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## Towards more effective Project Management



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# Towards more effective Project Management

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## Summary

*The process of economic development can achieve a higher likelihood of sustained progress if the agencies and institutions responsible for project implementation are supported by an effort to maintain constant improvements in institutional capabilities. Government institutions in transition economies need to become increasingly proficient in managing projects so as to maximize their development funding absorptive capacity and ability to implement projects in an increasingly effective and efficient manner.*

*The use of conventional Monitoring & Evaluation methods tied to the Log Framework Approach (LFA) tends to separate, in the name of “independence” and “transparency”, the monitoring and evaluation assessments from project and institutional management. This can result in the timeliness of monitoring being more related to external assessor convenience than to project management needs. Institutional management can become less directly involved in project management affairs because M&E+LFA is often assumed to be a “project management system”. This often results in implementing agencies only focusing attention on project problems at the time of M&E visits.*

*M&E+LFA can “perform” when projects are relatively simple, lower budget and well planned simply because such projects have a lower probability of failing. However, more complex and higher project budgets run the risk of an inability to respond to problems as they arise if reliance is placed solely on M&E+LFA.*

*From the standpoint of the Funding Organizations (FOs) regular M&E visits can give a false sense of management effectiveness when in fact M&E+LFA do not possess the characteristics required to assist FOs minimize risks at the planning stage. They are ineffective in providing timely orientation when problems arise, reducing the likelihood that projects can be brought back up to speed so as to meet original expectations. The quality FO portfolios and the status of FOs is directly related to project achievements. FOs have a direct interest in ensuring that project management is effective. Without any doubt the mutual interests of FOs, governments, implementing agencies, project managers and beneficiaries (all stakeholders) can be enhanced by replacing inappropriate planning based upon M&E schedules and activity profiles based upon LFA.*

*Real Time Audit (RTA) is a project management approach that maintains the independence and transparency of project assessment and guarantees the timeliness of vital information for FOs, governments, institutional and project management and beneficiaries. This can increase the responsiveness of project management to evolving issues and maintain FO, implementing agency and project management and beneficiary focus and involvement as a continuing characteristic of project development. When events change, as a result of any number of factors, project and institutional managers need assistance in the rapid identification of optional pathways to maintain project momentum, coherence and progress. This support does not exist in conventional M&E+LFA. The use of a Tactical Options Map (TOM) as a replacement for the conventional LFA can provide this base line support.*

*The combination of RTA and TOM provides an easy-to-manage system with a methodology to assist FOs, governments, implementing agencies, project managers and beneficiaries with a fully transparent project management system. A major benefit of this system is that positive project progress momentum is more likely to be sustained through real time adaptation and adjustment. This is far superior to the conventional ex-post reporting of “lessons-learned” that are often identified too late to benefit the current project.*

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*The purpose of this paper is to encourage discussion on what the authors think is an important topic by describing the shortcomings of the M&E+LFA approach in the context of supporting the general demands of project management and to explain why Real Time Audit and Tactical Options Maps provide a significant potential in supporting a more effective basis for managing economic development.*

*This short paper will be followed by three separate papers in this series by the authors entitled, "Ethical Decision Analysis", "Real Time Audit" and "Tactical Options Maps".*

### **A Note from the authors**

*Our aim has been to produce a short critique of M&E+LFA issues as a step towards the introduction of proposals for an improved substitute. Our initial challenge was to cover an extremely large number of valid issues. Many of these included some major ones relating to specific failed or failing projects. In order to reduce the size of this document we decided to limit this critique to the main generic problems that occur, in our experience, to projects in general. Therefore nothing in this document refers to any specific project.*

*On the other hand, in the subsequent papers in this series, where types of project will be distinguished, we will seek permission of the FOs and implementing agencies concerned to produce case studies of specific types of issue.*

*We welcome feedback on this paper.*

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## Introduction

The scale of international loans and grants paid to support development projects from rural development schemes to information technology systems now exceeds €100 billion/annum.

