... Progress indicators and regular evaluation of assistance are of key importance to better focus EU assistance.”

<sup>27</sup> Article 2 (2) *The report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed, the results expected and obtained and the budget details for the Operation...*

<sup>28</sup> Article 1.1. “...the Organisation is responsible for achieving the objectives set out therein and shall report on the indicators of achievement specified in the Description of the Action”.

Article 2.3. *...the report shall be laid out in such a way as to allow comparison of the objective(s), the means envisaged or employed (in particular all expenses actually incurred by the Organisation), the results expected and obtained and the budget details for the Action”.*

Article 2.4. *The narrative report shall at least include... ..achievements/results by using the indicators included in this Agreement”.*

1. An overall perspective on the presence of a functional P-ROMs<sup>29</sup>, through the question: *Was there an acceptable Results-Oriented Internal Monitoring System (P-ROMs)?*
2. A specific perspective on the presence of Objectively Verifiable Indicators<sup>30</sup> (OVIs), through the question: *Were there appropriate OVIs?*
3. A specific perspective on the real use of OVIs through the question: *Were OVIs used?*

The table below shows the overall occurrence (negative in all of them) of these three variables:

Fact data table: *Was there an acceptable Results-Oriented Internal Monitoring System (P-ROMS)? Were there appropriate OVIs? Were OVIs used?*

	<b>Was there an acceptable P-ROMS?</b>	<b>Were there appropriate OVIs?</b>	<b>Were OVIs used?</b>
Availability of Information in the poor projects	Monitors comment on this variable in <b>48%</b> of the total number of poor projects	Monitors comment on this variable in <b>62%</b> of the total number of poor projects	Monitors comment on this variable in <b>69%</b> of the total number of poor projects
Overall Occurrence in poor projects with available information	No, there was not <b>93%</b>	No, there was not <b>89%</b>	No, there was not <b>85%</b>
Explanatory Occurrence in poor projects with available information	No, there was not AND this was a direct cause of poor performance 0%	No, there were not AND this was a direct cause of poor performance 0%	No, they were not used AND this was a direct cause of poor performance 0%

The data above show how most of the *poor-performing* projects do not have an acceptable P-ROMs or appropriate OVIs, and that in the cases that OVIs exist, these are rarely used.

**A vast majority of *poor-performing* projects, lack an adequate Internal Results-Oriented Monitoring System (P-ROMs) and OVIs**

<sup>29</sup> A functional results-oriented P-ROMs needs minimally some basic elements such as Objectively Verifiable Indicators (OVIs), a system establishing responsibilities and periodicity for collection, consolidation and analysis of data and a reporting and a feedback mechanism to incorporate information into further planning and implementation.

<sup>30</sup> Objectively Verifiable Indicators describe the project's objectives in operationally measurable terms (quantity, quality, time). Specifying OVIs forms the basis of the project's monitoring and evaluation system; they are formulated in response to the questions "How would we know whether or not what we planned to achieve is actually happening? How do we verify success?" OVIs should be defined during the formulation stage, but they often need to be specified in greater detail during implementation when the practical information needs of managers, and the practicality of collecting information, becomes more apparent.

It should be noted that, in spite of the high negative occurrence, the monitors rarely examine the causality relation<sup>31</sup> between absence of P-ROMs or OVIs and poor or good performance. There are strong indications (see foot-note next to this text and the independent document “Uses and Scope of ROM”) that this is due to a structural element of the ROM scope, namely its exclusive focus on direct causalities and its lack of mandate and capacity to analyse deeper causal relations.

The absence of Results-Oriented Monitoring Systems is not only characteristic of *poor-performers*, but a quick look at *well-performers* confirms that this is a characteristic of EC projects in general, be they *good* or *poor-performers*. As we will see in more detail in the comparative analysis below, 70% of the *well-performing* projects also lack formalised results-oriented mechanisms. Additionally, another recurring element is the inexistence of baselines, (even when P-ROMs are in place) which also makes it impossible to measure real impact.

**A vast majority of projects with available information on this variable, be they *good* or *poor* performers, lack baselines and adequate Internal Results-Oriented Monitoring Systems (P-ROM).**

As the data show, in spite of the strong EC institutional commitment towards follow-up on results, the EC Aid Delivery system is still heavily focused on inputs and activities. The **consequences** of this limited monitoring focus and of the absence of P-ROMS are significant.

**The absence of P-ROMs and OVIs has major negative implications in 4 different areas:**

1. Inadequate **Accountability** on EC expenditure in Development Aid.
2. Insufficient fact-based information to make **key strategic Development decisions**.
3. Deficient **Visibility** of the EC as one of the world’s main Development actors.
4. Limited **Learning capacity**, both at project level and at overall institutional level.

**Comparative analysis with the *Well-performing* Projects**

- Most *good-performers* also lack an appropriate P-ROMs and OVIs, therefore this absence of results-oriented follow-up is a general characteristic of both *poor* and *good performers* in the EC.

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<sup>31</sup> In spite of the high negative occurrence, the monitors rarely mention in the reports that the absence of P-ROMS or OVIs is a direct cause for poor performance. This apparent contrast is better understood when we look at the well-performing projects and we observe a similar pattern: nearly 70% of the projects also lack an acceptable P-ROMS and again, the monitors rarely mention the direct causality toward negative or positive effects. The comparison and analysis of both *poor* and *well-performing* projects strongly indicate that the absence of specific comments on causality by the monitors is due to a structural element of the ROM scope, i.e. the focus of monitoring visits on primary level cause-effect relations. ROM missions and reports are meant to capture immediate causes, but would not aim at variables belonging to deeper causality relations that are the exclusive object of evaluations or aggregate studies. In other words: we observe that MRs tend to capture primary causal relations of the type “*Poor or Good Performance is caused by X*”, but it is rare to find deeper causal relations of the type “*Poor or Good Performance is caused by X, which ultimately stems from Y & Z*”.

- The existence of P-ROMs in *well-performing* projects is rare but when in place they tend to play a key role in good project performance.

### **Considerations and possible suggestions for improvement**

- **Implementing partners** perceive their tasks as exclusively related to control of inputs and delivery of activities not as related to results. Given that EC Delegations do not require systematic information on results this perception is reinforced and confirmed. Managing projects focusing strictly on activities and disregarding their results or defining results on the basis of intuition instead of evidence is contrary to basic development good practice. However, it is an objective fact that it is much easier to manage a project without having to reflect or report on results. Therefore the role of enforcement to be played by EC Headquarters and Delegations is considered the key element for improvement.
- **EC Delegation and HQ Task Managers:** In the EC enforcement chain, Task Managers are the most influential link at practical operational level given their proximity to project management. The fact that the projects do not have P-ROMs, leaves Task Managers without access to fact-based information on results. However they could:
  - Send a message to projects clarifying what is the expected reporting quality and emphasis, namely the enforcement of OVIs-based results-oriented reporting.
  - Enforce the requirement of progress reports including results-based information referring to OVIs and baseline information.
  - Demand that proposals and work plans include baseline and related OVIs on each result area. In pilot projects, which are to a large extent justified by their value as a learning instrument for future replication, this aspect should be further emphasised, and they should include a follow-up not only of achievements but a deliberate exploration of negative or unexpected results.
- **EC Headquarters:**
  - Send a message to Delegations giving due priority to the demand information based on OVIs and results-oriented monitoring.
  - Identify capacity gaps and needed support for the Task Managers in charge of the tasks related to enforcement of the follow up of results by projects.
  - The templates for reporting leave excessive margin for interpretation on basic results-oriented requirements (OVIs with baseline and homogeneous data, etc.), which hampers enforcement. It is suggested that a clearer template be developed.
- The practical application of P-ROM needs specific budgeting at project level. However, it should be borne in mind that enforcement of result-oriented reporting would not require extra funding for its basic application.

## VI. WEAK ADAPTATION CAPACITY AND COMMUNICATION

Three variables in the sample appear related to the projects' capacity to adjust to a changing environment. They present different degrees of interrelation and also address different perspectives, namely:

1. An overall perspective of the projects' capacity to adapt, formulated as: *Has the project adapted to arising problems or opportunities?*
2. An overall perspective of Communication among different partners in implementation formulated as: *Were there significant communication problems among project partners?*
3. A concrete perspective of Communication centred on the EC vis-à-vis its partners formulated as: *Were there significant communication problems between the EC and its partners?*

The table below shows the combined availability and occurrence of the three variables:

Fact data table: *Has the project adapted to arising problems or opportunities? Were there significant communication problems among project partners? Were there significant communication problems between the EC and its partners?*

	<b>Has the project adapted?</b>	<b>Were there communication problems among project partners?</b>	<b>Were there communication problems between the EC and its partners?</b>
Availability of Information in the poor projects	Monitors comment on this variable in <b>76%</b> of the total number of poor projects	Monitors comment on this variable in <b>55%</b> of the total number of poor projects	Monitors comment on this variable in <b>41%</b> of the total number of poor projects
Overall Occurrence in poor projects with available information	No, it has not adapted <b>68%</b>	Yes, there were <b>81%</b>	Yes, there were <b>58%</b>
Explanatory Occurrence in poor projects with available information	No, it has not adapted AND this was a direct cause of poor performance <b>23%</b>	Yes, there were AND this was a <b>direct cause</b> of poor performance <b>25%</b>	Yes, there were AND this was a <b>direct cause</b> of poor performance <b>0%</b>

The numerical data show the relation of each variable with poor performance.

Although the numerical data is non-conclusive the qualitative analysis yields two distinct groups depending on the typology of the causal relation:

1. Lack of adaptation directly linked with lack of communication. Among these we have different grades: those projects that endeavoured to react but did so too late due to lack of communication and those who did not realise that a reaction was needed.
2. Lack of adaptation not linked to communication but rather to the impossibility to adapt in spite of identifying the problem. Within this typology, the sample shows two separate categories: those who tried to revert the situation but could not do so due to the gravity of the flaws in the *Design*, and those who could not adapt due to the incapacity of the *Management* (note that this is also partially related to the analysis stage, when the management team and layout were chosen).

**Lack of *Adaptation* is often linked to lack of *Communication*.**

**However, in cases of grave *Design* flaws or weak *Management* capacity, *Adaptation* is not possible even with good *Communication*.**

#### **Comparative analysis with well-performing projects**

- Aggregate findings on *poor* and *good performers* highlight the fact that the need to adapt to arising challenges is not a peculiarity of poor or good performers but an intrinsic feature of development interventions. It also highlights that a sound adaptation capacity is a key determining factor behind performance and that *good communication* flows and regular interaction among relevant stakeholders are a vital pre-condition to ensure timely and appropriate adaptations that lead to success.
- *Good performers* prove that even structural re-adjustments in project design – the lack of which explains *poor performance* to a great extent- are feasible provided there is *good communication* and proactive attitudes on all sides.
- That said, the fact that adaptations in project design are particularly costly and generate inefficiencies, makes them a last-resort mechanism. In this regard, improving the depth and thoroughness of *ex-ante* project phases (*Identification Stage*, formulation, etc.) constitutes a far more appropriate and efficient strategy to enhance the overall performance of the EC project portfolio.

#### **Considerations and suggestions for improvement**

- See the Analysis Stage suggestions related to the importance of Institutional Capacity Assessments.
- One of the main regular sources of project information for EC Delegations is reporting. Well-informed decisions that enable adaptation largely depend on the quality and nature of the information contained in progress reports. In this context, enforcing the use of P-ROMs would increase the quality, relevance and conciseness of the information contained in progress reports and multiply the chances of *good communication*, translating into sound adaptation and, ultimately, into better performance.

### 3.2 WELL-PERFORMING PROJECTS: PRIMARY FINDINGS

Among the 43 qualitative variables<sup>32</sup> that were pre-identified for the well-performing projects, 12 of them stand out as those with the highest occurrence

An in-depth qualitative analysis of the interrelations between these variables, their different levels of causality and the patterns they follow to determine *poor performance*, allows them to be grouped under six concrete aspects that constitute the most crucial characteristics and/or explanatory causes behind *good performance*.

**The six concrete aspects** that appear in quantitative and qualitative terms as the most crucial **characteristics and/or explanatory causes behind *good performance*** are as follows:

- I. Analysis Stage:** projects with **appropriate implementation set-ups** that target real problems/priorities by means of clear and **well-suited strategies**.
- II.** Highly **relevant** interventions regarding *what* they choose to address from the onset (beneficiaries' priorities) and *how* they address it throughout the project's lifetime.
- III.** Project teams which include **proactive managers** that apply inclusive and adaptive management approaches and **technical staff** of good quality.
- IV.** The choice of implementing partners with a **strong organisational and technical capacity**, which constitutes one of the ultimate causes behind successful interventions.
- V. Demand-driven and service-provision oriented** interventions that result in widespread access and use of project services and high levels of ownership by beneficiaries.
- VI.** Strong **adaptation capacity** as a result of **good communication** among project partners and overall proactive management.

<sup>32</sup> The present study includes 43 qualitative variables for the qualitative analysis of the well-performing interventions. Of these, 41 are not only qualitative but they can also be quantified.



## I. APPROPRIATE ANALYSIS STAGES, WELL-SUITED STRATEGIES AND APPROPRIATE IMPLEMENTATION SET-UPS

The aggregate qualitative analysis of good performers shows that the process resulting in well-suited set-ups and strategies that make *well-performing* interventions feasible and very relevant from the outset begins with appropriate *Analysis Stages* prior to project formulation.

### I. 1 APPROPRIATE ANALYSIS STAGE

As aforementioned in the *poor performers* section of the study, the term Analysis Stage refers to the preliminary work carried out during the identification phase prior to the project's formulation and includes four elements: Stakeholder Analysis, Problem Analysis, Objective Analysis and Strategy Analysis.

The table below displays the aggregate data on occurrence for the variable *Analysis Stage* in *well-performing* interventions:

Fact data table: *Appropriateness of the Analysis Stage*

Was there an appropriate Analysis Stage?		
Overall Available info in the good projects	Monitors comment on this variable in <b>61%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , there was <b>73%</b>	<b>NO</b> , there was not <b>27%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , there was AND this was a <b>direct cause</b> of good performance <b>35%</b>	<b>NO</b> , there was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

As shown by the data, an appropriate *Analysis Stage* constitutes a rather common trait among *good performers*, and it was a determining factor for their success in more than one-third of the projects in which monitors mentioned it.

