



## **S11 module**

### **»Project management«**

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## 1. Module description

Nowadays, businesses have been facing a growing challenge of the fast and dynamic changes of the economic sphere which they more and more often fail to tackle in a proper way.

In the last few years, therefore, a new practice has been established at the companies that is called project management or project approach. Briefly, the following factors may justify the need for projects:

- cases occur more frequently when companies face specific problems that go beyond the daily routine
- there are sectors where the operation can be considered a complexity of individual tasks
- the non-series has become a keyword
- the task is set based on the above points: a management tool is needed that can deal with these tasks in an effective way.

In order to meet project tasks, project teams are usually formed. This is a team approach to projects according to which the project:

- is a team formed in order to solve individual tasks that fall outside routine work
- its existence is limited in time, its start and end are determined
- it works from separate resources, it has its own budget
- its organization is an individually formed team whose members come from different organizations

The formation of projects is the result of a necessary process, and the project management skills are required more and more in our every day life.

Organizations are increasingly using project management because it allows to plan and organize resources to achieve a specified outcome within a given timeframe. The techniques of project management help the companies manage a more sustainable business. The purpose of this module is to gain an understanding of project management and to give a brief overview of the methodology that underpins most formally run projects.

The module "Project Management" consists of the following components:

- Component A: Project concept, basics of the project cycle management
- Component B: Planning of projects, Logical Framework Approach
- Component C: Implementation of projects

## 2. Component A: Project concept, basics of the project cycle management

*Relevant key terms in this section: project, Project Cycle, Project Cycle Management*

**In this component you will learn about:**

- characteristics of a project
- phases of the project cycle
- principles of Project Cycle Management

### 2. 1 The project approach

A project is a series of activities aimed at bringing about clearly specified objectives within a defined time-period and with a defined budget.

A project has the following characteristics:

- A start and end date: projects have dates that specify when project activities start and when they end.
- Resources: time, money, people and equipment, used by the project.
- An outcome: a project has a specific outcome such as new highway, a satellite, a new office building, a new piece of software, and so on.

In project management a task is an activity that needs to be accomplished within a defined period of time. It is suggested to be aware of differences between a project tasks and daily routine tasks.

The tasks of businessmen are repeated day by day, they are managed like routine ones. There are some investments, developments and complex programmes which need different working techniques. In this case it is necessary to involve special skills, coordinate the sources, plan accurately, we have to work in teams regularly and adjust rapidly. Tasks like these are managed as projects in successful companies. The projects are in connection with the daily routine of companies therefore there can lead to a lot of conflicts. These conflicts can be decreased and we can increase the efficiency of project work, if we are aware of the term of project and its special operating rules and methodology. The project tasks are not

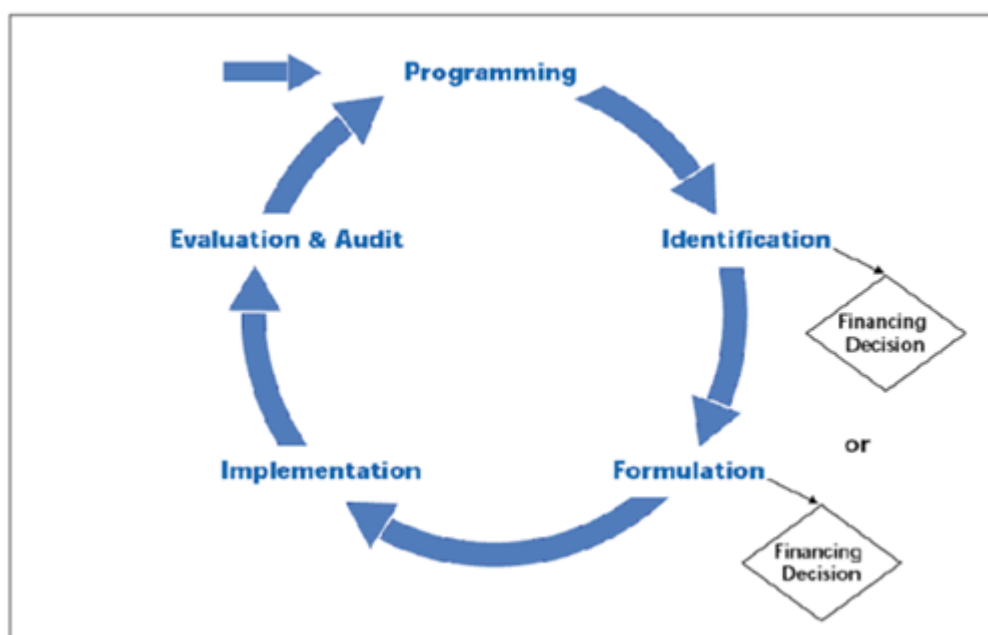
routine work. In this working method planning is inevitable and both experts and teamwork activities are typical. → S11-A2: Differences between a project and daily tasks