Against this scale of funding from Funding Organizations<sup>3</sup> (FOs) this paper is a summary of some of the principal shortcomings in conventional project management techniques and, in particular, the ubiquitous Monitoring & Evaluation (M&E) and Log Frame Analysis (LFA) approach which, in many cases, has substituted project management systems. The main message in this paper is that without effective project planning and a thorough project options analysis, conventional M&E+LFA has served little purpose other than providing a static check list of how events are expected to evolve during the project cycle but which, in practice, quite often are not realized according to plan<sup>4</sup>.

The technical standards of the early World Bank projects during the 1950s through late 1960s were good in terms of technical input-output data as well as the thoroughness of the economic and financial analysis. On the other hand, large infrastructural and utility projects funded were particularly prone to subsequent failures in social and environmental terms, there being a long list of dam and hydroelectric projects where the occupants to areas to be flooded were not treated as stakeholders but rather as irritants. In spite of many large scale development projects being implemented by government, the constitutional elements of project preparation (constituent participation) were lacking. Quite often the size of the loan being paid to governments seemed to be the basis for legitimacy of lack of response to constituent preferences.

A way to discipline the development of projects as well as establish a means of assessment, monitoring & evaluation was to include performance criteria set within a standard framework. In the late 1960s USAID<sup>5</sup> introduced Logical Frame Approach as a management tool mainly used in the design, monitoring and evaluation of international development projects. It is also widely known as Goal Oriented Project Planning (GOPP) or Objectives Oriented Project Planning (OOPP). This work spread to development agencies in over 30 countries including ADF, AECID (Spain), DfID (UK), EC, ECRE GtZ (Germany), IDB, NORAD (Norway), SIDA (Sweden) and the UNDP. This approach is still applied to date by aid organizations as a requirement in submitted project proposals but in some cases it has been reduced to an optional status.

During the 1970s there was an evolution in the make-up of the people who were required to prepare as well as evaluate projects. A technical, economic and financial audit approach gave way to economists, with no technical background, for example in agriculture, preparing and evaluating projects. Sociologists with weak economic and technical skills were becoming involved and remarkably, towards the end of the 1990s, the individuals involved in project preparation, often associated with environmental protection projects, were lawyers. This mixed range of disciplines adopted M&E+LFA as a convenient generic tool. It was adopted as a basis for designing, monitoring and evaluating complex development projects. In many cases, by default, this system was adopted as a project management system.

At the same time, as a result of attempting to take more considerations into account in the realms of impact analysis, projects have become more complex and the funding levels have increased. There is, as a result, an increasing risk associated with projects that can be summarized in the fact that it becomes more difficult to make use of funds effectively, that is, achieve what is planned and to do this efficiently through an effective use of resources. In a multidimensional world, M&E+LFA as a uni- or

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<sup>3</sup> Funding Organizations include all sources of development finance and grants including international development banks, multinational aid organizations, governmental aid and bilateral aid agencies, private lenders, grant givers and non-profit foundations.

<sup>4</sup> In the mid-1990s over 50% of World Bank loans were found to be non-performing and some 20% failing. Direct field experience by development practitioners confirms that most other funding organizations (FOs), during the last 40 years, seldom had a better general performance.

<sup>5</sup> Practical Concepts Incorporated (PCI) introduced Logical Framework Approach (LFA) in USAID projects and extended its use to other agencies.

two-dimensional methodology simply cannot provide the required levels of management responsiveness to keep projects on track.

### ***Project performance***

By the early 1990s evaluations of international development loan performance demonstrated that well over 60% were not performing, perhaps 20% had outcomes resembling proposal content in terms of timing and realization and around 20% of loans were essentially paying off previous failed loans. By the mid to late 1990s some consultancy companies and NGOs were actively avoiding USAID projects because of the excessive administrative overheads associated with the monitoring and reporting on agreed project indicator criteria included in LFAs. Some complained that this burden was so high there was no longer sufficient time to manage project activities on the ground. This sunk to even greater depths when USAID introduced an incentive for consultants to participate in their calls for expressions of interest by guaranteeing a substantial cash payment for those who did so (Hungary).