**An appropriate *Analysis Stage* prior to project formulation is a common feature of *good performers*. This results in well-suited strategies and proper implementation set-ups.**

A comprehensive reading of the qualitative information contained in MRs reveals two recurrent features:

- (i) In particularly *well-performing* interventions, problem analyses are conducted thoroughly and in-depth, resulting in the selection of the right approaches to address these problems.
- (ii) Projects that conducted a thorough problem analysis and selected opportune strategies are either projects which actively involved beneficiaries (be they communities or institutions) in the exercise or projects that built upon lessons learnt from previous experiences/project phases. Moreover, good performers which included beneficiaries in the *Analysis Stage*,

present particularly high levels of ownership and real relevance, a fact that corroborates one of the fundamental principles of development aid theory.

Monitors often point at specific good practices during the *Analysis Stage*. The most common are conducting research studies, surveys, and diagnoses as primary data sources or using previous evaluations as secondary data sources. These information sources are used as the basis for problem identification and for the analysis of the possible strategies.

**The inclusion of implementing partners and beneficiary groups in the *Analysis Stage* is a common feature of particularly *well-performing* projects.**

### Exceptions to the general trend

As we observe in the fact data table, there are projects that managed to yield good effects even though they did not undergo an appropriate analysis stage (27%). It is worth noting that we have considered an *Analysis Stage* inappropriate whenever monitors mention flaws in at least one of its four elements (stakeholder analysis, problem analysis, objective analysis and strategy analysis). In this regard, it is important to stress that we have not found any *well-performing* project presenting flaws in more than one of these four elements. Deficiencies resulting from an appropriate Analysis Stage in *well-performing* projects are either reversed by the project management during implementation or are simply not significant enough to neutralise the project's effects.

The most frequent shortcoming during the analysis stage of good performers is the inadequate (or non-existent) institutional capacity assessment of the implementing partners or the beneficiary organisations<sup>33</sup>. This usually results in implementation delays that are finally offset by the project management and do not have further serious consequences on the project's ability to generate effects. *This was the case in a primary education and sanitation project in El Salvador where the chosen counterpart suffered from acute organisational problems that led to problems during implementation. The implementing partner of a cultural heritage intervention in Syria had structural organisational shortcomings such as frequent changes in leadership and inadequate financial management systems, which also gave rise to implementation delays. In both cases the project management mitigated the consequences of these delays.*

### Comparative analysis with *poor-performing* projects

- The strong association between an inadequate *Analysis Stage* and *poor performance* and between an appropriate *Analysis Stage* and *good performance* reinforces the importance of the identification phase as a critical determinant of project performance.
- Inadequate institutional capacity assessments are not only a characterising feature of *poor performers* but are also occasionally found in good performers. In the case of the former, this results in ownership and management problems and, ultimately, in project failure whereas, in the latter, it translates into delays that are reversed in a

<sup>33</sup> Beneficiary institutions often play a dual role, that is, they are direct beneficiary institutions but at the same time play an active role in implementing project activities.

timely manner by project management. However, it is important to stress that mitigating the adverse effects of these delays is not free of cost as it creates inefficiencies and always implies an opportunity cost in terms of effective use of managers and technical staff time.

### **Considerations and suggestions for improvement**

Inappropriate institutional capacity assessments increase the vulnerability of the EC-funded projects in terms of performance prospects. In this scenario, it is highly pertinent to formalise and systematise conducting documented institutional capacity assessments during the project's ex-ante phase:

- Project proposal appraisal exercises should emphasise the careful judgement on the capacity of implementing partners and beneficiary institutions, made on the basis of documented institutional capacity assessments.

## **I.2 CLEAR AND APPROPRIATE INTERVENTION LOGICS**

Another characteristic and explanatory factor behind *well-performing interventions* is that they are grounded in clear and appropriate intervention logics. This variable does not only refer to judgements on the quality of intervention logics as formalised in Logical Framework Matrices (LFM). It also encompasses monitors' judgements on the clarity and coherence of the hierarchy of objectives and the ensuing sequence of activities – be they formalised or not in LFM's – as well as considerations related to the project's specific operational approach<sup>34</sup>.

Fact data table: *Clarity and appropriateness of the intervention logic/strategy*

<b>Was the intervention logic clear and appropriate?</b>		
Overall Available info in the good projects	Monitors comment on this variable in <b>86%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>81%</b>	<b>NO</b> , it was not <b>19%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of good performance <b>27%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

As shown by the data, 81% of good performers in which monitors comment on this variable had clear and appropriate intervention logics. This is very often a direct consequence of thorough Analysis Stages involving the direct participation of target beneficiaries and implementing partners. In fact, cross-comparative data show that 92% of the projects that conducted an appropriate *Analysis Stage* also ended up having clear and appropriate intervention logics.

<sup>34</sup> *Operational approach* is understood as the way in which intervention logics translate into practical terms in different components or thrusts (i.e. capacity building component, infrastructure component, etc.) and their interrelations.

Upon examination of projects in which the appropriateness of the intervention logic was mentioned as a direct explanatory cause of success (27%), a series of common features can be observed:

- (i) Their intervention logics are clear and straightforward and, consequently, well understood by all project partners;
- (ii) Intervention logics tend to be very focused and pragmatic; they are practically oriented towards solving existing problems;
- (iii) They often include integrated approaches in addressing development constraints which have a multi-dimensional nature, e.g. livelihood development, human rights, private sector development.

**Intervention logics mentioned by monitors as a direct cause of project success, are focused and pragmatic and, consequently, well understood by all partners and practical in solving problems.**

#### **Comparative analysis with *poor-performing* projects**

- The appropriateness of intervention logics did not appear, on the basis of its occurrence, as a main characterising or explanatory variable of *poor performers*. And in good performers, whenever flaws appear they are either mitigated by project management or are not grave enough. This however, does not imply that the appropriateness of intervention logics is an irrelevant factor in terms of the ability of projects to produce effects. Data show that shortcomings in intervention logics may perfectly be a direct explanatory cause of project failure as is the case in five of the *poor-performing* projects analysed. It is thus a matter of the severity of the inappropriateness of the intervention logics.

#### **Considerations and suggestions for improvement**

Unclear and incoherent intervention logics are another variable increasing the vulnerability of interventions that fail to perform properly. Good practices in *well-performing* projects reveal that the inclusion of implementing partner and target groups during the project's ex-ante Analysis Stage increases the likelihood of formulating intervention logics that are pragmatic in solving problems and well understood by all stakeholders, which ultimately leads to high effects.

- Ex-ante quality assurance procedures and proposal appraisal exercises should place special attention on whether inclusive stakeholder participatory approaches/processes have been applied during the analysis and selection of the project's intervention strategy. These approaches/processes should be documented.

### I.3 SUITABLE IMPLEMENTATION SET-UPS

This variable contains information regarding two main elements: (i) the appropriateness of the stakeholders chosen within the project's set-up and (ii) the appropriateness of the implementation arrangements among those stakeholders, e.g. the suitability of the placement of a PMU or the suitability of responsibility allocations and management lines among actors.

Fact data table: *Appropriateness of the implementation set-up*

<b>Was the implementation set-up appropriate to ensure outputs/outcomes?</b>		
Overall Available info in the good projects	Monitors comment on this variable in <b>68%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>95%</b>	<b>NO</b> , it was not <b>5%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of good performance <b>28%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

As shown by the data, project formulations in *good performers* incorporate implementation set-ups that are well thought out. Moreover, as it happened with intervention logics, the selection of suitable implementation set-ups is often preceded by an adequate *Analysis Stage*. Indeed, cross-comparative data show that there is a reasonable degree of association between these two variables as 87% of the projects that underwent an appropriate *Analysis Stage* are projects that also had a suitable implementation set-up.

An overall occurrence of 95% clearly indicates that proper institutional set-ups are a widespread common feature among projects that produce good effects. Even if this is a variable monitors often comment upon, the reasons for which a specific set-up leads to high effects are not always expounded in detail<sup>35</sup>. That said, whenever monitors do elaborate on the features that make a set-up become an explanatory cause of project success, they recurrently point to two particular features:

- (i) The nature of the institutions chosen to be part of the project's set-up is highly suitable in ensuring effects and these institutions are placed at the right levels of objectives within the intervention logic.

*An illustrative example is that of a rural water supply and sanitation project in Nicaragua. The fact that this project included the Ministry of Education and Health and all the relevant Town Councils at all levels of the intervention logic (activities, results, PP and OO), which according to the monitor, was a main factor behind the project's success.*

- (ii) Project Management Units (PMUs) are placed at the right levels of decision-making; they have the right format (e.g. dependant or independent of governmental bodies) and they adopt the right approaches when dealing with other relevant stakeholders.

<sup>35</sup> This is due to two main reasons: (i) An MR is a very concise document and this makes it quite difficult to elaborate on causes and consequences simultaneously; (ii) Monitoring is a short exercise in terms of time. It allows monitors to identify immediate causality relationships, e.g. right set-up → good effects; but it is generally insufficient for monitors to identify ultimate causes or second and third levels of causality.

*An example of the latter is a micro-projects programme in Zambia in which the PMU used existing district government structures to operate on the ground and deliver the project outputs. This proved not only efficient but also led to wider effects as it prompted the forging of solid links between district authorities and communities, who, thanks to the project, began to perceive district bodies as partners rather than as imposed service providers.*

**Well thought out institutional set-ups are a widespread characteristic in *good performers*. Choosing institutions of a suitable nature and placing PMUs at the right levels of decision-making are defining features of particularly successful set-ups.**

*An example of **good practice** in this regard is a Human Rights project in Bolivia, which illustrates how the appropriateness of institutional set-ups may not only explain the achievement of the intended objectives but also the generation of wider sustainable impact. The intervention was implemented through a consortium formed between the beneficiary institution and the implementing partners. This enabled the project to benefit from the institutional experiences and networks of all consortium members, which was of paramount importance given the broad scope and complexity of Human Rights. Having a project set-up based on a consortium also increased the capacity of the project to establish strategic alliances. In fact, 90% of activities were developed through alliances with other actors. As a result, the project could intervene in many different areas and settings, which explains the project's remarkable contribution to the expansion of the Human Rights movement in Bolivia (impact) and the high degree of sustainability of the processes initiated by the intervention.*

#### **Comparative analysis with *poor-performing* projects**

- Inappropriate implementation set-ups did not appear as a main variable of *poor performers* because the availability of information in MRs did not comply with the threshold we established for selection. However, whenever information is available, we observe a clear tendency: *poor performers* tend not to have appropriate implementation set-ups (73% of cases with available information) and this is often (40% of cases with available information) a direct cause of project failure. If we take the total number of *poor performers*, the proportion of projects that fail due to deficiencies in set-ups is one in every five, which is not a negligible ratio whatsoever.
- The reasons why inappropriate set-ups make *poor performers* fail, correspond symmetrically to those reasons making *good performers* succeed: erroneous selection of implementing partners or beneficiary institutions; PMUs and their Technical Assistance (TA) teams being placed at the wrong level of decision-making within the beneficiary institutions; PMUs and TA teams having the wrong format, e.g. operating independently from beneficiary institutions when the project required direct linkages.

#### **Considerations and suggestions for improvement**

As seen above, the existence of appropriate implementation set-ups increases the likelihood of projects becoming *good performers*. In this scenario, documented *stakeholder analysis* exercises should be required during the ex-ante phase as input for the EC to conduct

assessments on the appropriateness of the set-ups. Stakeholder Analyses are a useful tool in this regard since, by definition<sup>36</sup>, they should contain information such as stakeholders' interests, their capacity and motivation and their institutional strengths and weaknesses.

The proper application of the TC/PIU Backbone Strategy according to its guidelines would ensure the appropriate structure and functioning of the PIA in accordance with the EC's actions to implement the Paris Declaration and improve the effectiveness of EC aid with respect to capacity development.

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<sup>36</sup> The Project Cycle Management Guidelines stipulate the need for this sort of analysis and supplies a series of tools to do so, e.g. stakeholder analysis matrices, SWOT analysis, and Venn and Spider diagrams.

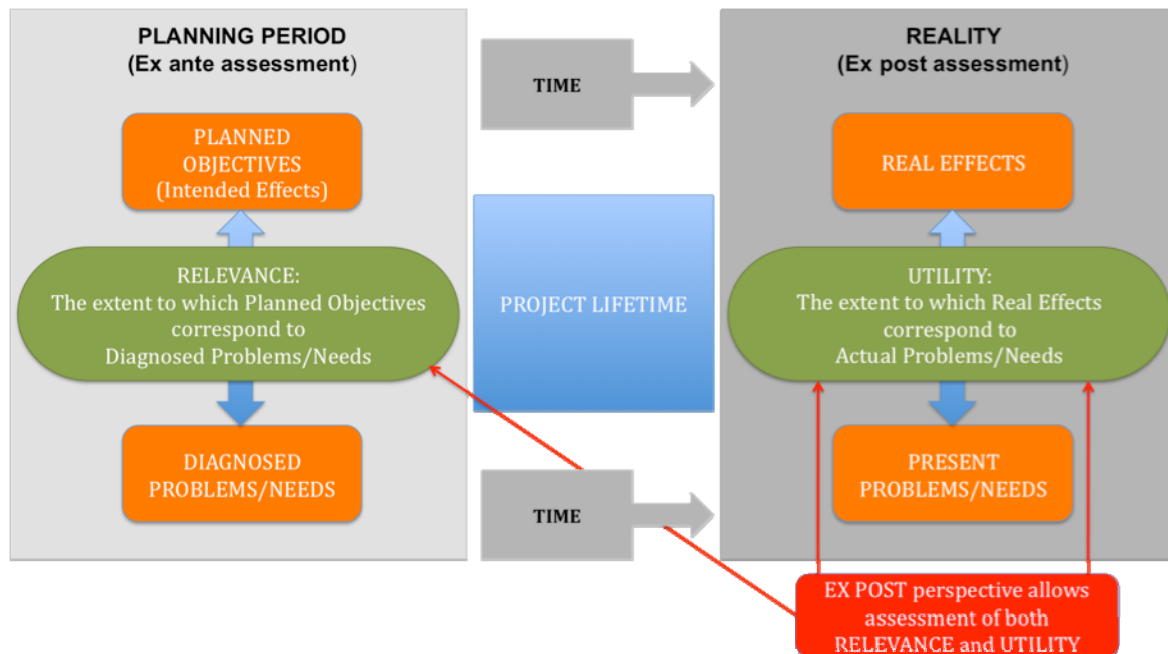
## II. HIGHLY RELEVANT INTERVENTIONS

As mentioned in section 3.1.II during the analysis of *poor performers*, the term *Relevance* encapsulates a broad spectrum of conceptual subdivisions that incorporate both a *Subject* and a *Time* dimension. The *Subject* dimension (Relevance for whom?) includes a distinction between Strategic Relevance<sup>37</sup> and Direct Beneficiaries Relevance shows how both dimensions of *Relevance* are needed to achieve *Real Relevance*.