## 2. 2. Phases of the project cycle

The project cycle follows the life of a project from the initial idea through to its completion. It provides a structure to ensure that stakeholders are consulted, and defines the key decisions, information requirements and responsibilities at each phase so that informed decisions can be made at each phase in the life of a project. It draws on evaluation to build the lessons of experience into the design of future programmes and projects.

→ S11-A1: Power Point Presentation: Basics of the project cycle

The Commission's project cycle has five main phases, as shown in the figure below:



**Figure 1: Project Cycle (Source: Project Cycle Management Guidelines)**

This cycle highlights three main principles:

- (1) Decision making criteria and procedures are defined at each phase (including key information requirements and quality assessment criteria);
- (2) The phases in the cycle are progressive – each phase should be completed for the next to be tackled with success;

- (3) New programming and project identification draws on the results of monitoring and evaluation as part of a structured process of feedback and institutional learning.

The phases of the project cycle can be described as follows:

### **Programming**

During the Programming phase, the situation at national and sector level is analysed to identify problems, constraints and opportunities which cooperation could address. This involves a review of socio-economic indicators, and of national and donor priorities. The purpose is to identify the main objectives and sector priorities for co-operation, and thus to provide a relevant and feasible programming framework within which programmes and projects can be identified and prepared. For each of these priorities, strategies that take account of the lessons of past experience are formulated.

### **Identification**

During the Identification phase, ideas for projects and other development actions are identified and screened for further study. This involves consultation with the intended beneficiaries of each action, an analysis of the problems they face, and the identification of options to address these problems. A decision can then be made on the relevance of each project idea (both to the intended beneficiaries and to the programming framework), and on which ideas should be further studied during the Formulation phase.

In general a project has economic, social and ecological advantages. It is important to be aware of these. → [S11-A3: Positive and negative effects of projects](#)

### **Formulation**

During the Formulation phase, relevant project ideas are developed into operational project plans. Beneficiaries and other stakeholders participate in the detailed specification of the project idea that is then assessed for its feasibility (whether it is likely to succeed) and sustainability (whether it is likely to generate longterm benefits for the beneficiaries). On the basis of this assessment, a decision is made on whether to draw up a formal project proposal and seek funding for the project.



## **Implementation**

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

## **Evaluation**

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

## **Relationship between projects, programmes and policies**

A well-formulated project should derive from an appropriate balance between the EC's development policy priorities and the partner's development priorities. Within the scope of these policy priorities, the executive arms of government or non-governmental agencies formulate the broad areas of work required to implement policy decisions. These broad areas of work are often called programmes, which, like projects, may vary significantly in scope and scale. The definition of what a programme is depends essentially on how the responsible authority(ies) choose to define it. Project objectives should therefore contribute to national and sector policies wherever a public sector activity is being supported.

## **2.3. Principles of Project Cycle Management**

Project Cycle Management (PCM) was introduced by the European Commission in the early 1990's to improve the quality of project design and management and thereby to improve aid

effectiveness. This is a methodology for the preparation, implementation and evaluation of projects and programmes based on the principles of the Logical Framework Approach.