### ***Project planning & management***

In spite of the scale of donor operations, it is notable that the existence of project information management systems are usually not a requirement for receiving funding from donors or even implementing agencies. Monitoring and Evaluation and Log-Frames have taken up a predominant role as the overall basis for planning and assessment of the progress of a project and the achievement of objectives. However, this system generates proposed project objectives and methodologies that represent a single selected option. As a result there is no provision for the required levels of management flexibility necessary to respond to changing conditions during the implementation phase.

### ***Rising discontent***

LFA approach has been a target of attack, largely by NGOs, for being too rigid and that it had become a cynical passport to obtaining funds by making the content what donors wanted to see as opposed to what the NGO, consultancy company, or even the implementing agency, intended to do. As a result the imperative that donor and proposer objectives be the same was being severely compromised. Since performance criteria contained within Log Frames were being used by monitoring & evaluation missions, those government agencies and NGOs using LFA as a passport to obtaining funds found themselves being subjected to unwelcomed scrutiny and questioning.

One of the most fascinating developments during the last decade or so has been the lack of forthright analysis, including published reports, as to why even simple Log Frames seem to end up as a waste of effort. Part of the problem with this analysis is any data on the scale of discontent, or the percentage of all development projects where Log Frames have been judged not to serve their purpose, is lacking. However for those working in the development field and regularly dealing with project analysis or monitoring and evaluation, this topic is almost unavoidable. Currently it is widely discussed topic raised by development practitioners, FO and implementing agency staff and political agents.

In summary, during the last 40 years conventional project planning and evaluation has shifted from a detailed technical, economic and financial audit exercise towards a more generic planning system detailing activities and budgets. Over the same period the scale of funding of development projects has increased significantly to in excess of €100 billion creating an administrative challenge for donors and clients alike.

M&E+LFA is currently too often subjected to critical comment varying from tolerance of the system as being an adequate process to one of decadence and loss of credibility. This state of affairs is not one that should continue since it throws doubt upon the professional standards of development organizations and practitioners as well as their ability to recognize and openly discuss this issue with a view to identifying effective alternatives. The authors hope that this paper will provide a contribution to the necessary transition to improved project management methods.

## The main shortcomings of M&E+LFA

### ***Horses for courses***

M&E + LFA can work extremely well when little demand is made upon them. Thus a simple and lower budget project can often achieve a performance to satisfy the indicators set out in the M&E schedule and LF content.

### ***The human element***

People are usually the source and solution to project problems. Problems often arise when simple tasks are assumed not to represent a risk because it has not been perceived that:

- The task is not sufficiently well-defined
- The person allocated to the task has never undertaken this type of activity before so they are venturing into unknown territory
- No one has been clearly allocated to a task
- There is tension created by two or more people considering the task to come under their responsibility when in fact no clear demarcation of work domains has been defined.

A difficulty in dealing with issues of human performance is that when problems are perceived there is often a tardy response on the part of management in calling attention to failure and setting out to correct the fall in project performance. Quite often a reluctance to call attention to someone's deficient performance (for many reasons) becomes the main reason for a significant failure resulting from inadequate reporting and corrective action being taken.

### ***Monitoring & Evaluation***

It is important to recognize M&E activities for what they are. An M&E plan sets out the expected levels of achievement on a time base so that the full range of project objectives should be achieved at the end of a given period. The M&E activities operate on the basis of ex-post, after-the-event, reporting. Sometimes M&E activities are tied to a timetable when FO representatives visit or sub-contracted M&E teams visit a project on the basis of a pre-established cycle. These can often occur more than a year after substantive events within projects have occurred. Although these exercises might identify "lessons learned" what is really more important is for project management to have an ability to detect evolving issues and to respond quickly so as to avoid the development of operational problems that reduce project implementation performance. M&E was never designed to provide this type of support nor should it be assumed that it is able to provide this. However, many donors and implementing agencies have become so focused in tracking the satisfaction of M&E indicators that the process can undermine the more vital requirement of responsiveness of project management to changing conditions.