Let us now briefly examine what is meant by the *Time* dimension of *Relevance*. The *Time* dimension refers to the particular moment in which *Relevance* is assessed, i.e. at the formulation stages, during implementation or right at the end of the project; and focuses on the project's relevance towards the problems it seeks to address at these different moments in time. Therefore, the *Time* dimension distinguishes between the *Relevance of the intended objectives* towards the initial problems of the target groups as well as the *Relevance of the real effects* towards the initial and/or the current<sup>38</sup> problems of the target groups. The fact that *poor performers*, by definition, are projects that failed to produce effects made it difficult to illustrate this *Time* dimension. However, *good performers* do generate real effects and the *Time* dimension plays a role that can and should be factored into their analysis.

Figure 8 below illustrates the *Time* dimension of relevance and introduces the concept of *Utility*<sup>39</sup>. In short, *Utility* is a judgement on whether the generated effects correspond to the real problems/needs today (regardless of their initial formulation as objectives). The distinction acknowledges the potential gap between planning and reality and focuses on the effective solution of present problems. The ROM methodology does not include a specific criterion on *Utility*; still monitors generally make qualitative judgements on this aspect under the *Relevance*, *Effectiveness* and *Sustainability* criteria.

**Figure 8.** Time Dimension of Relevance: Objectives and Real Effects vs. Problems.



<sup>37</sup> That is relevance towards the European Commission and the recipient government policies.

<sup>38</sup> In case the nature of the problems has evolved over time.

<sup>39</sup> *Utility* is a useful and distinct evaluation criteria, which has been adopted by different evaluation methodologies such as the one used by DG Budget in the EC. However, it is less known in other evaluation frameworks.



The fact that the projects analysed in the Study are all finished projects, coupled with the fact that in this section we are looking at *good performers* only (with good effects by definition), guarantees that the “*Relevance of the intervention*” variable presented in the Fact data table below encompasses all dimensions of *Relevance*, including *Utility*.

Fact data table: *Relevance of the intervention*

Was the intervention relevant?		
Overall Available info in the good projects	Monitors comment on this variable in <b>94%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>100%</b>	<b>NO</b> , it was not <b>0%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of good performance <b>38%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

As shown in the table, data on *Relevance* is very convincing. Information on the variable is available in practically all the projects analysed (94%), and all these interventions (100%) were considered relevant by monitors. Moreover, in more than one-third (38%) of these interventions, the fact that they were relevant was a determining factor for success.

From the data and the undertaken qualitative analysis we can conclude that: (i) *good performers* were both strategically relevant and relevant towards the problems/needs of the direct beneficiaries (*Subject* dimension) and, (ii) in the context of *good performers*, the intended objectives were not only appropriate for addressing the initial problems, but also the real effects generated by these interventions were appropriate for solving the problems of the target groups – be those the problems they encountered initially or the problems that somehow evolved during the implementation period (*Time* dimension).

**All good performers were Strategically Relevant as well as relevant towards the real needs of the direct beneficiaries.**

A detailed reading of the qualitative information retrieved from MRs reveals the specific reasons that make good performers relevant toward the needs/problems (“*what*”) they seek to address:

- (1) *Well-performing* projects target real existing needs that represent an immediate priority for the target groups. In other words, given a series of problems experienced by the target groups, *well-performing* projects address those which are most urgent and important.

An important finding in this regard is that *good performers* are characterised by the absence of **Passive Acceptance**. This concept was defined in section 3.1.II (during the analysis of *poor performers*) and refers to situations in which projects that do not represent an immediate priority for the target groups may not be openly rejected but just accepted passively. A widespread feature of *good performers* is that they address actual priorities of the target

groups as opposed to addressing aspects that, albeit relevant in a generic way, may not be a priority for them.

**A key characteristic of *well-performing* projects is the absence of *Passive Acceptance* by the target beneficiaries.**

- (2) They address the constraints or problems of the target groups in a timely manner. This is a recurrent feature, particularly in institutional projects implemented within the framework of reform processes, e.g. judiciary reforms, government administration reforms, etc.
- (3) They usually provide practical solutions to existing problems or constraints.
- (4) They correspond to priority areas of recipient government agendas which, in turn, results in sound levels of political will.
- (5) They offer a response to constraints accurately identified and well articulated by the target beneficiaries.

The study of the qualitative information contained in MRs also indicates that the fact *well-performing* projects address the right priority needs in a timely manner is associated with thorough assessments of the context in which interventions were to be implemented, that is, to appropriate *Analysis Stages*. Indeed, if we cross-compare the simultaneous occurrence between the variables *Relevance* and *Analysis Stage*, we observe that nearly two-thirds (63%) of the projects in which *Relevance* was a direct explanatory cause of success had also undergone an appropriate *Analysis Stage*.

Another important finding on examining the qualitative information contained in MRs is that good performers are relevant not only because *what* they address is pertinent but also because the particular manner ("*how*") in which they address it is appropriate too. This implies that the factors ensuring the high degree of *Relevance* that characterises *good performers* are not exclusively circumscribed to the project's identification and formulation phases (design aspects) but also to elements occurring during the project's actual implementation. In this regard, a recurrent feature in *good performers* is that managers and technical staff prioritise the use of approaches and methodologies that ensure that the evolving needs of the target groups are addressed in a timely manner during implementation. As pointed out in the next section III.1 below (proactive project management), these methods encompass, among others, participatory activity planning, periodical re-assessments of beneficiaries' priorities during implementation or the use of flexible work plans. The adoption of such approaches constitutes a key element in assuring that *good performers* remain relevant throughout implementation.

An additional indicator of the extent to which *Relevance* is related to *appropriate management* practices is the ratio of simultaneous occurrence<sup>40</sup> between these two variables, which is rather high: 80% of the projects in which *Relevance* was a direct explanatory cause

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<sup>40</sup> The ratio of simultaneous occurrence alone does not confirm whether there is a causality relation between two variables. This ratio can only be considered significant when it complements the findings resulting from a detailed reading of all the concerned MRs (and the qualitative table). This is explained in depth in the Methodology.

of *good performance* also presented *appropriate management* as a feature. We may conclude that *good performers* are highly relevant both because their designs are pertinent and because high-quality managerial approaches ensure the relevance of the intervention throughout implementation.

***Well-performing* projects generate good effects not only because *what* they address is pertinent but also because the manner in which they address it (“*how*”) is appropriate, which, in turn, hinges on the use of appropriate managerial approaches.**

The comparative analysis and suggestions for improvement for the variable *Relevance* have already been addressed in section 3.1.II above (*poor performers*).

### III. PROJECT TEAMS WHICH INCLUDE PROACTIVE PROJECT MANAGERS AND GOOD TECHNICAL TEAMS

#### III. 1 PROACTIVE PROJECT MANAGEMENT

In *good performers*, we formulated the question “*Was the management of the intervention appropriate?*” to collect data on the management function performed by project management units (PMUs) in any of its possible forms, e.g. units run by contractors, partner-government agencies, NGOs or other civil society institutions, or by any possible combination of them. This variable specifically covers the quality of performance of project managers.

The aggregate data is summarised in the table below:

Fact data table: *Appropriate project management*

<b>Was the management of the intervention appropriate?</b>		
Overall Available info in the good projects	Monitors comment on this variable in <b>82%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES, it was 99%</b>	<b>NO, it was not 1%</b>
Explanatory Occurrence in good projects with available information	<b>YES, it was AND this was a <b>direct cause</b> of good performance 56%</b>	<b>NO, it was not AND this was a <b>direct cause</b> of good performance 0%</b>

A high abundance of information (82%) coupled with an overall positive occurrence of 99% reveals that proper project management is a widespread characteristic in practically all the interventions that generated high effects. In 56% of these cases, the appropriateness of the project management was considered a direct cause of good performance, which is the highest causality rate<sup>41</sup> for any variable for *well-performing* projects.

***Appropriate project management is the most significant characterising and explanatory factor in well-performing interventions.***

Upon careful examination of the interventions in which proper project management explains *good performance*, a series of recurrent successful management features are noted:

- a. *Inclusive project management.* In many of the *well-performing* interventions analysed, the project management proactively and systematically involves beneficiaries and other relevant stakeholders during the planning and implementation of activities. In order to do so, managers use management tools, techniques, methods and approaches such as participatory planning; periodic internal participatory reviews; Management Information Systems (both financial and operational); flexible work plans; systematic feedback

<sup>41</sup> It also shows the highest causality in absolute terms as it is the variable that is explicitly mentioned by monitors as a direct cause of *good project performance* on a greater number of occasions (in 39 projects).

retrieval exercises with beneficiaries; regular analysis of the changing context through periodic consultation; and coaching activities for local partners.

*One example of inclusive management is a legal and judicial development project in Moldova. The contractor used a series of management tools and approaches that rendered the project highly effective: systematic evaluation of results and opinions of the beneficiaries were regularly used; close cooperation links were established with key stakeholders so as to concentrate on their priorities; and analyses of the basic legal situation and research on programmes implemented by other donors were carried out.*

- b. Adaptive project management.** This feature, which is also found in a considerable number of cases, is typical of PMUs that are highly responsive to both changes in the evolving immediate project environment and to changes in the needs and demands of the target groups. The project management shows a high degree of flexibility, decisions are made rapidly and in a timely fashion, and work plans and other management tools are regularly adjusted to reflect these changes. The project management often succeeds in adjusting initial design flaws and ensuring that the intervention remains pertinent throughout implementation.

Inclusive and adaptive management approaches have been separated merely for the purpose of clarity. Actually, they are often found together since inclusive management styles are usually behind sound adaptations. *An example is a rural development project in Vietnam in which one of the internal tools used by the management were the so-called “best practice workshops” in which all project partners jointly reviewed the project’s experiences and selected and replicated the best ones. The workshops were not only instrumental in making timely and appropriate adjustments during implementation but also ensured participatory and transparent planning and led to high levels of ownership.*

**Inclusive and adaptive project management approaches adopted by highly flexible and proactive project management units are prominent features among interventions that generate high effects.**

There are another two project management features in *well-performing* interventions that, albeit pointed out in fewer cases, are also worth mentioning:

- c.** Project managers proactively seek the establishment of links with other interventions or relevant organisations such as strategic alliances with other actors or projects. These links often result either in increasing the intended effects or in cost-efficiency gains as they enable projects either to produce greater-than-expected effects within the allocated budget or to produce the expected effects at a lower cost. *An example of the latter is a rural water and sanitation intervention in Nicaragua. Thanks to the links forged by the management with other EC programmes and other NGOs operating in the sector, the costs of using the equipment were three times lower than the market price.*
- d.** Project managers in particularly *well-performing* projects prioritise the use of local technologies and human resources. This practice proves very conducive to ensuring both efficient implementation and the relevance of real effects on the target groups. Moreover, it contributes to local capacity building, an overarching EC development priority. *The use of local consultants and local technology in a rehabilitation project in El Salvador enabled the intervention to capitalise upon previous knowledge and experiences. This*

*rendered implementation considerably smoother and, ultimately, led to very good effects. In a water supply project in Ghana, the decision to employ local manpower was perceived by the monitor as the project's real added value as it entailed transferring a great deal of valuable practical knowledge to national junior technicians.*

**Other features, albeit less recurrent, characterising project management in *well-performing* projects are (i) the establishment of links with other interventions and organisations; and (ii) the use of local resources and local expertise.**

The aggregate qualitative analysis of all *good performers* reveals that sound management practices are very often behind high levels of access to and use of project services, good adaptation capacity, and the high ownership that characterise and explain *well-performing* interventions. The interrelation between appropriate project management and these other variables is analysed in the following sections of the study.

#### **Comparative analysis with *poor-performing* projects**

- When comparing poor and *good performers* information is available in 59% of *poor performers* against 82% in *good performers*. This may be explained by the fact that, in the projects analysed, poor performance is never due to management flaws alone but always also to other variables. And very often, these other variables –usually deficiencies in project design- are the major causes behind project failure.
- In 59% of *poor performers* in which monitors comment on the quality of management, they point out that inappropriate management is behind implementation delays. These are projects characterised by the absence of two of the attributes that make *good performers* succeed, namely, proactive management attitudes and a high degree of interaction with and involvement of other stakeholders (inclusive management).
- In the remaining 41% of the *poor performers*, even if managers are competent, they are unable to reverse structural design problems such as ill-suited strategies, low ownership or inadequate institutional capacity of partners or beneficiaries. This indicates that designs without major structural flaws – as is the case in most *good performers* – are a crucial pre-condition for project success.

### **III.2 GOOD QUALITY OF THE HUMAN RESOURCES (Technical Teams)**

Under this variable we have included monitors' judgements on the expertise and technical skills of staff directly involved in implementing activities and in producing expected outputs. This covers Technical Assistance experts (TA), NGO field staff and technical personnel of implementing partner institutions in general, and excludes considerations regarding the quality of managerial teams which is an aspect already covered in the previous section (III.1).

EC-funded development interventions have a strong focus on capacity building and transfer of know-how. In such a scenario, one may expect the expertise and competence of technical staff to play a crucial role in the generation of good effects. Indeed, this is reflected in the data for *well-performing* interventions. As shown below, whenever monitors assessed the quality of human resources they concluded that it was appropriate in most cases (95%); and in more than one-third of these cases (36%), they asserted that this was a direct cause of success.

Fact data table: *Appropriateness/quality of the human resources (technical teams)*

<b>Was the quality of HHRR appropriate to ensure the production of the expected outputs/outcomes?</b>		
Overall Available info in the good projects	Monitors comment on this variable in <b>68%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>95%</b>	<b>NO</b> , it was not <b>5%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of good performance <b>36%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

A close examination of MRs for *good performers* reveals two elements that are recurrently mentioned by monitors when they conclude that technical teams were highly appropriate:

(i) The first element is that technical teams delivered services or produced outputs of very good quality<sup>42</sup>, be they tangible (infrastructure) or intangible (technical advice), applied methodologies, etc.

(ii) The second element is that technical staff were particularly successful, while delivering outputs, in transferring technical skills and knowledge to the target beneficiaries. This is often achieved as a result of continuous interaction with beneficiaries and a high degree of professional commitment on the part of the project staff. In the particular case of projects involving European TA, *good performers* are characterised by the excellent ability of EU experts to transfer knowledge not only to target beneficiaries but also to local project staff.