PCM is a term used to describe the management activities and decision-making procedures used during the life cycle of a project (including key tasks, roles and responsibilities, key documents and decision options).

PCM helps to ensure that:

- □projects are supportive of overarching policy objectives of the EC and of development partners;
- projects are relevant to an agreed strategy and to the real problems of target groups/beneficiaries;
- projects are feasible, meaning that objectives can be realistically achieved within the constraints of the operating environment and capabilities of the implementing agencies;
- benefits generated by projects are likely to be sustainable.

To support the achievement of these aims, PCM:

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

## 3. Component B: Planning of projects, Logical Framework Approach

*Relevant key terms in this section: Problem Analysis, Stakeholder Analysis, Logical Framework Approach, Logframe Matrix*

### In this component you will learn about:

- the main tools of planning a project
- the role of the Logical Framework Approach in project design
- how to build a Logframe Matrix

### 3.1 The main tools of planning a project

There are some tools and techniques which help with planning a successful project:

→ S11-B1: Power Point Presentation: Planning of projects, Logical Framework Approach

#### **SWOT analysis:**

(strengths, weaknesses, opportunities and threats) is used to analyse the internal strengths and weaknesses of an organization and the external opportunities and threats that it faces. It can be used either as a tool for general analysis, or to look at how an organization might address a specific problem or challenge.

#### **Stakeholders Analysis:**

Any individuals, groups of people, institutions or firms that may have a relationship with the operation / programme are defined as stakeholders. They may – directly or indirectly, positively or negatively – affect or be affected by the process and the outcomes of operations or programmes. Usually, different sub-groups have to be considered.

Stakeholder analysis identifies and characterizes the main stakeholders and assesses their roles, capacities, willingness to contribute to the project. → S11-B3: Analysis of the Project Stakeholder

#### **Problem Analysis:**

Problem analysis includes the identification of problems (unsatisfactory situations) and their graphic representation in a problem tree that shows the cause–effect relationships between

individual problems. Existing problems should be identified with stakeholder participation (including those of groups potentially affected by project impacts) for all three dimensions of sustainable development (economic, social and environmental). Though stakeholders often express problems in socio-economic terms from a subjective perspective, equal attention should be paid to environmental problems and to cause–effect relationships.

### **Analysis of Objectives:**

The objective tree is based on the problem tree, each problem (unsatisfactory situation) being replaced with the corresponding improved situation.

→ S11-B2: Problem tree – Goal tree

### **Analysis of Strategies**

After the problem tree has been transformed into an objective tree, showing an improved situation for all problems, the strategy analysis involves selecting the objectives and expected results that will be part of the project. The strategy analysis should take into consideration the potential environmental ‘side effects’ (or ‘externalities’) of the proposed strategies. These can be either positive (opportunities for improving the environment arising as a ‘by-product’ of the project) or negative (adverse impacts on the environment), or a mix of both. The assessment of these externalities, and possibly their valuation (if project formulation includes an economic analysis), may influence the choice of the strategy.

**Logical Framework Matrix:** a matrix of four by four summarizing General and Specific Objectives (usually called purpose), Results, key Activities, Indicators, Means of Verification and Assumptions at four levels of the project or programme.

### **Partnership analysis**

A partnership consists of a number of organisations who have signed up to being a partner of a formalised group. The partnership roles and tasks analysis enables you to identify how your internal structure should operate and analyse how you should share work between partner members by assigning tasks and establishing roles. You can also use it to identify areas of responsibility and specific actions that need to be carried out.

**Other tools:** Project Fiche and Terms of reference- describe the programme/ project and the statement of work; project Schedule and Organizational chart; Evaluation and Monitoring guidelines; Eco-Fin Analysis- the economic and financial analysis supporting project evaluation.