### ***Communications issues***

Common shortcomings of conventional M&E include the lack of formalized information communications resulting in poor information flow between project beneficiaries, implementing agency units and FOs. This can be reflected in project stakeholders not being completely aware of the activities they are supposed to carry out within the projected timeframe. Sometimes the lack of access to timely and relevant financial data can result in a disorientation that can lead to inadvertent competition for funds between two or more related activities, thus hindering project implementation efficacy and endangering the final outcome.

### ***The Indicators trap***

Although conventional M&E and LogFrames make use of project indicators these are sometimes vaguely defined. As a result, when certain indicators are not met, it is quite common for project managers and donors to review them with the intent of redefining them so as to accommodate failure to perform. Indicator redefinition is the obvious weapon of choice in such situation, but what happens frequently is that originally vague indicators get scaled down or even dropped, thus creating a situation where a number originally projected activities either vanish or become blurred, resulting in a

significant shift from the project objectives. It is increasingly common for government political agents to impose content in Log Frames to reflect a direct support of national sector plans but without quantifying the specific linkages to a project's outcomes. The result is that expectations of single projects become incoherent and unachievable in terms of national policy expectations even though they might have achieved their original goals.

### ***Beneficiary involvement***

The need for accommodation and the sliding of indicator standards can be mitigated through a closer collaboration with beneficiaries in the drawing up of action plans. An inadequate involvement of beneficiaries generally leads to a declining level of interest in the project and consequently, the failure in some activities with possibly significant financial repercussions. Beneficiary involvement is crucial for project success. Appropriate state of the art information communications are generally within convenient reach of most stakeholders creating the situation where most can be involved. This is important for it enables the creation of the openness that is necessary and directly related to project transparency. Furthermore, beneficiary's involvement and therefore understanding of the processes involved is of particular importance in unstable economies, be these countries in transition or developed countries in times of crisis.

### ***Transparency***

All of the above issues reflect a lack of project transparency. Project activity transparency is of vital importance to FO portfolio quality and is a logical consequence of a lack of close work with project beneficiaries and the monitoring of opinion through beneficiary surveys. To some extent transparency can be enhanced through better project visibility, making use of media coverage. FOs can contribute here by giving more publicity to the agreed objectives of projects, identifying the beneficiaries and making apparent the implementing agencies responsible. This can further minimize opportunities for project fund abuse, by keeping the project in the spotlight. On the other hand, the current systems do not include adequate traceability methods embedded within them for tracking project transactions and therefore serving to uphold transparency.

### ***Lack of independence***

The general outcome of the accommodation of delays, lack of communications, fund competition and poor transparency is that the required levels of independence of the M&E function are undermined

### ***Too little too late***

The single largest problem with conventional M&E and Log Frames is that they represent an ex-post, after the event, reporting system. This lacks any effective methods for supporting timely decision-making when project components are at risk of falling below required performance standards.

### ***Lack of flexibility***

Indeed, the normal M&E and Log Frame approach is to try and maintain the pathways established at the beginning of the project even when conditions have changed and better options for progress exist. To expect circumstances to remain as projected at the time of planning is usually completely unrealistic. Changing circumstances are the norm. Therefore project design should be able to accommodate the characteristic of ever-changing circumstances. Dynamics in project implementation is a consequence of a changing environment and it bears some essential elements that, if undetected and not acknowledged, usually leads to difficulties or even a significant failure and fund losses.

### ***Strategic issues***

M&E and Log Frame analysis is generally applied on a project-by-project basis and the basic evolution and overall performance of the implementing agency is often not taken into account nor afforded sufficient emphasis. However, a fundamental aspect of economic development is for implementing agencies and their staff to become more proficient in designing good projects and implementing projects in an effective and efficient manner. The project focus of M&E and Log Frames quite often fails to raise essential questions concerning the capabilities of the implementing agencies. As a result substantive sustained economic development remains in doubt.