Provided that *good performers* have relevant and well-suited strategies, these two elements generate a virtuous cycle: since outputs are perceived to be of good quality and their applications well-understood, they are deemed beneficial and are therefore widely used by the intended target groups. Not only does this contribute to generating substantial effects, but it is also very conducive to ownership, which in *good performers* constitutes a key factor<sup>43</sup> behind the continued use of the services beyond the project's life. *An integrated rural development project in Nigeria serves as an illustrative example. The TA team strongly emphasised the transfer of technical skills in bottom-up participatory approaches both among local project staff and beneficiary communities. Some years subsequent to project completion, project staff – whom by that time held high managerial positions in State and Local Government bodies – and beneficiary communities were still using the aforementioned approaches, which had constituted a new paradigm in terms of community service delivery.*

Another recurring pattern found in *good performers* is that competent and professional technical teams tend to go hand in hand with sound managerial approaches. As a matter of

<sup>42</sup> As perceived by the beneficiaries.

<sup>43</sup> Data on *Ownership*, which appear as among the characteristics and explanatory variables for good performance, is analysed in section V.2 below.

fact, the participatory and inclusive approaches promoted by good managers pave the way for the high degree of interaction between technical personnel and beneficiaries that engenders the aforementioned virtuous cycle. This finding is also backed by cumulative data: 90% of the projects in which the good quality of the technical staff was an explanatory variable of project success, were interventions which also adopted sound project management approaches.

**The high quality of the technical teams, which very frequently appears alongside sound project management, is a key factor ensuring the usefulness of project deliverables and a main characteristic and explanatory cause of good performance.**

#### **Comparative analysis with *poor-performing* projects**

- As with *management*, when we compare *poor* and *good performers* we observe a comparatively *absence of information pattern* in the former, probably due to the same reasons expounded in section III.1 above, that is, that in the projects analysed, poor performance is never due to management flaws alone but always also to other variables.
- Whenever monitors comment on the quality of technical teams in *poor performers*, data show a slight trend towards the presence of competent human resources (59% of the projects). In these projects, failure is due to structural design deficiencies that neutralise the fact that field staff are of good quality, which reinforces the importance of the projects' ex-ante phase in ensuring good project performance.



#### IV. STRONG ORGANISATIONAL AND TECHNICAL CAPACITY OF IMPLEMENTING PARTNERS

This variable contains information on the capacity of implementing agencies<sup>44</sup>, and it complements *appropriate management* and *quality of technical human resources* as it focuses on a capacity dimension that was not included previously in these two variables. This additional dimension encompasses both internal organisational features<sup>45</sup> and aspects related to the interrelations of the implementing agencies with their immediate external environment.

The fact data table below illustrates that an appropriate technical capacity of implementing partners is a definite characteristic of *good performers* both in descriptive and explanatory terms.

Fact data table: *technical capacity of the implementing partner*

<b>Was the technical capacity of the implementing partner(s) appropriate?</b>		
Overall Available info in the good projects	Monitors comment on this variable in <b>74%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>94%</b>	<b>NO</b> , it was not <b>6%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of good performance <b>44%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

The data is rather reassuring: in practically in all the cases (94%) in which monitors comment upon the technical capacity of implementing partners, they affirm it was appropriate, and in 44% of these projects they conclude that this capacity was a direct cause of the project's success.

An in-depth qualitative analysis of this 44% of projects reveals the specific organisational aspects that provide implementing partners with the technical capacity that leads to project success. Four particular elements appear repeatedly:

1. Organisations which use in-house systems and methods to design and implement projects. These systems are part of their management culture and are adopted systematically and irrespective of the donor funding the intervention. E.g. *An NGO in a rural development intervention in Afghanistan using their own quality protocols to ensure appropriate participation and consultation at each phase of the project cycle.*

These systems and mechanisms are often crucial in ensuring that the project deliverables are disseminated and thus turn into real effects. E.g. *the beneficiary/implementing partner of an agricultural research project in Papua New Guinea had both an in-house extension system*

<sup>44</sup> It also includes beneficiary institutions which are generally involved in implementation. In any case, the organisational capacity of beneficiary institutions is a crucial factor regardless of whether they are directly involved in implementation or not. This is because their organisational capacity is a pre-condition for ensuring that the project deliverables result in good effects as they are the primary intended users of the project services.

<sup>45</sup> We analysed the administrative capacity of the implementing partners separately from the rest of their organisational features (see the Qualitative Tables for *poor* and *good performers* presented in the Methodology).

*and a training facility that ensured the widespread dissemination of the technical studies funded by the project to the farmers (target beneficiaries).*

2. Organisations with adequate initial endowments in terms of equipment, specialised staff expertise and in-depth practical understanding of the beneficiaries' problems. This renders them very effective in transferring the knowledge base introduced by projects to the target beneficiaries.
3. Organisations granting great importance to networking and institutional relations. This results in good coordination with governments and other relevant organisations during project implementation.
4. Organisations with high levels of reputation and trust among beneficiaries. This is generally due to their long-lasting presence in the target areas, to their high degree of commitment towards the problem they intend to address, and to the fact that they adopt service-oriented approaches when delivering aid.

The qualitative analysis also reveals that in most<sup>46</sup> *well-performing* projects the successful approaches adopted by managers are those already embedded in the implementing partner organisations. This allows us to infer that the technical-organisational capacity of the implementing partners constitutes, to a great extent, a pre-requisite for good project management. In fact, this is also supported by aggregate data, which indicates a high degree of association between these two variables: 95% of the interventions in which *good management* was an explanatory cause of good project performance had implementing partners with an *appropriate technical/organisational capacity*.

We found a very similar logical sequence between the quality of the technical teams and the capacity of implementing partners. A proxy of the extent of the association between these two variables is their ratio of simultaneous occurrence<sup>47</sup> which, again, is rather high: 87% of the projects in which *the quality of the technical teams* was an explanatory cause of *good project performance* had implementing partners with *good technical/organisational capacity*.

**The strong technical/organisational capacity of implementing partners is very often behind the *sound management approaches* and the high *quality of the technical teams* that characterise good performers.**

An immediate implication of this finding is that the right choice of the implementing partner, which usually takes place during the identification and formulation phases, is one of the ultimate explanatory causes for good project performance in terms of effects, i.e. effectiveness and impact.

<sup>46</sup> The only exception would be interventions in which Project Management Units are totally independent from implementing partners and include external staff (TA experts) only. This is not the typical case among the 85 well-performing projects analysed by the study.

<sup>47</sup> The ratio of simultaneous occurrence alone does not confirm whether there is a causality relation between two variables. It is only significant when it complements the findings resulting from a detailed reading of all MRs (and the qualitative table). This is explained in-depth in the Methodology.

Another important implication is that good project performance does not only depend on project managers and technical staff's proactive attitudes and expertise but also on elements that extend beyond the skills of individual people. These elements, which reflect the organisational assets of the implementing partners, are the result of institutional learning processes and a proven track record, and include, for instance, their operational systems and mechanisms, their institutional networks and their reputation as organisations. This finding challenges the widespread belief that "good project performance is all about people" (i.e. good managers and good technical staff). Aggregate data clearly shows that project success does not only concern people, but also working systems and organisational attributes.

**The success of *well-performing* projects is not explained by competent managers and skilled technical staff alone. It also depends on the organisational assets of the implementing partners.**

Moreover, these organisational assets, e.g. networking, in-depth understanding of the enabling environment, are, in many cases, behind the good levels of communication and adaptation<sup>48</sup> that characterise *well-performing* projects. Institutional networks, for example, often imply regular interaction with government authorities which, in turn, largely determine the projects' likelihood to generate wider effects.

It can be concluded that the choice of an implementing partner with appropriate organisational/technical capacity is one of the backbones of good project performance. In this context, institutional capacity assessments made during the *ex-ante phase* become instrumental as organisational considerations are not only associated with implementation capacity issues but also with the intervention's ability to produce high effects.

**The choice of an implementing partner with appropriate organisational/technical capacity is an ultimate cause behind project success. In this context, systematising institutional capacity assessments during the *Analysis Stage* becomes a crucial aspect in increasing the likelihood of project success.**

#### **Comparative analysis with *poor-performing* projects**

- The last conclusion box above is corroborated by the findings of the comparative analysis with *poor-performing* projects, where the reverse pattern applies. Namely, inappropriate or non-existent institutional capacity assessments result either in weak implementing partners and ensuing implementation delays or in projects failing to identify the risks associated with low ownership by beneficiary institutions.

#### **Considerations and suggestions for improvement**

- During the project's *ex-ante phase*, systematic *Stakeholder Analysis* containing documented institutional capacity assessments should be enforced in all types of appraisal exercises (Calls for Proposals, feasibility studies for target projects, etc.)

<sup>48</sup> Communication and adaptation in *good performers* are analysed in Sub-section VI of this Section 5.2.

## V. DEMAND-DRIVEN, SERVICE-ORIENTED PROJECTS RESULTING IN WIDESPREAD USE OF SERVICES AND HIGH OWNERSHIP

Data on occurrence corroborates a fundamental Development Aid hypothesis, namely, that the fact beneficiaries use project services and value them highly (own them) stand as basic preconditions for the generation of effects. What is particularly interesting here is to examine the reasons behind the widespread *use* of services and high *ownership* in *good performers* and to compare them with the factors that prevented this from happening in *poor performers*. MRs include a considerable array of reflections on this matter.

### V.1 ACCESS TO AND USE OF PROJECT SERVICES/BENEFITS

As shown by the fact data table below, beneficiaries having access to project deliverables and using them is a common feature of *good performers*. Not a single *well-performing* intervention encountered problems in terms of *access and use*. The explanatory occurrence rate of 37% corresponds, in absolute value, to 25 projects in which monitors explicitly noted in one way or another that the high level of *access and use* was a direct cause of project success.

Fact data table: *Access to and use of project services / benefits*

Was the high degree of effectiveness associated with good access and use?		
Overall Available info in the good projects	Monitors comment on this variable in <b>80%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>100%</b>	<b>NO</b> , it was not <b>0%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was AND this was a <b>direct cause</b> of good performance <b>37%</b>	<b>NO</b> , it was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

**A core defining feature of *good performers* is that the services they provide are widely used by the intended target groups.**

Close examination of the MRs associated with *good performers* reveals that there are three factors behind the high levels of *access and use* of project services in *good performers*. These factors are, by order of importance: sound management approaches; highly competent technical teams and appropriate intervention strategies.

- (1) According to monitors' assessments, high levels of *access and use* in *good performers* are a direct result of sound management approaches in the majority of the cases. Indeed, a cross-comparison between data on occurrence for these two variables indicates a strong association as more than two-thirds<sup>49</sup> of the projects in which *access and use* was a direct cause of *good performance* were interventions with particularly good project

<sup>49</sup> The ratio of simultaneous occurrence is 68%, that is to say, 68% of the projects in which good levels of *access and use* were a direct factor for success, were projects with good project management.

management. Managers ensure that target groups use the services provided by the project through several mechanisms. The most predominant good practices found in the data are the following three:

- (1) Managers ensure the use of services by means of promoting the participation and involvement of direct and indirect beneficiaries – usually local governments – and implementing partners during activity planning and implementation. This ensures incorporating key stakeholders' views and perceptions and, ultimately, results in project services being delivered in a demand-driven fashion (as opposed to "supply-driven").
- (2) Managers ensure the use of services by means of devising and implementing effective communication strategies to convey the project services and its benefits to the intended users. These strategies include occasional information campaigns, active promotion of project events, the production of user-friendly project guidelines and targeted awareness actions, either formal or informal. These strategic approaches prove especially pertinent in projects pursuing behavioural changes or involving the introduction of innovative concepts, the value of which is not spontaneously perceived by the intended beneficiaries. *This was the case of a reproductive health project in Jordan introducing an innovative approach based on a combination of medical, psychological and social services. Initial hesitation by target groups to use the aforementioned project services was overcome thanks to intense awareness-raising campaigns and advertisement activities promoted by the project management.*
- (3) Managers ensure the use of services by stipulating regular follow-ups on the project's immediate effects on the target groups. This enables the project management to fine-tune and adapt deliverables to the idiosyncrasies of target beneficiaries so that deliverables are deemed useful. *A water supply and sanitation infrastructure project in Ghana used the feedback and ensuing lessons learned from the implementation of the first installation batch to adjust the approach during the second installation batch. This gave rise to more appropriate use of the water schemes which, in turn, lead to enhanced hygienic behaviour (impact).*

**Among the factors explaining why projects' services are widely used in good performers, the adoption of appropriate management approaches is by far the most prevalent**

These findings take on a special relevance given that, according to the EC's Project Cycle Management Guidelines, project managers are basically held responsible for the production of contracted outputs<sup>50</sup> (deliverables), rather than for the generation of effects (results and outcomes). However, the analysis shows that projects succeed in generating high effects, to a great extent, thanks to management approaches that extend beyond the mere delivery of contracted outputs. These management approaches entail actively promoting the use of project services/deliverables and, therefore, constitute a fundamental link between the project outputs and the generation of outcomes (effects), which defines a *well-performing* intervention.

**The proactive efforts made by the project management to promote the use of the project services are an ultimate factor behind good effects. However, these efforts lie beyond the Project Cycle Management Guidelines' requirement that project managers should only be held responsible for contracted outputs.**

<sup>50</sup> See page 75 of the Project Cycle Management Guidelines, Volume 1. March 2004.

- (2) In *good performers*, beneficiaries *use* project outputs and/or services because they perceive them to be of very good quality, which, in turn, is a direct consequence of the technical competence of the project staff providing these services.

This sequence, which was already outlined in section III.2 *Good quality of the human resources (technical teams)*, describes the essential causality line that links the quality of human resources with the generation of good effects. In *good performers*, the sound technical and interpersonal skills of TA experts and implementing partner staff make beneficiaries very responsive to their advice and to the know-how they transmit through the project. Actually, project staff in *good performers* tends to adopt a service-provider attitude which views target groups as active end-users rather than as passive *receivers* of planned outputs.

- (3) Lastly, the high levels of *use* of services in *good performers* are also a direct consequence of their well-suited intervention strategies.

Most MRs<sup>51</sup> show that the existence of a pertinent strategy represents a necessary – albeit not sufficient – condition for a subsequent widespread use of project services. This is clearly made evident when we conduct a **comparative analysis with poor-performing projects** and observe that interventions delivering outputs of good quality failed to produce effects due to ill-defined intervention strategies, e.g. *a forest management project in Indonesia which produced excellent outputs in terms of research but whose design failed to include dissemination mechanisms enabling target communities to benefit from the intervention*.

**The high competency and service-provision approaches of technical staff together with the existence of well-suited intervention strategies constitute another two reasons explaining why project services are widely used by the target groups.**

#### **Comparative analysis with poor-performing projects**

- Low *access and use* of project services is a widespread feature in *poor performers*; information on the variable is available in 79% of the projects and in 70% of these monitors mention problems in access and especially in use. This variable did not appear as a crucial factor for poor performance due to its low explanatory occurrence.
- On examination of *poor performers* with deficiencies in *access and use*, we observe that the most common situation is that of projects that managed to produce the expected outputs/deliver the services but which were not used by the intended users for two main reasons: low ownership and institutional capacity flaws.
- In contrast with *good performers*, MRs in *poor performers* very seldom comment on whether managers actively promoted the use of project services or not.