### 3.2 Logical Framework Approach

#### **What is logical framework?**

Logical framework is a clear set of techniques you can use at different stages of the cycle to plan, monitor and evaluate your project and a set of templates you can use for recording, analysing and measuring progress.

The Logical Framework Approach (LFA), which is today adapted in one form or another by most aid agencies and donors, is a very effective analytical and management tool when understood and intelligently applied. It provides a framework for structured thinking of goals, means and stakeholders. The LFA process is synthesised in the Logframe Matrix which includes a hierarchy of inputs, activities and objectives, as well as the indicators, risks and assumptions about internal and external factors.

It is useful to distinguish between the LFA, which is an analytical process (involving stakeholder analysis, problem analysis, objective setting and strategy selection), and the Logical Framework Matrix (LFM) which, while requiring further analysis of objectives, how they will be achieved and the potential risks, also provides the documented product of the analytical process.

#### **The Logical Framework Matrix**

The Logical Framework Matrix (or more briefly the Logframe) consists of a matrix with four columns and four (or more) rows, which summarise the key elements of a project plan, namely:

- The project's hierarchy of objectives (Project Description or Intervention Logic);
- The key external factors critical to the project's success (Assumptions); and
- How the project's achievements will be monitored and evaluated (Indicators and Sources of Verification).

The general structure of the Logframe matrix and a brief description of the type of information it should contain is shown in the table below:

Project Description	Indicators	Source of Verification	Assumptions
<b>Overall objective:</b> The broad development impact to which the project contributes – at a national or sectoral level (provides the link to the policy and/or sector programme context)	Measures the extent to which a contribution to the overall objective has been made. Used during evaluation. However, it is often not appropriate for the project itself to try and collect this information.	Sources of information and methods used to collect and report it (including who and when/how frequently).	
<b>Purpose:</b> The development outcome at the end of the project – more specifically the expected benefits to the target group(s)	Helps answer the question 'How will we know if the purpose has been achieved'? Should include appropriate details of quantity, quality and time.	Sources of information and methods used to collect and report it (including who and when/how frequently)	Assumptions (factors outside project management's control) that may impact on the purpose-objective linkage
<b>Results:</b> The direct/tangible results (good and services) that the project delivers, and which are largely under project management's control	Helps answer the question 'How will we know if the results have been delivered'? Should include appropriate details of quantity, quality and time.	Sources of information and methods used to collect and report it (including who and when/how frequently)	Assumptions (factors outside project management's control) that may impact on the result-purpose linkage
<b>Activities:</b> The tasks (work programme) that need to be carried out to deliver the planned results  <i>(optional within the matrix itself)</i>	<i>(sometimes a summary of resources/means is provided in this box)</i>	<i>(sometimes a summary of costs/budget is provided in this box)</i>	Assumptions (factors outside project management's control) that may impact on the activity-result linkage

**Table 1: Information contained in the logframe matrix (Source: Project Cycle Management Guidelines)**

### Preparing the logical framework matrix

- The process starts by transferring the strategy options to the logical framework. The Objectives column is filled in first by working from the top to the bottom. → [S11-B4: Building a Logical Framework Matrix I](#)
- The Assumptions column is filled in second by working from the bottom (preconditions) to the top (project purpose). The relationships between the objectives and the assumptions test the level of risk. The Assumptions column includes the external factors that affect your success, but are outside your control and tests them against the logic of the objectives. → [S11-B5: Building a Logical Framework Matrix II](#)
- You then need to fill in the second and third columns (Indicators and Evidence) to establish the basis for measuring the effectiveness and clarity of the objectives.

### Indicators

Indicators are variables used to measure the achievement of an objective. They are usually classified according to their level: input indicators (which measure the resources provided),

output indicators (direct results), outcome indicators (benefits for the target group) and impact indicators (longterm consequences).

Indicators should wherever possible be SMART that is Specific, Measurable, Accurate, Realistic and Timely.