## ***Sustainability***

Sustainability, by definition, is the maintenance of a condition when required qualities and quantities of necessary resources are available when they are needed by a project (including unimpeded use of financial resources). The invariable impact of changing circumstances introduces other essential conditions for sustainability. These are the combination of two important attributes of project management, these are:

- the flexibility to respond to changing circumstances by taking alternative routes to the same goal when it is necessary to circumvent a problem impeding the planned route
- the authority to take decisions where a decision<sup>6</sup> is defined as the irrevocable allocation of resources to a specific series of tasks

The definition of sustainability in terms of timely access to resources, flexible responses and decision-making authority applies equally to:

- the project implementation phase
- the post-funding operational phase

In reviewing hundreds of project proposals during the last decade one of the weakest and least well-planned aspects have been adequate explicit and objective formulae for ensuring implementation and post-funding sustainability. Under risk analysis the “mitigation” actions are often too limited or not well-defined.

## ***Decision Analysis***

Reference has been made to the definition of a decision as the irrevocable allocation of resources to an action. Decisions to terminate an action (cancel a decision), or alter it, will normally result in the need to allocate additional resources.

Decision analysis is the process of evaluating all of the relevant factors that determine the outcome of a process or project so as to identify the best options that satisfy decision preferences of decision-makers (criteria) while minimizing costs, timelines and risks incurred. Decision-makers are individuals with the authority to commit resources to a specific action and to make them available to an action's managers.

## ***When decisions are not decisions***

In terms of decision analysis, “decisions” taken during M&E visits by FO staff with implementing agency management are often not decisions since they do not involve any irrevocable allocation of resources to actions. Such decisions range from an “intent” or a description of a “course of action” considered necessary to resolve an issue. This is not the same as the taking of a decision. This tendency towards pro forma<sup>7</sup> behavior is often observed by the failure to involve beneficiaries in the meetings reporting progress. It is also common where one of the parties, usually the implementing agency or FO, assumes a commanding role in establishing and driving meeting agendas.

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<sup>6</sup> This definition of a decision is an essential concept of decision analysis and can be attributed to Professor Ronald Howard of Stanford University.

<sup>7</sup> Pro forma documentation is produced as a pure formality to meet minimum requirements or to conform to some organizational project documentary process procedures. This can infect the project environment leading to cynical perfunctory superficial communications where the mainline interests of beneficiaries become marginalised to the extent of ending up as a secondary interest of “decision-makers”.

All too often meeting “agreements” instill a false sense of “progress” and M&E visit reports on the “resolution” of issues on the part of FO and implementing agency officials. However, FO M&E teams can return time after time to find out that the same outstanding issues have not been resolved. If this process continues for too long the failure to tackle these issues in a productive fashion both on the part of FO officials and implementing agency managers tends to create a compromised professional environment where preference is given to downgrading project expectations by making indicators “more realistic”.

Sometimes the fact that project funding is a government loan can be used by FOs as a justification for placing the “responsibility” for lack of action at the feet of the implementing agency or lack of government oversight. However, the outcome of this type of failure in effective decision-making is a decline in the FO project portfolio quality and a demonstration of the inability of the implementing agencies to deliver on the purpose of funding agreements; this reflects badly on the implementing agencies and the associated FO. Sometimes implementing agencies see “government loans” from FOs as a way to obtain funds with the intent to influence events within a sector to gain more advantage in the use of funds than other agencies. These types of occurrence have a political “cover” and end up diverting the original and agreed purpose of projects through corruption.

In most cases project failure cannot be exclusively allocated to those implementing projects. It can also be attributed to an inadequate effort on the part of FOs to carrying out due diligence based on ethical decision analysis during project identification and planning. The topic of professional ethical decision analysis is covered in a forthcoming paper in this series.

In the private and governmental sectors, inadequate due diligence associated with the acquisition of financial instruments and derivatives has given rise to one of the most significant economic crises in living memory. A lower key crisis has been with us for a long time in the field of project performance in the areas of development aid and loans. Since this has only involved a proportion of the €100 billion spent on development each year, the scale of the current financial crisis acts as a diversion causing this to perhaps be considered as insignificant. However, this funding is often the only resource available to governments and agencies to help sectors and communities in low income and transition economies and it remains a professional ethical obligation of development practitioners to work to maximize its beneficial impacts.