#### **Considerations and suggestions for improvement**

The generation of effects depends on the extent to which outputs are used by beneficiaries and subsequently transformed into outcomes. Data on *good performers* reveal that this interface does not always take place spontaneously but is rather prompted by managers and thus transcends the mere production of outputs.

- Explore the explicit inclusion of “active promotion of *access to and use of* project services/outputs” as a contractual obligation for Project Managers.

<sup>51</sup> Although monitors rarely mention this textually, it may be easily inferred when reading MRs.

## V.2 HIGH OWNERSHIP

The fact data table below shows that high ownership by beneficiaries is not only a common characteristic of *good performers* but also the variable with the highest explanatory occurrence rate after *appropriate management*. Actually, in half of the projects in which monitors commented on ownership they mentioned it was a direct cause of good performance.

Fact data table: *Ownership by beneficiaries*

Was good performance (effects) related to high ownership/participation?		
Overall Available info in the good projects	Monitors comment on this variable in <b>66%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , it was <b>95%</b>	<b>NO</b> , it was not <b>5%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , it was <b>AND</b> this was a <b>direct cause</b> of good performance <b>50%</b>	<b>NO</b> , it was not <b>AND</b> this was a <b>direct cause</b> of good performance <b>0%</b>

The fact that *good performers* generate sound effects because they present high levels of ownership essentially confirms a fundamental development aid principle. The added value of the analysis here is to look into aggregate data to determine the reasons why *good performers* have high *ownership* whereas *poor performers* do not. Fortunately, MRs for *good performers* give unequivocal indications of the reasons behind high levels of *ownership*.

These reasons are essentially the same that make *good performers* present high levels of *access and use* of project services, namely, opportune management and technical staff approaches and well-suited intervention strategies. In most cases, these factors appear together since initially pertinent strategies are a necessary but not sufficient condition to guarantee high levels of ownership. In fact, initially well-designed strategies remain pertinent throughout the project's lifetime thanks to the adoption of **participatory approaches** prioritising the involvement of the target groups and other core stakeholders during implementation. These approaches usually consist of joint planning meetings, joint follow-up on activities, regular consultation exercises and joint intermediary progress reviews.

*One of many good performers reflecting the aforementioned sequence is a health promotion and disease prevention project in Moldova. In this project, the initial pertinence of the intervention strategy was ensured and enhanced by the project management by means of a series of approaches that generated remarkable levels of ownership. These approaches included: the participation at all stages of the stakeholders that had to use the outputs, frequent inter-departmental and inter-stakeholder dialogues, vast training of decision-makers and a thorough follow-up of training sessions so as to retrieve feedback from beneficiaries and incorporate it into subsequent activities. As a result, project deliverables were not only deemed very useful but also had the full commitment of key decision-makers (ownership), which ultimately resulted in a remarkable impact: the strategies and guidelines introduced by the project being fully integrated into government policies and local authorities' plans.*

**The high levels of ownership that characterise and explain good performance are a direct result of well-conceived intervention strategies that remain relevant throughout the project's life as a result of participatory management approaches.**

It is worth mentioning that a key feature of *good performers* with particularly high levels of *ownership* is the remarkable intensity of beneficiaries' participation, which often extends beyond mere consultation activities and implies direct involvement in decision-making processes. As a matter of fact, a common trait in outstandingly *good performers* is that beneficiaries are treated as clients rather than as passive receivers of contracted outputs. Similarly, other relevant stakeholders such as local governments or organisations working in the same field are perceived as partners rather than as external actors. All in all, this enables managers and technical staff to adopt demand-driven approaches that prove instrumental in generating the levels of interest, commitment and responsibility that characterise<sup>52</sup> *high ownership* in *well-performing* projects.

That said, it is interesting to point out that there are projects in which the adoption of participatory approaches does not only depend on ad-hoc project staff attitudes but on the operational arrangements stipulated in the technical and administrative provisions of financing agreements. This is the case in projects whose designs stipulate that beneficiaries should participate in decision-making and outline the specific ways in which such participation should be articulated.

*E.g. In a micro-project programme in Zimbabwe the fact that the formal design was based on the premise that target communities should have a say in decisions affecting identification, implementation and evaluation of the micro-interventions proved instrumental in generating the high levels of ownership that were behind the project's remarkable impact.*

The qualitative analysis examination of the *well-performing* projects under the study, also offer **good practices**. *Requiring contributions from target beneficiaries is a practice often observed in good performers in which high levels of ownership are a direct cause of project success. MRs indicate that stipulating beneficiary contributions (either in cash or in kind) constitutes an excellent mechanism for generating particularly high levels of ownership as it entails incurring a cost (investment) and, consequently, expecting a gain in return. This increases beneficiaries' stake in the project and largely eliminates risks of passive acceptance, as the contribution constitutes the evidence that the project is relevant to the beneficiaries' needs. It also boosts beneficiaries' incentives to use and maintain the project services/outputs during the project life and beyond its completion. This practice is common in community-based rural development projects and in interventions involving the delivery of small-scale infrastructure, e.g. irrigation structures, water supply, social infrastructure, etc. The decision to require beneficiary contributions is frequently included in project designs, although it may occasionally be made ad-hoc by project managers during implementation.*

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<sup>52</sup> *Ownership* also incorporates an important *capacity* element. Even when beneficiaries are highly involved and interested, limitations in their organisational or financial capacity may prevent them from translating their interest in the project into concrete actions.



**Designs incorporating operational arrangements stipulating beneficiaries' participation in decision-making and the requirement of contributions from beneficiaries are practices that generate particularly high levels of *ownership*.**

### **The association between *Ownership* and *use* of services**

Aggregate qualitative data shows that the variables *use* of project services and *ownership* are strongly associated in *good performers* – and as discussed below – also in *poor performers*. They are intertwined in a manner whereby they reinforce each other as the association goes in both directions. Depending on the nature of the project, either widespread *use* of project services leads to high levels of *ownership* or sound initial levels of ownership result in widespread *use* of the project services<sup>53</sup>. What makes this finding particularly relevant is that ownership is not only an important element ensuring sustainability but is also a critical factor behind the *use* of project services. The implications of this statement are very tangible in *poor performers*, where the reverse sequence applies: *low ownership* is behind the lack of *use* of project services that characterises projects that fail to produce effects.

### **Comparative analysis with *poor-performing* projects**

- The iterative relationship between *access and use* and *ownership* explains the reasons for which project services are widely used in *good performers* and under-used – or not even used at all – in *poor performers* even when outputs are of good quality.
- The significant association between the inadequate analysis stage, *low ownership* and low real relevance found in *poor-performing* projects is corroborated by the findings in *good performers* which show the reverse sequence. While in *poor performers* the sequence is ultimately caused by inadequate *ex-ante* phases, in *good performers* it is explained not only by an adequate *ex-ante* phase but also by the active role of the project management in ensuring relevance of the strategy throughout the intervention.

### **Considerations and suggestions for improvement**

Both quantitative and qualitative factual data indicate that *ownership* by beneficiaries – whether direct or indirect, immediate or final – is a critical factor behind extreme performance. The cumulative reading of MRs shows, moreover, that it is a complex variable of a dynamic nature. Even particularly sound levels of *ownership* at the project start may not be a guarantee for success as they may drop during the project's life due to a whole host of reasons, e.g. changes in political agendas or in the country's socio-economic environment. In such a scenario, projects should not only ensure good initial levels of ownership by means of thorough *Analysis Stages* but should also incorporate mechanisms aimed at mitigating their vulnerability to changing conditions that might adversely affect the levels of ownership. Some specific suggestions are as follows:

- As it was suggested also for *poor performers*: in countries or settings with a high risk of fluctuations in *ownership* levels, systematically assess the feasibility of adopting multi-phase approaches. That is, divide the intervention into a sequence of phases and establish *conditionalities* based on the actual *use*<sup>54</sup> of project services to move from one phase to the next. These *conditionalities* should be results-based, in line with

<sup>53</sup> This latter sequence is usually found in projects in which direct beneficiaries are governmental institutions.

<sup>54</sup> Since the actual *use* of project outputs/services is a direct indicator of *ownership*.

Resolution 25 of the Accra Agenda for Action.

- Assess, systematically, the possibility of including beneficiary contribution requirements in project designs.

## VI. STRONG ADAPTATION CAPACITY AS A RESULT OF INTERACTION AMONG PROJECT PARTNERS AND PROACTIVE OVERALL MANAGEMENT.

In this section we cover the adaptation capacity of projects as a whole. Therefore, we do not refer exclusively to the aforementioned adaptive efforts undertaken by managers (section III.1) but also include adaptive actions carried out by other relevant stakeholders – EC Delegations, Partner Governments, etc. – either jointly or separately. The term *overall management* thus encapsulates the managerial attributions and responsibilities assumed in a particular project by managers, EC Delegations and recipient country institutions all together.

### VI.1 CAPACITY TO ADAPT TO ARISING PROBLEMS AND OPPORTUNITIES

Data on occurrence confirms three immediate facts: *good performers* do have to adapt during implementation as much as *poor performers*; they generally succeed in adapting; and the fact that they adapted to problems or opportunities is, in more than one-third of the cases, a direct cause of their success in producing effects.

Fact data table: *Project adaptability to arising problems and/or opportunities*

<b>Did the project adapt to arising problems/opportunities? If not, why not?</b>		
Overall Available info in the good projects	Monitors comment on this variable in <b>65%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES, it did 89%</b>	<b>NO, it did not 11%</b>
Explanatory Occurrence in good projects with available information	<b>YES, it did AND this was a <b>direct cause</b> of good performance 38%</b>	<b>NO, it did not AND this was a <b>direct cause</b> of good performance 0%</b>

It is worth mentioning that in the vast majority of *good performers* monitors comment on adaptations to problems whereas adaptation to opportunities is seldom mentioned.

***Good performers have to adapt to problems as much as poor performers do. The difference is that good performers succeed.***

The first issue we tried to elucidate is “*What do good performers adapt to?*” MRs, which contain a considerable amount of information in this regard, reveal that *good performers* adapt to a broad spectrum of situations, yet three cases appear very frequently:

- (1) *Good performers* adapting to the evolving needs of beneficiaries by incorporating new activities, reformulating initial activities or adding new results. These adaptations very often respond to particular requests made by beneficiaries.
- (2) *Good performers* adapting to drawbacks that appear during implementation such as delays in inputs and in activities usually caused by external factors (e.g. socio-political context) or to stumbling blocks in procurement, administrative or contractual procedures.

(3) *Good performers* adapting to/overcoming original design flaws.

This third situation takes on a special relevance since, as we observed in section 3.1, the inability of *poor performers* to adapt to design flaws is one of the factors that hinders their generation of effects. Aggregate data therefore shows that *good performers* manage to adapt to design flaws whereas *poor performers* fail to do so. Nonetheless, there are two important nuances in this regard. Firstly, *good performers* tend to have much better designs than *poor performers* and hence their need to adjust to formulation flaws is, in general, much lower. Secondly, in cases where *good performers* do have design flaws, these are generally less grave than those experienced by *poor-performing* projects.

**The most recurrent situations *good performers* have to adapt to are: changes in beneficiaries' needs, implementation delays and flaws in original designs.**

There are a few exceptional cases in which *good performers* are to be praised for their extraordinary ability to adapt to design flaws that were as grave as those usually experienced by *poor performers*. A case of **good practice** in this regard may be found in a government administration project in Azerbaijan. The original design lacked focus and objectives were vague and overambitious –which is a recurrent flaw in *poor performers* also. The project management carried out, backed by full support of the EC Delegation, a series of in-depth adjustments that made the approach more realistic. These changes implied focusing on specific areas and reducing the scope of the intervention, e.g. targeting civil servants instead of the general public; implementing pilot approaches in a small number of ministries instead of covering the entire administration. The adjustments ensured the production of reasonable effects and, according to the monitor, were a crucial factor behind the project's final success.

It is important to stress that adapting to design flaws always has implications. An in-depth analysis of *good performers* that succeeded in adapting to shortcomings in design reveals that such adaptations were always costly because they caused inefficiencies in the use of available resources (time and money). In the Azerbaijan project above, for example, carrying out all the adjustments led to significant delays in implementation, which, in the end, implied that the project had to rush to use most of its resources during the last six months of the intervention.

There are some exceptions to the general rule that *good performers* adapt to design flaws. In these exceptional cases, the fact that they did not reverse original design shortcomings did not prevent them from generating high effects during the project's lifetime but it did neutralise the sustainability of the effects. These cases are examined in detail in section 4 of the study.

**The most problematic and costly adaptations are those related to original design flaws.**

The next question we sought to answer by means of the qualitative analysis is “*What are the mechanisms that make good performers able to adapt?*” The data indicates a series of recurring elements that enable *good performers* to adapt:

- (1) The adoption of the adaptive management approaches that characterise proactive managers in *good performers*. These approaches were presented in section III.1 above.

The extent of the association between *sound project management* and *adaptation capacity* is also reflected in the data in quantitative terms. A cross-comparison of occurrence between these two variables shows that 90% of the projects that successfully *adapted to problems* were interventions featuring *good project management*.

- (2) Fluid and regular communication with other implementing partners, relevant stakeholders and, above all, with EC Delegations. This element is analysed in Annex 3.
- (3) Time extensions. There are a several cases in which time extensions constitute an effective mechanism to adapt to initial delays in implementation or to delays produced by the lengthy processes caused by adjustments in project designs. The links between time extensions and project performance are analysed in Annex 3.
- (4) The use of Project-based Internal Results-Oriented Monitoring Systems (P-ROMs). In *good performers* these systems are used as a learning tool and provide the information required to ensure timely and appropriate adaptations.

*One of the illustrative examples mentioned by monitors is that of a livelihood support project in Afghanistan. The implementing NGO had a comprehensive OVI-based P-ROMs which allowed for continuous improvement of the intervention in its successive phases and granted the NGO a sound capacity to adapt to the different realities of the two target provinces as opposed to a "one-fits-all" approach.*

Although P-ROMs prove to be an excellent tool when it comes to adaptations, their application is surprisingly uncommon among *good performers*. In this regard, data shows that P-ROMs are only used in distinctly outstanding *good performers*. In fact, the inexistence or inadequacy of P-ROMs is a widespread feature of EC-funded interventions, be they *poor* or *well-performing*. This aspect and its implications is analysed in depth in Annex 3.