### **Environmental dimension in the Project Approach**

It is considered good practice to integrate the environmental dimension in the logical framework (or logframe) approach, particularly during problem and strategy analysis. In the strategy analysis, the identification of objectives and expected results should take into account environment-related opportunities, risks and constraints as well as possible impacts. Environment-related opportunities, risks and constraints are defined here as factors or conditions that affect (positively or negatively) the feasibility of the project, and environmental impacts are positive or negative effects on the environment brought about by the project (and usually going beyond the objectives).

### **3.3 Cross-cutting Issues**

The European development consensus identifies four “cross-cutting issues” of major importance for development:

- democracy and human rights
- environmental sustainability
- gender equality
- HIV/AIDS

Cross-cutting issues require action in multiple fields and should thus be integrated into all areas of donor programmes. They must be taken into account at all stages of the funding cycle, and the EU cannot support action that may result in a beneficiary country infringing its obligations under these agreements.

By including the most relevant cross-cutting issues in its development strategies, the EU is able to respond more effectively to particular circumstances in each country/region.

Taking account of cross-cutting issues helps donors:

- identify the key constraints affecting growth, poverty reduction, equity, opportunity, security and empowerment in a given country
- work with national stakeholders on measures to address these issues
- incorporate such measures into the domestic development strategy
- monitor the outcomes of a policy of integrating cross-cutting issues.



## 4. Component C: Implementation of projects

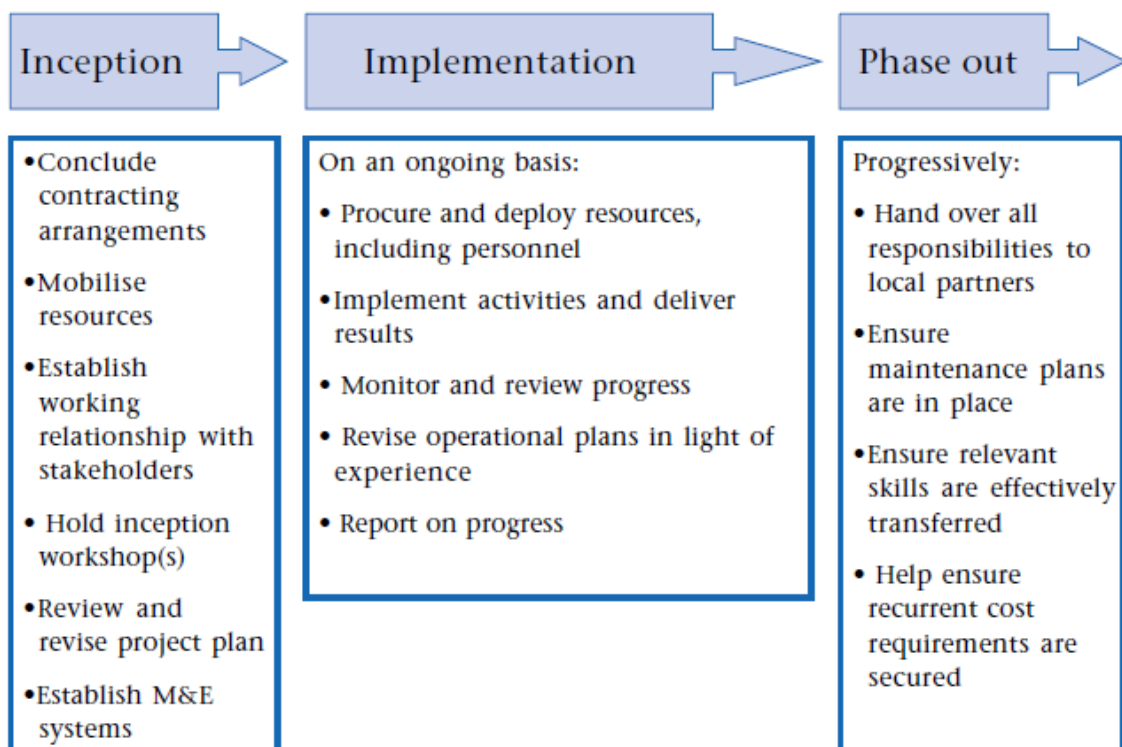
*Relevant key terms in this section: risk management, responsibility matrix, Project Definition Report, monitoring*