### ***A Summary of shortcomings***

- M&E is an ex-post reporting system and does not provide timely support to project management’s needs to react to changing circumstances
- LFA refers to a single project option and provides no support for decision-making when progress is not as anticipated – essentially each Log Frame is a tick list of what is expected as opposed to what is feasible according to changing circumstances
- The M&E system generates reports which provide inputs to decisions, which take place at some later date, to “resolve problems”, causing essential decision and project events to move behind schedule resulting in “project drift”.
- M&E + LFA are not flexible enough nor do they provide any guidance for decision-making as conditions surrounding a project change.
- M&E+LFA possess no mechanisms for supporting transparency or traceability of events/resources flow
- M&E + LFA possess no methodologies to ensure a practical support of sustainability in terms of flexibility and authorization of resource use within implementation and post-implementation stages
- M&E+LFA have no effective mechanisms nor do they provide any useful guidance for managing effectiveness and efficiency of:
  - Optimised allocation of implementing agency resources

- Optimised allocation of project resources

Because M&E+LFA generally acts as a “reporting system” the system tends to separate implementing agency management from project level implementation operations because the M&E-LFA is confused with an information management system (in some cases almost akin to a black box). This can lead to significant delays in essential decision-making. In the same way FO officials and beneficiaries remain in a marginalised situation with respect to access to timely information on critical events occurring within projects.

Because an implementing agency relying on a LFA based project management tends to become remote from the beneficiaries, and as project current scope (complexity) can expand with time, there can be a breakdown in effective communication between both beneficiaries and top management, i.e., decision makers. This can consequently lead to time delays and declining performance undermining the best efforts by either the beneficiaries or project management team.

## Towards more effective Project Management

An effective project management system needs to combine:

- A project planning system that identifies the principal methodologies & techniques to be applied in achieving objectives.
- A clear specification of the resources required to support the tasks and a basis for optimizing their allocation taking into account institutional and project level considerations.
- Support to carry out optimization goals including:
  - the meeting of the required quality of project output for the lowest cost, within the shortest time period and applying methods that incur the least risk
  - the allocation of implementing agency resources so as to sustain the organization’s ability to maintain project portfolios with increasing effectiveness and efficiency.
- Flexibility to guarantee the ability to respond to change with project managers possessing the authority to allocate resources according to need.
- Supporting implementing agency and project sustainability through flexibility and authority to allocate resources in response to change both during implementation and post-implementation phases.
- Maximised transparency and traceability through open access to all project and institutional events.
- The facilitation of access to information by FO, government, implementing agency and project staff and beneficiaries concerning project and institutional decisions, events and progress.
- The substitution of “independent” evaluations with objective quantitative assessments fully informed by timely information on all project events.
- An effective system for the appropriate allocation of direct responsibility of identified individuals for the successful completion of each project task.
- An effective system for personnel performance assessment.

- Adaptability as the essential option and vital element in maintaining the ability to redefine purpose and methods to reflect the needs of beneficiaries or in response to a drastically changed implementation climate.

### ***From ex post reporting to real time information***

The reality of changing circumstances and the ability of project management to provide timely response is of fundamental importance. This can only be solved if project managers, implementing agency and FO management and beneficiaries receive critical project information rapidly. Therefore M&E needs to be replaced by information collection and access in real time to support the requirements of a more responsive dynamic management system.

### ***Supporting appropriate decision making under conditions of change***

A real time access to all project information is only useful if management can take informed decisions, that minimise risk, in a timely manner. In order to improve the ability of project managers to respond to changing circumstances there is a need for support in the form of a resource that describes the tactical options according to any given circumstance. To provide this support it is proposed that Log Frames be replaced by a Tactical Options Map (TOM). The TOM provides guidelines on options according to changed circumstance affecting any project component. In this way project management can take timely decisions to minimise the degree of compromise of project objectives arising from changing conditions.

### **Real Time Audit (RTA)**

RTA is a transformation of complex and costly industrial technical, economic & financial audits into an agile web-based data access and process management system. More significantly, the basic mode of web-based operations provides a platform for accessing data on projects from anywhere in the world as soon as it is input to the system.