*A poverty reduction programme in Bangladesh illustrates a case of good practice showing how P-ROMs not only prove to be an effective tool in ensuring good adaptations but also how they can be highly affordable. The implementing NGO used its field staff, which was in constant contact with beneficiaries, as the basis of a field data feedback collection system that constituted the central element of their internal monitoring system. The fact that data collection was internalised within the human resource structure made the system very affordable. The P-ROMs provided the management with periodic information on the immediate effects of the intervention. Actually, it was on the basis of the information provided by the system that the management decided to combine various income-generating activities so as to maximise the stability of the income flows of the beneficiaries, an adaptation that proved instrumental for the project's success.*

**Internal Results-Oriented Monitoring Systems prove to be an effective tool for ensuring timely and appropriate adaptations in excellent projects. Surprisingly, the lack or inadequacy of such systems is a widespread feature among *good performers*.**

As it may be inferred from points 1 to 3 above, *good performer's* capacity to adapt to arising challenges not only hinges on project managers alone simply because PMUs do not bear full responsibility for the entire management function. In decisions such as extensions, budget

reallocations or changes in project designs, EC Delegations – and Headquarters – and Partner Governments also play a key role. *An illustrative example may be found in Tunisia in a project supporting the promotion of foreign investment. This intervention had a difficult start due to design flaws and stumbling blocks in implementation, e.g. delays in arrival of the TA which proved to be of poor quality or need to revise the ToRs and the project approach as a whole. The project adapted to the situation thanks to a proactive reaction of the implementing partners in partnership with the ECD and the concerned Ministry. Decisions were made rapidly and, as a result, there was a pragmatic reformulation of objectives, a shift in the consortium direction and a one-year extension was granted to offset initial delays.*

Obvious cases in which PMUs alone cannot ensure proper adaptations are found in projects where the PMUs themselves are the problem. *This was the case in a project for the promotion of soil conservation and rural production in Malawi, which suffered the consequences of a weak management team from the outset. The ECD and the concerned Ministry took prompt action and the entire management team was replaced by a new one of higher quality. This restructuring increased the pace of implementation dramatically and enhanced communication flows between the project, the ECD and the Partner Government, which altogether turned the project into a success story.*

We can conclude that the *good performers'* ability to adapt to arising challenges is largely explained by a sound *overall* management capacity. This overall management capacity is characterised by two elements: 1) proactive attitudes not only from managers but also from EC Delegations and recipient governments, and 2) a high degree of communication among these three actors. This second characteristic is also reflected in the data, which shows that 76% of the projects in which *adaptation capacity* was an explanatory variable of success had *good communication* flows among partners.

**The sound adaptation capacity of *well-performing* projects is strongly associated with good communication among project partners and especially with EC Delegations**

## VI.2 GOOD COMMUNICATION AMONG PROJECT PARTNERS

As illustrated by the fact data table below, good communication is not only a key element enabling projects to adapt, but it is also a main characteristic and explanatory cause of *good project performance* as a whole. In nearly one-third of the *good performers* with available information on inter-partner communication, monitors explicitly state that good communication flows were a direct explanatory cause of success.

Fact data table: *Good communication among project partners*

Was there good communication among project partners?		
Overall Available info in the good projects	Monitors comment on this variable in <b>52%</b> of the total number of good projects	
Overall Occurrence in good projects with available information	<b>YES</b> , there was <b>91%</b>	<b>NO</b> , there was not <b>9%</b>
Explanatory Occurrence in good projects with available information	<b>YES</b> , there was AND this was a <b>direct cause</b> of good performance <b>30%</b>	<b>NO</b> , there was not AND this was a <b>direct cause</b> of good performance <b>0%</b>

On examination of projects presenting particularly *good levels of communication*, we observe that fluid communication constitutes a pre-condition for managers to be able to adopt the adaptive management approaches that were described in section III.1. In other words, managers can adopt the adaptive approaches that make projects succeed simply because the good levels of communication among project partners allows them to do so. Cross-comparative data indicates the same direction since two-thirds of the projects in which *appropriate project management* was an explanatory cause of project success had good communication flows among project partners.

The importance of good communication on project performance is further corroborated when we compare the above findings with *poor performers*, where the lack of communication is often behind the inability of projects to react to arising problems as well as behind their inability to identify the existence of specific situations that require their attention. In this regard, *good performers* show how sound interaction among project stakeholders can explain *good performance* insofar as it constitutes an effective prevention mechanism.

*This can be exemplified by a project supporting small and medium-sized agricultural enterprises in Palestine. Regular communication flows between the EC Delegation and the project management team resulted in close follow-up of the project on the EC side, which, in turn, led to timely approvals for effective adjustments during implementation. In addition, the rapid responses provided by the EC to the project's concerns prevented risks from becoming serious problems. According to the monitor, given the particularly intricate and volatile socio-political implementation context, good and timely communication between project managers and the EC was a key factor for success.*

Unfortunately, reflections on the value of communication as a prevention mechanism are not abundant in MRs for one reason: it is easier to identify *good communication* as a key factor behind performance when it leads to sound adaptations or tangible positive effects than to

identify *communication* as a prevention mechanism since, in the latter case, the positive effects are difficult to identify as they are negative situations *that could have happened but did not happen*. Having studied in detail all the MRs associated with *good performers* we have the distinct impression that communication acts as a prevention mechanism in many *good performers*. However, monitors do not comment upon this causality link explicitly.

#### **Comparative analysis with poor-performing projects**

- Aggregate findings on *poor* and *good performers* highlight the fact that the need to adapt to arising challenges is not a peculiarity of poor or *good performers* but an intrinsic feature of development interventions. It also highlights that a sound adaptation capacity is a key determining factor behind performance and that *good communication* flows and regular interaction among relevant stakeholders are a vital pre-condition to ensure timely and appropriate adaptations that lead to success.
- *Good performers* prove that even structural re-adjustments in project design – the lack of which explains *poor performance* to a great extent- are feasible provided there is *good communication* and proactive attitudes on all sides.

#### **Considerations and suggestions for improvement**

- However, even if *good performers* prove that structural re-adjustments in project design are feasible, the fact that such re-adjustments are particularly costly and generate inefficiencies makes them a last-resort mechanism. In this regard, improving the depth and thoroughness of *ex-ante* project phases (identification and formulation phases) constitutes a far more appropriate and efficient strategy to ensure the good overall performance of the EC portfolio.
- One of the main regular sources of project information for EC Delegations and a main channel of communication between the EC and project partners is reporting. Given the importance that *good communication* flows have in project performance, the quality of progress reports takes a special relevance. In this context, enforcing the use of results-based reporting, as opposed to progress reports only focusing on activities, would increase the quality and appropriateness of the information contained in progress reports. This would enable Task Managers to better identify the need for adaptations on the basis of the project's capacity -or lack of it- to generate effects.



## 4. CONCLUSIONS

The main aim of the present study was to provide a well-founded answer to the question: “*What are the characteristics and/or explanatory causes behind poor or good performance of European Commission (EC) Development Aid projects?*” The quantitative and qualitative analysis of 114 projects and 205 MRs reveals 12 fundamental aspects for project performance: six of them as the most crucial characteristics and/or explanatory causes behind poor performance and six of them as the most crucial characteristics and/or explanatory causes behind good performance. The identification of these concrete aspects constitutes a **primary finding of the study** in itself as they provide an immediate answer to the research question.

### Poor performance: key characteristics and/or explanatory causes:

- I. Weak Analysis Stage/Design Phase prior to project formulation**, which results in projects featuring crucial flaws from the outset.
- II.** Projects with apparent *formal Relevance* that does not correspond to *real Relevance* for the beneficiaries, causing low ownership.
- III. Overambitious** formulations that impede the attainment of results.
- IV. Inadequate risk management**, rendering the project highly vulnerable towards foreseeable circumstances (Assumptions poorly identified or inadequately monitored).
- V.** Non-existent or very poor Project-based **Internal Results-Oriented Monitoring Systems (P-ROMs)**, which hinder **accountability, visibility, learning and adaptation**.
- VI. Weak Adaptation capacity and Communication** among partners, which hamper adjustment to the changing environment.

### Good performance: key characteristics and/or explanatory causes:

- I. Analysis Stage:** projects with **appropriate implementation set-ups** that target real problems/priorities by means of clear and **well-suited strategies**.
- II.** Highly **relevant** interventions regarding *what* they choose to address from the onset (beneficiaries’ priorities) and *how* they address it throughout the project’s lifetime.
- III.** Project teams which include **proactive managers** that apply inclusive and adaptive management approaches and **technical staff** of good quality.
- IV.** The choice of implementing partners with a **strong organisational and technical capacity**, constituting one of the ultimate causes behind successful interventions.
- V. Demand-driven and service-provision oriented** interventions that result in widespread access and use of project services and high levels of ownership by beneficiaries.
- VI.** Strong **adaptation capacity** as a result of **good communication** among project partners and proactive overall management.

The identification of these 12 aspects offered the basis for a **second level of in-depth qualitative analysis** aimed at providing a practical evidence-based source of **conclusions, suggestions for improvement and food for thought for decision-makers**.

## A. CONCLUSIONS ON THE CAUSES BEHIND PROJECT PERFORMANCE WITHIN THE EC DEVELOPMENT PORTFOLIO

### CONCLUSION 1: The Analysis Stage

**1.1.** The aggregate analysis shows that a very substantial proportion of the ultimate causes behind performance are explained by elements happening **prior to the project start** and more specifically in the Identification phase, with flaws that are then translated into the Formulation phase, ultimately affecting both.

**1.2.** A project, in exceptional cases, may be able to recover from a poor Analysis Stage provided a combination of circumstances are present, i.e. the design flaws are not exceedingly serious or structural, the management shows a strong adaptation capacity and good communication takes place among partners. However, in a substantial number of cases, a flawed Analysis Stage seriously undermines or kills the project, and in all cases, even in the event of project recovery, that recovery is achieved at a high price in terms of resources and in terms of reduced potential results. The exceptional nature of good solutions coupled with the cost involved in adaptation leads to the conclusion that the focus for measures needs to be directed towards the ex-ante identification phase within the design period.

**1.3.** Some of the most detrimental effects on project performance specifically stem from an inadequate institutional capacity assessment, a particular weak aspect within the Analysis Stage.

**1.4.** All projects with Low Ownership were preceded by an *Inadequate Analysis stage*, which suggests a strong relation between a thorough identification/formulation exercise and ownership. Conversely, outstandingly good performers are characterised by an inclusive analysis stage with an appropriate degree of beneficiaries' participation. Outstanding projects do not only present a suitable Analysis Stage, but they also document it through research studies, surveys, diagnosis reports, previous evaluation studies, etc.

**1.5.** All three main elements under the *Analysis Stage (Stakeholder Analysis, Problem Analysis and Strategy Analysis)* are required so as to ensure a solid base for a good intervention. The *poor performers* show how neglecting just one of these elements can put an end to a project's chances of success, a fact that is corroborated by *well-performing* projects that attain lower than expected outcomes due to the absence of just one element of the Analysis Stage.

**1.6.** The study shows appropriate institutional set-ups and intervention logics to be one of the most recurrent characteristics of well-performing projects. An in-depth qualitative analysis of the reasons behind these two features reveals the presence of appropriate Analysis Stage exercises to address the identified problems, inclusive of beneficiaries (be they communities or institutions) or projects that built upon lessons learnt from previous experiences or previous project phases.

This attention given to the Analysis Stage produces focused and pragmatic intervention logics, which are therefore well understood by beneficiaries and become directly linked to project success.

The same pattern applies to proper institutional set-ups, a common feature among well-performing projects. Choosing the right nature and type of institutions and placing PMUs at the right decision-making levels are main elements explaining the generation of good effects, a feature that is often preceded by an adequate Analysis Stage.

### Suggestions for improvement

Special attention should be placed on the identification phase given its paramount importance in determining project performance. The following concrete actions are recommended:

- The clear-cut data profile regarding Analysis Stage strongly suggests the value of prioritising ex-ante quality-assurance mechanisms.
- The main elements of the Analysis Stage – Stakeholder Analysis, Problem Analysis and Strategy Analysis – and the entire process they involve should be systematically documented. This would allow better ex-ante assessments and the timely identification of structural project design flaws. In addition, it would constitute a valuable source of information for EC Headquarters and Delegations throughout the project's life.
- The Stakeholder Analysis<sup>55</sup>, in particular, need to be supported by Stakeholder Analysis Matrices or SWOT analysis and should always include Institutional Capacity Assessments covering appraisals of key organisational capacity aspects of both implementing partners and beneficiary institutions. This requirement should be enforced in all types of project proposal appraisal exercises, be they Calls for Proposals, Calls for Tenders or any other type of ex-ante quality assurance mechanisms.
- Ex-ante quality assurance procedures and proposal appraisal exercises should also place special attention on whether inclusive stakeholder participatory approaches/processes have been applied during the analysis and selection of intervention strategies. It should be required that these approaches/processes are duly documented.
- Grant particular attention in Ex-ante processes to those aspects identified in this study as having their ultimate cause in the *Analysis Stage* (e.g. Overambitiousness, *Real Relevance*, choice of implementing partner, etc.)

## CONCLUSION 2: Strategic Relevance and Real Relevance

**2.1.** Data show highly consistent compliance of projects with strategic objectives both at EC and Partner Government level, i.e. **Strategic Relevance**. This leads to a tangible positive conclusion: when an EC project succeeds in producing effects, it is almost guaranteed that those effects will contribute to wider strategic objectives.

**2.2.** However, Strategic Relevance does not suffice to ensure the **Real Relevance** of a project. Relevance towards the final beneficiaries is not always properly emphasised, and the attention to direct beneficiaries appears as a major factor behind poor performance when neglected and behind good performance when taken into account.

**2.3.** Two key elements determine Relevance for the beneficiaries. The first is the ability/inability to distinguish *High Priority* from *Passive Acceptance*. Given the range of needs of the beneficiaries, the data show that a project that is *Relevant in Practice* addresses those that are most urgent and important for the beneficiaries, those which constitute a *high priority* for them. The fact that target beneficiaries do not explicitly reject or oppose an intervention does not necessarily mean that the intervention is *Relevant in Practice*. A project that does not represent an immediate priority may not be openly rejected, but simply accepted passively (*passive acceptance*). When the Analysis Stage is not in-depth enough and fails to capture this difference, the consequences appear through *low ownership* (it also appears through *low use of the services*). A pre-requisite for a proper ex-ante identification of the

<sup>55</sup> The Project Cycle Management (PCM) Guidelines stipulate that this analysis should contain information on aspects such as stakeholders' interests, their capacity and motivation and their institutional strengths and weaknesses. The PCM offers a series of reference tools and templates to support the analysis.

degree of *Relevance in Practice* is the involvement of both the political level and the level of direct beneficiaries<sup>56</sup> during the *Analysis Stage*.