### In this component you will learn about:

- main tasks of the project implementation
- structure of Project Definition Report
- the role of the monitoring in the project management

### 4.1. Main tasks of the project implementation

Once a project has been planned and financial support been secured, the most important part begins – implementation. The implementation phase is about tracking and managing the project.



**Figure 2: Main implementation periods (Source: Project Cycle Management Guidelines)**

The implementation stage will take as long as the project is planned for, but you must look beyond the completion date to the time when you expect to achieve the project purpose and mainstreaming benefits to be realised. Before the implementation stage, you must appoint the organisations that will carry out the work. They will develop a work plan and time period for the project. At the very beginning, they should carry out an inception review to make sure the initial project design is still valid and the external conditions are still the same. Throughout the implementation stage you must carry out regular and planned monitoring reviews using the indicators defined in the logical framework. You must include the activities, outputs and assumptions. Monitoring the budget will also be a major part of the implementation as well as monitoring the stakeholders and partners.

#### Sequence of activities

- Review the objectives and prepare or confirm the activity plan and budget plan.
- Carry out an inception review of the project preparation and conditions and suggest any changes.
- Set up management and monitoring systems using the logical framework.
- Carry out the activities and achieve the outputs.
- Keep track of progress against the activity plan and the budget plan.
- Test project actions against mainstream providers' procedures.

→ S11-C1: Power Point Presentation: Implementation of projects

## 4.2 Activity plan

An activity plan is a detailed month-by-month plan of the activities and the sequence they should follow. The main activities are carried forward from the Logical Framework to the detailed activity plan. The activity plan (sometimes called a Gantt Chart) lists the activities in the left-hand column and then provides columns, one for each month, in which the start and finish time for each activity is marked. This shows the sequence of activities and where one activity depends on another. In the right-hand column the name of the person, partner or role responsible for carrying out the activity is stated. The diagram above illustrates an activity plan in Gantt diagram form:

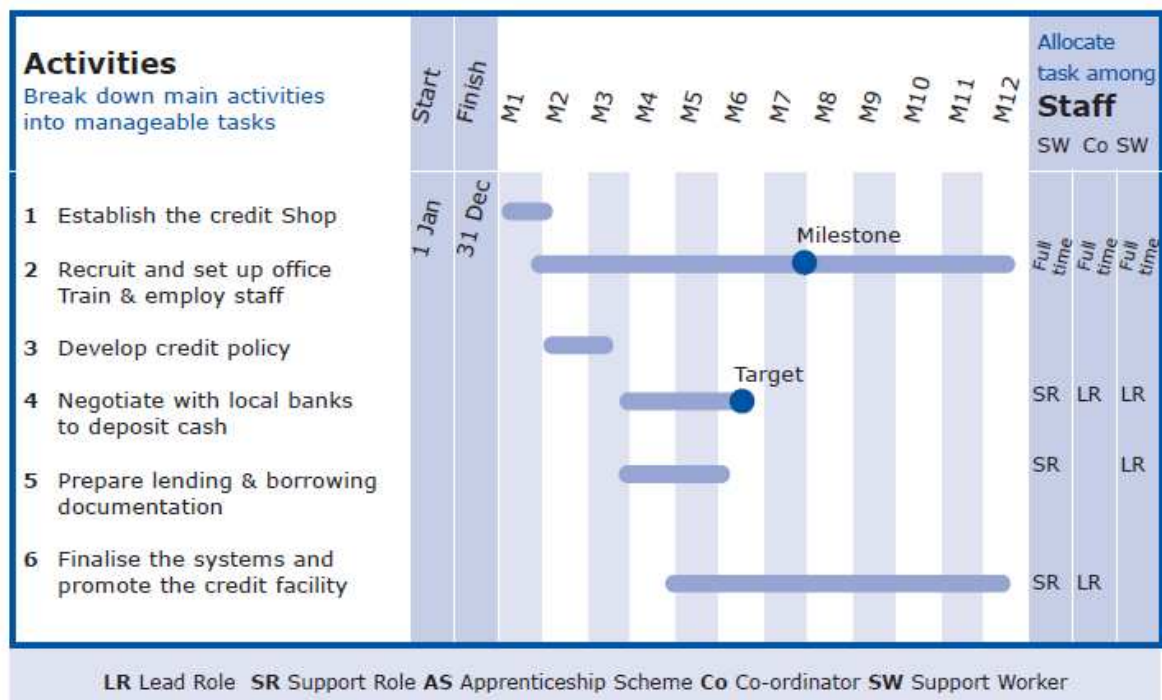


Figure 3: Activity plan (Source: Project Cycle Management and Logical Framework Toolkit)

If many people have a hand in the creation of a project, you should use a Responsibility Matrix to keep track of them. For complicated scenarios involving many people, it can be helpful to have a Responsibility Matrix. This helps set expectations and ensures people know what is expected from them. On the matrix, the different roles appear as columns, with the deliverables listed as rows. → [S11-C3: Filling in the Responsibility Matrix](#)

### 4.3 Monitoring

Monitoring is the checking process used to measure, manage and keep your project on track. This is an internal management responsibility and is an essential part of internal evaluation. Monitoring measures the gap between what was intended and what is actually happening. Internal evaluation diagnoses the reasons for the gaps and provides options for how to respond. If you cannot monitor and measure a project, you cannot manage or evaluate it.

While monitoring and evaluation are both concerned with the collection, analysis and use of information to support informed decision making, it is useful to understand the differences between the two in terms of who is responsible, when they occur, why they are carried out and the level of focus in terms of the Logframe objective hierarchy.

### **Definition of monitoring, regular review, evaluation and audit**

**Evaluation** • Assessment of the efficiency, effectiveness, impact, relevance and sustainability of aid policies and actions

**Monitoring** • Ongoing analysis of project progress towards achieving planned results with the purpose of improving management decision making

**Audit** • Assessment of

- (i) the legality and regularity of project expenditure and income *i.e.* compliance with laws and regulations and with applicable contractual rules and criteria;
- (ii) whether project funds have been used efficiently and economically *i.e.* in accordance with sound financial management;; and
- (iii) whether project funds have been used effectively *i.e.* for purposes intended.

## **4.4 The Project Documentation System**

### **Project success criteria**

Experienced Project Managers believe there are two key factors in determining the success of a project:

- (1) Recruitment and selection of suitably qualified project members to relevant project positions is essential.
- (2) A well documented methodology that is kept simple and easily adaptable to different sizes of projects is a critical foundation for ensuring project success.

The first thing that happens when the project begins is to create the Project Definition Report (or Project Charter). The project definition describes the purpose of the project and how it will be organised and managed. A Project Definition Report (PDR) should be produced, and signed up to by all the stakeholders. The PDR should include the following sections:

- Goals & Objectives
- Scope & Work Structure

- Organisation
- Management Processes & Systems
- Key milestones and imperatives
- Risks & Assumptions
- Start-up Actions

#### 4.5 The role of project manager

It is very rare for any project to go exactly according to plan. Project management now has the important and difficult task of establishing sufficient controls over the project to ensure that it stays on track towards the achievement of its objectives.

Aside from understanding the methodology, there are other characteristics to keep in mind for successful project management. Given that any project is involved with a project team as well as the stakeholders, a good project manager needs to have not only excellent time management skills but also good people skills such as:

- Excellent communication skills
- The ability to be a team player
- Excellent interpersonal skills
- The ability to negotiate

Many small organisations do not employ full time project managers and it is common to pull together a project team to address a specific need. While most people are not formally skilled in project methodology, taking a role in a project team can be an excellent learning opportunity and can enhance a person's career profile.