The immediate benefit is transparency and virtual elimination of the need to “interpret” events since all interested parties are immediately aware of critical developments. Transparency and traceability become a de facto status of project information and demands for independent assessment evaporate because the system imposes a full access to all information. Independence is no longer a criterion for evaluation whereas objective and quantitative methods provide a more useful substitute.

RTA transforms the project management process from one of an administrator of a predefined process to a proactive manager of resources and relevant decisions focused on delivering task and overall project objectives. Project managers can become more orientated towards decision-making to resolve issues while minimizing costs, time and risks.

Good decisions can only be taken rapidly and to good effect if the project manager has guidance directly related to the project’s particular circumstances (including the methodologies applied in processes and the make-up of each task). The provision of this support is the purpose of Tactical Options Maps (TOMs).

### **Tactical Options Map (TOM)**

The objective and methodologies applied to build a Tactical Options Map (TOM) include conventional decision analysis<sup>8</sup> applied to select the best methodologies, process tasks and resources to deliver a desired project or activity output. However, rather than produce an M&E schedule and a Log Frame which refer to a single option in the form of “the project” the TOM provides a more comprehensive and realistic map of the possible pathways a project can follow.

Being founded on Decision Analysis, the preparation of a TOM includes the application of well-established mathematical, statistical, logic and operational research techniques as a basis of identifying the sensitivity of a desired objective to identified determinants (optional resources use to achieve an objective). This can provide a map of project dependencies as well as the potential impact

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<sup>8</sup> Decision Analysis is a term coined by Professor Ronald Howard of Stanford University in the early 1960s.

if any dependency is compromised from being available at a later date, being inadequate or absent altogether.

Resources dependency analysis provides a detailed analysis of internal<sup>9</sup> and external<sup>10</sup> risks in quantitative terms as opposed to the often ill-defined “assumptions section” in a Log Frame. The TOM assumes risk elements could occur and therefore provides actions to be taken if they do.

In line with sequential and parallel process analysis TOMs will contain both critical and parallel paths which map out the linkages between essential tasks. Dependencies for the completion of each task and the relative complexity and value of resources consumed by each task provide a profile of the relative exposure or risk associated with each task. Depending upon the potential resource deficiency, that is, the relative quality and availability of the relevant resource at the required time, appropriate measures can be proposed.

Projects are implemented as a result of human effort. All project failures can be traced to humans not doing, or being prevented from carrying out, essential tasks as required and within established timeframes. Since people are the agents of project activities, the monitoring of personnel performance during the evolution of a project is of vital importance to project success. Therefore the allocation of responsibility of identified personnel to the carrying out of every project task is an essential precondition to being able to monitor progress. The forthcoming paper review standards and methods to identify the most convenient means of linking people to tasks.

A successfully designed TOM takes fully into account the decision-making options related to human resources allocation and provides a vital input to support timely management decisions on different potential downstream project processes and events.

The circumstances determining the relevance, scope and effectiveness of RTA and TOMs

### ***Project characteristics***

In this paper, projects have been referred to in generic terms. However, development project characteristics can vary between training courses to major infrastructural projects, capital investment, institution building, research and development and innovation systems (such as agricultural R&D and extension systems), production operations and projects established to transform policy making environments to achieve conformity with international agreements.

This broad map of types of projects will be reviewed in forthcoming papers in order to assess the scope of RTA and TOMs to include these as well as identify additional considerations that might arise with different types of project characteristics.

### ***Project complexity***

Many projects are made more complex because they combine several activities which, in themselves, could be considered to be distinct projects. Management performance can be enhanced by avoiding over-stretching any specific management function by matching management capabilities to required tasks. This can involve transforming complex projects into programmes consisting of projects *whereupon each one would be coupled with effective management*, or splitting complex projects into separately managed but coordinated activities.

An effective application of RTA+TOM requires a methodology to allocate management resources effectively. This issue will be reviewed in the forthcoming papers in this series.