The second is the ability/inability to understand not only *What to address*, but *How to address* it appropriately. An in-depth reading of the MRs that involve Low Ownership reveal cases in which there was an initial interest and identification of the problem/needs of the beneficiaries, but these were not solved in a timely and appropriate manner and interest was lost. This mainly happened due to reasons such as excessive delays and/or loss of confidence in the project as a reliable means to generate the expected outcomes or lack of capacity to recognise the project's diminishing relevance concerning the needs of the beneficiaries (in turn related to the absence of an internal monitoring system).

**2.4.** The study shows significant associations between *Low Real Relevance*, *Low Ownership* and *Inadequate Analysis Stage*. When the Analysis Stage is not in-depth enough and fails to capture the difference between *High Priority* and *Passive Acceptance*, the consequences appear through *low ownership* and *low use of services*. A pre-requisite for a proper ex-ante identification of the degree of *Real Relevance* is the involvement of both the political level and the direct beneficiaries' level during the Analysis Stage.

**2.5.** Having said this, it is nonetheless worth noting that *Ownership* and *Real Relevance* are not exclusively circumscribed within the identification and formulation phases. Even if a project succeeds in the diagnosis of *What problems/needs* should be addressed, it is equally important to identify *How problems/needs* should be addressed, an element which is determined not only by the project design, but also by its overall implementation. This constitutes the second key element that determines Relevance for the beneficiaries. Initial interest on the part of the beneficiaries is maintained by the solution of problems in a timely and appropriate manner; otherwise, confidence in the intervention is lost. The projects with excellent performance show us that the key factor to avoid this loss of interest is the capacity to recognise the diminishing relevance of the project and to adapt it accordingly.

**2.6.** Good performers show that diminishing Relevance can be avoided and prevented; this largely depends on managers that have a good understanding of the local context (good follow-up on results/effects), good communication channels and inclusive and participatory approaches in implementation.

#### **Suggestions for improvement**

- Ex-ante quality assurance procedures and proposal appraisal exercises should pay special attention to whether inclusive stakeholder participatory approaches/processes have been applied during the analysis and selection of intervention strategies. It should be required that these approaches/processes are duly documented.
- Ensure that inclusive approaches are not limited to the Design Phase, but continued after project start. Managers should ensure the appropriateness of the project services by means of promoting the participation and involvement of direct and indirect beneficiaries – usually local governments – and implementing partners during activity planning and implementation. This ensures incorporating key stakeholders' views and perceptions and, ultimately, results in project services being delivered in a demand-driven fashion (as opposed to “supply-driven”).

<sup>56</sup> Both the political level and the group of direct beneficiaries may in turn comprise different sub-layers. This factor should be taken into account to ensure inclusive participation or a consultation process.

- The Relevance criterion covers two dimensions (*Subject* and *Time*) and encapsulates a broad spectrum of conceptual subdivisions containing highly valuable information that is often lost if such subdivisions are not explicit. It would be thus advisable to consider the inclusion in all the EC's applied tools for Monitoring and Evaluation (including ROM), of all<sup>57</sup> the conceptual subdivisions and dimensions of project *Relevance*, i.e. *Strategic Relevance*, *Real Relevance* (or *Direct Beneficiaries Relevance*), *Relevance of the objectives towards the initial problems*, *Relevance of the real effects towards initial and/or the current problems (Utility)*, etc. Reflecting this breakdown in the ROM's Background Conclusions Sheet or in the Terms of Reference of mid-term evaluations would enable, for instance, the timely identification of *Passive Acceptance* and its detrimental effect on *low use of services* and, ultimately, on performance.

### CONCLUSION 3: Ownership

**3.1.** As mentioned in the analysis on Relevance, the study presents a strong association between Relevance and Ownership by the beneficiaries as a result of well-conceived intervention strategies that remain relevant throughout the project's life as a result of participatory management approaches.

An additional level of analysis brings to light the key elements behind the promotion of ownership and use and access of project services. These are as follows:

- a. The promotion of participation and involvement of direct and indirect beneficiaries – usually local governments – and implementing partners during activity planning and implementation.
- b. The creation and implementation of effective communication strategies to convey the project services and its benefits to the intended users. These strategies include information campaigns, active promotion of project events, the production of user-friendly project guidelines or targeted awareness actions, be they formal or informal. These approaches prove very pertinent in projects pursuing behavioural changes or involving the introduction of innovative concepts for which the value is not spontaneously perceived by beneficiaries.
- c. The regular follow-up on the immediate effects of the project on the target groups. This enables the project management to fine-tune and adapt deliverables to the idiosyncrasies of target beneficiaries to ensure that deliverables are deemed useful or to adapt the intervention.

#### Suggestions for improvement

The study of good performers reveals two good practices resulting in particularly high levels of ownership. These require contributions from target beneficiaries and designs which include – in the technical and administrative provisions of the financing agreements – articulated mechanisms for beneficiaries' participation in decision-making throughout the intervention. It would be advisable to systematically assess the feasibility and pertinence of including these two practices in project designs during the formulation phase.

### CONCLUSION 4: Overambitiousness

**4.1.** Overambitiousness shows a strong association with poor performance; however, it is not an exclusive feature of *poor-performers* as this feature also affects *well-performing* projects.

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<sup>57</sup> Sections 5.1.II and 5.2.IV include a detailed description of the two dimensions and subdivisions of *Relevance*.

Overambitiousness had adverse consequences in all cases, either fully frustrating projects or reducing their effects.

**4.2.** The key negative element in overambitiousness is not the complexity, size or ambition of the projects in absolute terms, which are not negative features in themselves, but the mismatch between resources and objectives. This is corroborated, on the one hand, by the presence of complex projects that are highly successful and, on the other hand, by the crucial importance of the mismatch between resources and objectives in projects that fail to produce results. This mismatch appears under three typologies: (i) mismatch between time allocated and objectives planned, (ii) mismatch between budget allocated and objectives planned and (iii) mismatch between allocated human resources and planned objectives.

**4.3.** The qualitative analysis identifies some categories in which the necessary resources to match the planned objectives tend to be underestimated:

- a. Projects involving preliminary tasks such as tendering or hiring personnel underestimating the necessary time for these specific activities and their effect on overall work plans and project duration.
- b. Behavioural change programmes underestimating the time needed to ensure effects.
- c. Rural projects underestimating the effects of the rainy season on their work plans and overall project duration.
- d. Regional programmes underestimating the demands imposed by distance on human resources and systems.

**4.4.** Additionally, the result of an econometric regression between the budget size of projects and their good or poor performance shows that budget size is not a determining factor behind project performance.

**4.5.** In the case of Calls for Proposals, trying to remedy *overambitiousness* through scaling down objectives in the course of implementation, conflicts with the fairness of a competitive process that may have been won by the implementing partner based precisely on the attractiveness of its (overambitious) objectives.

### **Suggestions for improvement**

The study shows that *Overambitiousness* can, in exceptional cases, be mitigated during the lifetime of the project; however, the exceptional nature of good solutions coupled with the cost involved in adaptation leads to the conclusion that the focus on measures needs to be directed towards the identification/formulation phase. Some concrete suggestions include:

- In the appraisal process, give priority to coherence between inputs (time, budget and human resources) and objectives over the attractiveness of objectives in absolute terms.
- Grant special attention to areas prone to Overambitiousness, i.e. the relation between time and behavioural change programmes; the effects of the rainy season in work plans for rural or agricultural projects; the effects of underestimating preliminary activities such as tenders and staff contracting in overall work plans; the special requirements in terms of human resources and systems for regional programmes, required to compensate for the physical distance.
- In Calls for Proposals in particular:
  - Convey the message that feasibility will take precedence over attractiveness of the objectives (to compensate for the prevailing perception on the contrary).

- Exert the right to withhold payments in the event of severe non-compliance with originally contracted objectives.

## **CONCLUSION 5: Follow-up on Results and its implications**

**5.1.** The obligation to **follow up on results** and the basic role of **results indicators** for this purpose are explicitly adopted by the EC in its main multilateral Development commitments such as the *Paris Declaration on Aid Effectiveness* of 2005, the *European Consensus on Development Policy* of 2005 and in the *Millennium Development Goals* (MDG). Within the EC, the commitment to follow up on results based on results indicators is prominent in its Communications on Development, Poverty Reduction and Aid Coherence.

The data show that, despite the strong EC institutional commitment towards follow-up on results, the EC Aid Delivery system is still heavily focused on inputs and activities. Most EC projects, *good or poor*, do not have an acceptable Internal Results-Oriented Monitoring System (P-ROMs) or appropriate Objectively Verifiable Indicators (OVIs), and in the event that OVIs exist, they are rarely used. In addition, the non-existence of baselines (even when P-ROMs are in place) is also recurrent, which altogether impedes the measurement of real impact.

**5.2.** The neglect of results-oriented monitoring and absence of P-ROMs and OVIs has major negative implications in four different areas:

1. Inadequate Accountability on EC expenditure in Development Aid.
2. Insufficient fact-based information for making key strategic Development decisions.
3. Deficient Visibility of the EC as one of the world's main Development actors.
4. Limited Learning capacity, both at project level and at overall institutional level.

**5.3.** The few projects that follow results through P-ROMs and OVIs show a strong association with excellent performance and high impact. This observation underlines the seriousness of having the vast majority of projects (good or poor) neglect the follow-up of results and, more concretely, the possible magnitude of missed opportunities in good projects that could have been excellent or the negative implications in poor performers that did not achieve their goals.

## **CONCLUSION 6: Follow-up on Results and Inadequate Accountability on EC expenditure in Development Aid**

**6.1.** EU taxpayers are entitled to justification not only in terms of the amount of funds invested in Development, but in terms of the efficient and effective use of their money towards the fulfilment of the Development mandate. In this regard, it is worth clarifying that the EC emphasis on fiduciary accountability (i.e. preventing the misuse of funds) provides a necessary but only partial answer to accountability. This is explained by the fact that the requirements are not limited to the strict guarantee that public funds are not *stolen*, but to a wider guarantee also ensuring that funds were not wasted or inefficiently used vis-à-vis the objectives of Development impact on the ground. In the specific context of the EC's mandate towards Development Aid objectives, this framework of accountability could be simply formulated as ***“For every Euro we invest, how much return do our projects yield in terms of tangible results for the beneficiaries?”***

Presently this question cannot be answered. Given the widespread lack of P-ROMs and OVIs, the EC can only access information on the amount of Euro invested in Development Aid, but not on the results, which remain unaccounted for.

**6.2.** A similar situation applies to accountability vis-à-vis the EC's main multilateral Development commitments. The EC contribution to wide objectives (e.g. *the Millennium Development Goals*) remains unmeasured and unaccounted for. It is worth adding that if the presence of P-ROMs and OVIs are fundamental in the context of the *project approach*, they are even more crucial in the framework of the *sector approach* or *budget support* due to the nature of these delivery methods. The tendency to increase the emphasis on the sector approach and budget support leads to the conclusion that the presence of P-ROMs and OVIs will become even more fundamental in the future.

## **CONCLUSION 7: Follow-up on Results and insufficient fact-based information for making key strategic Development decisions**

**7.1.** The fact that the EC system provides information exclusively on *What has been spent or done*, but not on *What has been achieved*, not only hampers a correct understanding of the EC's contribution to Development goals but also, most importantly, it deprives decision-makers of an essential element on which to ground the most crucial strategic decisions related to EC Development Aid, i.e. "*Where and how should the EC invest its resources to obtain the highest possible impact?*" "*Where does the EC's added value and comparative advantage in Development Aid lie?*"

In the Entrepreneurial Field, it is recognised as a matter of course that any investment is justified by the expected Return on Investment (ROI), i.e. the relation between the amount to be invested and the results expected in the form of return for the company and measured in monetary terms. The Development field intrinsically follows the same logic: investments are justified (or not) also in relation to the results yielded, this time in the form of benefits for the beneficiaries and measured in OVIs. The fact that result data are rarely measured or collected deprives EC high-level decision-makers of a basic element of judgement and hampers adequately informed strategic decisions.

## **CONCLUSION 8: Follow-up on Results and Deficient Visibility of the EC as one of the world's main Development actors**

**8.1.** EC Development policies are part of a wider policy framework that constitutes the EU's global external action. In this respect, Development policies form an integral part of the Political and Foreign Affairs objectives, Security strategies and Trade policies of the EU.

In this context, the visibility of the EC's Development achievements plays an important role as tangible proof of the EC commitment to improving relations and dialogue with other countries and as an argument for political leverage. The lack of Results-Oriented Monitoring Systems and OVIs in Development projects hampers the tangible demonstration of the results obtained by the EC efforts. In turn, this eliminates this source of political leverage and deprives the EC representatives of the opportunity to capitalise upon it in the wider political arena.

## **CONCLUSION 9: Follow-up on Results and Limited Learning capacity, both at project level and at overall institutional level**

**9.1.** The fact that Development Aid is not an exact science, but a relatively young and complex social discipline, automatically places the emphasis on learning capacity as a crucial element for avoiding the repetition of mistakes and for taking advantage of lessons learnt to gradually improve the impact and sustainability of Development interventions. In this context, the understanding of results, or in other words, *what works, what does not, and why* provides



the indispensable instrument to for substantiating the basis of learning and improvement. The data shows how the lack of baselines, P-ROMs and OVIs represents a serious **obstacle to the Learning Capacity** both at project and overall institutional level.

**9.2.** At project level, the incapacity to detect a lack of results prevents timely adaptation and increases their vulnerability. During project implementation, the P-ROMs is the mechanism that allows a correct understanding of the project's direction or deviations towards planned objectives. The absence of P-ROMs places the project in a situation of open vulnerability: not only do direct project managers remain unaware of the potential risks until it is too late, but the EC or other partners also remain uninformed, which rules out their chances of helping the project in their own capacity.

**9.3.** At a higher institutional level, the lack of results information makes it impossible to replicate best practices. The main reason is the lack of proven technical legitimacy, i.e. a responsible replication does not take the merit of a given practice for granted, but would demand a tangible demonstration that the proposed approach truly constitutes a good practice worthy of further investment and replication. The lack of P-ROMs and OVIs hampers a fact-based demonstration of the excellence of good practices and physically hinders their operational implementation. This frustrates a critical source of potential impact, as replication becomes unfeasible not only by the EC itself, but also by the Partner Government or by any other interested Development stakeholder.

It is particularly surprising to find this flaw also in pilot projects theoretically designed to test innovative approaches with the specific aim of their possible replication.