The 21st Century not only requires greater efficiency and effectiveness from project managers but it will also require that the managers pay more attention to environmental issues, specifically in the area of sustainability. Assuring that the project team members fully understand sustainability in terms of the project is a critical factor for them.

→ S11-C2: Characteristics of a Good Project Manager

Some of the stages in implementing a project are quality control, progress control, change control and risk management. The first aspect we will discuss is **risk management**, as once you have planned the project it is important to assess any factors that could have an impact

upon it. 'Risk' in this case is considered to be anything that could negatively impact on the project. A risk log is used to record and grade risks and carries an associated action plan to minimise the identified risk. Issues management is an associated area and refers to concerns related to the project raised by any stakeholder. This phase also involves the project manager in **quality control**, whereby regular reviews are made in formalised meetings to ensure the 'product' that is being produced by the project is reviewed against specific pre-defined standards.

**Progress Control** is another responsibility of the project manager and is the monitoring of the project and the production of regular progress reports to communicate the progress of the project to all stakeholders of the project. By the nature of most projects never going exactly to plan, changes will need to be made to the length, direction and type of tasks carried out by the team. This has to be fully documented by the project manager in the form of **'change control'**. Change control involves the Project Manager in documenting requests for change, identifying the impact on the project if the change is to be implemented and then informing all stakeholders of the implications and alternatives that the request for change has identified.

#### 4.6 Closing a Project

All projects are designed for a specific period of time and the process of project closure is an important aspect of project management. The purpose of a formal closedown to the project is to address all issues generated by the project, to release staff from the project and go through a 'lessons learnt' exercise. At this stage a formal acceptance from the customer is gained to indicate their sign-off on the project. This is generally done in the form of a customer acceptance form and is the formal acknowledgement from the customer that the project has ended. Once signed off, the project team is disbanded and no more work carried out. As a result a Project Closure Report is created to formalise how successfully the project has achieved its objectives, and how well the project has performed against its original business case, the scope, project plan, budget and allocated timeframes.

#### **Quality assurance check – sustainability**

Sustainability relates to whether your project's benefits will continue after the project has ended and if they are acceptable to potential mainstream providers. It might also include an assessment of how much support your project's outcomes will receive from partners once the funding comes to an end.

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**World Bank (2005).** The logframe Handbook; A Logical Framework Approach To Project Cycle Management. (Downloaded from: [http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/2005/06/07/000160016\\_20050607122225/Rendered/PDF/31240b0LFhandbook.pdf](http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/2005/06/07/000160016_20050607122225/Rendered/PDF/31240b0LFhandbook.pdf))

### Further Reading

**Dr. Kovács Katalin (2006):** Projekttervezés és projektciklus-menedzsment ismeretek a közigazgatásban

**TKA (2004):** Projekttervezés, pályatzatkészítés, projektvégrehajtás. Tempus Közalapítvány

### Links

[www.nfu.hu](http://www.nfu.hu)

[www.ec.europa.eu](http://www.ec.europa.eu)

## 7. Materials

### **Component A: Project concept, basics of the project cycle management**

S11-A1: Power Point Presentation: Basics of the project cycle management

S11-A2: Differences between a project and daily tasks

S11-A3: Positive and negative effects of projects

### **Component B: Planning of projects, Logical Framework Approach**

S11-B1: Power Point Presentation: Planning of projects, Logical Framework Approach

S11-B2: Problem tree – Goal tree

S11-B3: Analysis of the Project Stakeholder

S11-B4: Building a Logframe Matrix I

S11-B5: Building a Logframe Matrix II

### **Component C: Implementation of projects**

S11-C1: Power Point Presentation: Implementation of projects

S11-C2: Characteristics of a Good Project Manager

S11-C3: Filling in the Responsibility Matrix