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<sup>9</sup> Internal risks are associated with relative ability of the implementing agency to delivery required resources of the required quality and effectiveness (human resources capabilities) in the required timeframes during the course of the project.

<sup>10</sup> External risks relate to dependencies outside the realms of control of the implementing agency.

## ***Project management***

In many projects the project management function is poorly defined. Project management is often confused with the function of the Project Management Units or Implementation Units whose main function is following the financial resource schedules. However, this is not the type of management required for successful project implementation.

There is a need for a more practical specification of project management functions and authority over resources allocation. Project management needs to move from an administrative function locked into a fixed LFA schedule, procurement administration and authorization of payments to a decision-maker with authority to change resources allocation in response to change. Naturally such changes would be conditional on the fact that such decisions do not compromise output quality and that they minimize impacts on costs, timing and risks. Such changes also need to incorporate and reflect beneficiary's feedback and expressed needs; the maintenance of an active role for beneficiaries is of fundamental importance.

This has significant implications on the nature of project financial management from financing agreements with FOs as well as content and conditions to project operational procedures. These questions will be reviewed in the forthcoming papers in this series.

## ***Financial issues***

In line with project complexity, financial issues and budgetary management can require management oversight that goes well beyond M&E functions. However with RTA it becomes easier to manage financial transactions and budgets. TOMs can also contribute to effective decision-making which can assist in reducing negative financial consequences of changes in resource allocations.

## ***Cost-Benefit of RTA+TOM?***

There is an important question concerning the likely gain in project performance resulting from RTA+TOM. In basic terms, what is the cost-benefit of RTA+TOM compared with M&E+LFA?

It has been acknowledged that simple well-defined projects can progress well under M&E+LFA but it is clear that this effectiveness falls flat with multi-process projects and programmes with many projects. It is also apparent that RTA+TOM is likely to be a more expensive investment (especially TOM) than M&E+LFA. However, the size of losses, or lack of effective commitment of project resources under M&E+LFA regimes remain in many cases completely unacceptable and can run into millions of Euros per project. Clearly spending more at the planning stage so as to avoid such losses and improve the likelihood of more effective use of funds and efficient project performance is a price worth paying.

The issue of project and funding level and complexity thresholds (risk) above which RTA+TOM represent a better planning and management option need to be determined. This requires a review of methodologies to define complexity and risk and this topic will be part of forthcoming papers in this series.

## **Ethical Decision Analysis (EDA)**

Reference has been made in this paper to ethical decision analysis (EDA). This is the normal application of decision analysis but reviewing all aspects of the determinants of outcomes of options for decisions to achieve specific objectives. Since in decision analysis terms a decision is an irrevocable allocation of resources to a course of action, the decision options need to specify methodologies, or processes, and therefore resources necessary for objectives to be achieved.

In principle, ethical decision analysis does not introduce, a priori, any tendencies imposed by decision-makers in the form of decision-preferences that will preclude the consideration of certain types of options. In this case decisions are based upon the full array of options and thereby revealing

to decision-makers, who might hold strong pre-conceived views of what course of action should be followed, options that represent better solutions than those they originally assumed to be adequate.

## Conclusion

This short paper has reviewed some of the drawbacks of the conventional M&E+LFA project preparation and management system. Clearly where projects are simple, well designed and involve a relatively short timeframe, M&E+LFA can end up being an effective monitoring and progress evaluation model.

However for larger, complex and longer duration projects, no matter how well designed, there is a tendency to fall foul of changing circumstances and for this reason we recommend that conventional M&E and Log Frames be substituted by:

- Real Time Audit (RTA)
- Tactical Options Map (TOM)

## Forthcoming Publications in this Series

This introductory paper will be followed by three more detailed papers in this series entitled, “Ethical Decision Analysis”, “Real Time Audit” and “Tactical Options Maps”.

Title: Towards more effective Project Management

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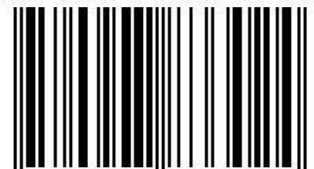
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