**9.4.** Another learning-related consequence of the lack of result information at institutional level is the unfeasibility of creating any functional EC Internal Results-Oriented Monitoring system, as the establishment of results-oriented systems at project level constitutes the basis and pre-requisite for the creation of any wider results-oriented system at institutional level.

**9.5.** The lack of fact-based information, a pre-requisite for evaluations, increases subjectivity and hinders the depth of the analysis and conclusions of evaluations or ROM exercises. A practical consequence of the lack of OVIs is the fact that the Terms of Reference for Evaluations cannot be as demanding and ambitious as they could and should be. Indeed, the absence of basic information forces evaluators to spend valuable time on routine tasks of little added value such as the basic collection of indicators, instead of fully devoting the evaluation time to a profound analysis based on previously collected information. Not only is the exercise inefficient given the restricted time and high cost of evaluations, but also the accuracy and depth of conclusions is much more limited. In turn, this also affects the quality of any aggregate analysis and the learning capacity of the EC as a Development Aid institution.

### **Suggestions for improvement**

- **Implementing partners** perceive their tasks as exclusively related to control of inputs and delivery of activities and they do not perceive their performance as related to results. Given that EC Delegations do not require systematic information on results this perception is reinforced and confirmed. Managing projects focusing strictly on activities and disregarding their results or defining results on the basis of intuition instead of evidence is contrary to basic development good practice. However, it is an objective fact that it is much easier to manage a project without having to reflect or report on results. Therefore the role of enforcement to be played by EC Headquarters and EC Delegations is considered the key element for improvement.
- **EC Delegation Task Managers:** In the EC enforcement chain, Task Managers are the

most influential link at practical operational level given their proximity to project management. The fact that the projects do not have P-ROMs, leaves Task Managers without access to fact-based information on results.

- Send a message to EC financed projects clarifying what is the expected reporting quality and emphasis, namely the enforcement of OVIs-based results-oriented reporting. This measure would have a prevention effect that would be necessary for effective enforcement, as at the time of reporting it is too late to require a report that presumes a previously functioning monitoring system and previously collected information that cannot be improvised.
- Enforce the requirement of progress reports including results-based information referring to OVIs and baseline information.
- Demand proposals and work plans that include baseline and related OVIs on each result area. In pilot projects, which are to a large extent justified by their value as a learning instrument for future replication, this aspect should be further emphasised, and they should include a follow-up not only of achievements but a deliberate exploration of negative or unexpected results.
- EC Headquarters: given that the system does not provide information on results at project level, most of the data concern “what has been spent or done” and not on “what has been achieved”. There is insufficient fact-based information on results at sector or country level and impact cannot be measured.
- Send a message to Delegations giving due priority to the demand information based on OVIs and results-oriented monitoring.
- Identify capacity gaps and needed support for the Task Managers in charge of the tasks related to enforcement of the follow up of results by projects.
- The templates for reporting are leave excessive margin for interpretation on basic results-oriented requirements (OVIs with baseline and homogeneous data, etc.), which hampers enforcement. It is suggested that a clearer template be developed.
- It should be borne in mind that enforcement of result-oriented reporting would not require extra funding for its basic application.

## **CONCLUSION 10: Adaptation Capacity and Communication**

**10.1.** The study reveals adaptation capacity as a determining factor for project performance, both in poor performers (data show a strong association between the lack of adaptation capacity and poor performance) and in good performers, which present the capacity to adapt as one of their main characteristics. More specifically, well-performing projects typically succeed in adapting to changes in beneficiaries’ needs, to the adverse consequences of delays and to certain flaws in the original design.

**10.2.** What are the mechanisms that make good performers able to adapt? The data points to four recurring elements: (i) proactive and capable management within the project and in Delegations; (ii) good communication among project partners; (iii) design flaws are not critical; and (iv) a good system for follow-up and understanding of the project results.

In some cases, extensions provide the necessary margin to adapt. The precondition for the technical appropriateness of an extension is a project profile in which the time limitation is the key factor for the production of results and not other aspects unrelated to time such as structural design flaws or inappropriate managerial capacity.

**10.3.** When we examine projects with particularly *good communication* flows, we also observe that this variable constitutes a pre-condition for managers to adopt the necessary adaptive management approaches for project success. The strong association between communication and project performance is further corroborated when we examine the *poor performers* and observe that a lack of communication is often behind the inability of projects to identify or react to arising problems.

**10.4.** In the case of serious design flaws, even good communication rarely suffices to redress the situation. There are exceptions to this rule: some projects with exceptional good communication among partners and outstandingly capable and proactive management are able to undertake even structural re-adjustments in project design and to produce good results. That said, the fact that adaptations in project design are particularly costly and generate inefficiencies, should make them a last resort mechanism. In this regard, improving the depth and thoroughness of *ex-ante* project phases (analysis stage, formulation, etc.) constitutes a more appropriate and efficient strategy for enhancing the overall performance of the EC portfolio.

#### **Suggestions for improvement**

- See the Analysis Stage suggestions related to the importance of Institutional Capacity Assessments.
- One of the main regular sources of project information for EC Delegations is reporting. Well-informed decisions that enable adaptation largely depend on the quality and nature of the information contained in progress reports. In this context, enforcing the use of P-ROMs would increase the quality, relevance and conciseness of the information contained in progress reports and multiply the chances of good communication, translating into sound adaptation and, ultimately, into better performance.

### **CONCLUSION 11: Managers**

**11.1.** Appropriate *project management* is the most significant characterising and explanatory factor in well-performing interventions.

A detailed analysis to determine what characterises “appropriate project management” shows two highly recurrent features:

- e. Inclusive project management, i.e. management that proactively and systematically involve beneficiaries and other relevant stakeholders during the planning and implementation of activities.
- f. Adaptive project management, i.e. managers that are highly responsive to changes in the evolving project environment and to changes in the needs and demands of the target groups. The project management shows a high degree of flexibility, decisions are made in a timely manner and work plans and other management tools are regularly adjusted to reflect these changes. The project management often succeeds in adjusting initial design flaws and ensuring that the intervention remains pertinent throughout implementation.

It is worth emphasising that these two characteristics are often found together since inclusive management approaches usually lie behind sound adaptations.

**11.2.** Additionally, another two project management features, though less abundant, also appear clearly associated with good performance.

- g. Project managers proactively seeking links with other interventions or organisations such as strategic alliances with other actors or projects. These links often result in an

amplification of the intended effects or in cost-efficiency gains as they enable projects either to produce higher-than-expected effects within the allocated budget or to produce the expected effects at a lower cost.

- h.* Project managers prioritising the use of local technologies and human resources. This practice is conducive to ensuring both efficient implementation and the relevance of the real effects to the target groups. Moreover, it contributes to local capacity building, an overarching EC development priority.

**11.3.** The aggregate qualitative analysis of all good performers in the study reveals that these good management practices are also a determining factor behind other explanatory causes of high impact. More concretely, the appropriate management, as described above, is strongly associated with high levels of *access to and use of* project services, good adaptation capacity and to the high ownership and real relevance that characterise and explain *well-performing* interventions.

**11.4.** Following a specific analysis of *poor-performing* projects, we also observe that even very competent managers are unable to reverse structural design problems such as ill-suited strategies, low ownership or inadequate institutional capacity of partners or beneficiaries. Designs without major structural defects – as is the case in all good performers – are a crucial precondition for managers to be able to perform and for projects to have the chances to succeed.

**11.5.** The EC contracting framework and the Project Cycle Management Guidelines hold project managers responsible for the production of contracted outputs (deliverables) rather than for the generation of effects (results and outcomes). In contrast with this contractual framework, the analysis shows that the key elements for project success fall outside the mere delivery of contracted outputs. It is often the active promotion of the use of project services and deliverables the element that constitutes a critical linkage between the project outputs and the generation of outcomes that defines a *well-performing* intervention and high impact. Indeed, the generation of effects depends on the extent to which outputs are used by beneficiaries and subsequently transformed into outcomes. Data on good performers reveal that this interface does not take place spontaneously but is rather prompted by specific management initiatives that transcend the mere contractual production of outputs.

#### **Suggestions for improvement**

Given the paramount importance of the link between outputs and outcomes (effects) and the fact that this interface is generally promoted by managers beyond their contractual obligations:

- Explore the explicit inclusion of “active promotion of access to and use of services/outputs” as a contractual obligation of Project Managers.

## **CONCLUSION 12: Technical experts and staff**

**12.1.** EC-funded development interventions have a strong focus on capacity building and the transfer of know-how. In such a scenario, one would expect that the expertise and competence of technical staff play a crucial role in the generation of good effects. This expectation is positively confirmed by the data which shows the importance of the high quality of technical teams as a general characteristic of project success.

**12.2.** The two features that appear as distinctive of good technical teams are:

a. The capacity to produce outputs of very good quality, be they tangible (infrastructure) or intangible (technical advice, applied methodologies, etc.).

b. The capacity to transfer technical skills and knowledge to the target beneficiaries. This is often achieved as a result of continuous interaction with beneficiaries and a high degree of professional commitment on the part of the project staff. In the particular case of projects involving European TA, good performers are characterised by an excellent ability of EU experts to transfer knowledge not only to target beneficiaries but also to local project staff.

**12.3.** It is worth pointing out the relation existing between the success of technical teams and good managerial approaches. The study shows a significant association, and a qualitative analysis of this relation shows how the participatory and inclusive approaches promoted by good managers pave the way for the high degree of interaction between technical personnel and beneficiaries, which engenders a key virtuous cycle: outputs benefit from a better understanding of the beneficiaries' concrete needs, outputs are then perceived as being of good quality, its applications are well-understood and therefore widely used by the intended target groups. This does not only contribute to generating substantial effects but it is also conducive to ownership, which constitutes a key factor behind the continued use of the project services beyond the project's life which directly affects the degree of sustainability.

### **CONCLUSION 13: Organisational capacity of implementing partners**

**13.1.** When assessing the capacity and approaches of managers and technical teams, we are analysing what basically constitutes the capacity of individuals. However, data clearly reveal that whereas individuals are undoubtedly important, overall project performance and even management does not only depend on individuals. The organisational framework and culture of the implementing institutions plays a fundamental role in project performance.

An in-depth qualitative analysis reveals the specific organisational aspects explaining the reasons behind good performance and high project impact:

a. The choice of implementing Organisations that have in-house accumulated knowledge previous to the specific EC-funded project. When implementing partner organisations that have proven themselves to be capable and responsible implementers of a particular kind of project (not generic experience), then the EC and the funded project benefit from their accumulated expertise and managerial capacity and protocols. These in-house mechanisms are often crucial, not only for proper implementation but also to ensure that the project deliverables are disseminated and turned into real effects.

b. Organisations with adequate initial endowments in terms of equipment, specialised expertise and in-depth practical understanding of the beneficiaries' problems. This makes them very effective in transferring the knowledge base introduced by projects to the target beneficiaries.

c. Organisations granting great importance to networking and institutional relations. This results in good coordination with governments and other relevant organisations and appropriate understanding of the context.

d. Organisations with high levels of reputation and trust among beneficiaries. This is generally due to their long-lasting presence in the target areas, to their long-term commitment towards the problem they intend to address and to the fact that they adopt service-oriented approaches when delivering aid.

e. Organisations with a sufficient administrative capacity.

**13.2.** It is interesting to observe that, in most *well-performing* projects, the successful approaches adopted by managers are those already embedded in the implementing partner organisations. We found a very similar logic sequence between the quality of the technical teams and the technical capacity of implementing partners. The data show a strong association between the capacity of individuals and the capacity of the organisations they belong to. It can

be concluded that the choice of an implementing partner with appropriate organisational/technical capacity is a backbone of good project performance, and the right choice of the implementing partner is one of the most important ultimate explanatory causes of good project performance.

### **Suggestions for improvement**

In the aforementioned context, undertaking proper organisational and institutional capacity assessments<sup>58</sup> (ICA) during the identification (Analysis Stage) and formulation phase becomes crucial for ensuring projects with high impact. Concrete suggestions, based on compliance the newly issued Backbone Strategy and Guidelines of E5 in this regard are as follows:

- Ensure that the application form templates in Calls for Proposals require data on key organisational elements of beneficiary institutions and implementing partners so that ex-ante evaluators may carry out proper ICAs.
- Ensure that the Terms of Reference of identification missions include the requirement of carrying out ICA of beneficiary institutions and potential implementing partners.
- It would be highly recommendable to promote the role of EC Delegations in providing input to ICAs.
- ICAs which should be always documented (written form) and included in the project's proposal (as Annexes to the project proposal document).

## **CONCLUSION 14: Risk management**

**14.1.** Identification of assumptions was very weak or completely disregarded in virtually all poor-performing projects with available information. In a large proportion of these projects, this flaw constituted a decisive factor for poor performance. The lack of commitment of the Partner Government was the most sensitive external factor to an inadequate identification of Assumptions, especially when they constitute Pre-conditions. The association between Assumptions and project performance is further confirmed when we observe that most *well-performing* projects do present a correct identification and follow-up of Assumptions.

**14.2.** The data reveal that identification and follow-up of assumptions does not provide immunity against negative external factors, but it reduces the vulnerability of projects significantly.

### **Suggestions for improvement**

Given the importance of identification and follow-up on assumptions on project performance it would be highly recommended:

- To require supporting documentation on assumptions and risks analyses carried out in the project identification phase. Similarly, contractual frameworks should stipulate the periodic review/re-assessment of assumptions and their inclusion in progress reports. This would keep EC Delegation staff better informed on the project's immediate external context and increase their role in risk management-related decisions.

<sup>58</sup> The Project Cycle Management (PCM) Guidelines, March 2004, contain a full section (6) on *Why, When, What* and *How* to carry out Institutional Capacity Assessments.

The degree of commitment – and *ownership* – of Partner Governments and beneficiary institutions is a complex and dynamic variable. Sound levels of *ownership* at the project start may not be a guarantee of success as they may drop during the project's life due to a wide variety of reasons, e.g. changes in political agendas, sudden shifts in the country socio-economic framework. In this scenario, EC-funded projects should incorporate mechanisms to mitigate their vulnerability to fluctuations in *ownership* levels. Some suggestions are as follows:

- In countries or settings at high risk of fluctuation in ownership levels, the feasibility of adopting multi-phase approaches should be systematically assessed. That is, divide the intervention into a sequence of phases and establish *conditionalities*<sup>59</sup> based on the actual *use*<sup>60</sup> of project services to move from one project phase to the next.

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<sup>59</sup> These conditionalities should be results-based, in line with Resolution 25 of the Accra Agenda for Action.

<sup>60</sup> The actual *use* of project outputs/services is a direct indicator of *ownership*.