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# Internationalization and Commercialization Methods for Business Networks

First Joint Training Session for Business Clusters

## LOGICAL FRAMEWORK APPROACH

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The Foundation „Partners for Local Government”

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# The Logical Framework Approach

**LFA is a systematic planning procedure for complete project cycle management**
**It is a problem solving approach which takes into account the views of all stakeholders**
**It also agrees on the criteria for project success and lists the major assumptions**

Logical Framework Approach vs Logical Framework Matrix

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# The LFA helps to:

- Analyse an existing situation, including the identification of stakeholders' needs and the definition of related objectives
- Establish a causal link between inputs, activities, results, purpose and overall objective (vertical logic)
- Define the assumptions on which the project logic builds
- Identify the potential risks for achieving objectives and purpose
- Establish a system for monitoring and evaluating project performance
- Establish a communication and learning process among the stakeholders, i.e. clients / beneficiaries, planners, decision-makers and implementers

# Two stages of Logical Framework Approach

1. The analysis stage
2. The planning stage

# The analysis stage

- Stakeholder analysis - identifying & characterising potential major stakeholders; assessing their capacity
- Problem analysis - or “Problem Tree”. It consists of identifying key problems, constraints & opportunities; determining cause & effect relationships
- Objective analysis – or “Solutions Tree”. It consists in developing solutions from the identified problems; identifying means to end relationships.
- Strategy analysis – identifying different strategies to achieve solutions; selecting most appropriate strategy.

# The planning stage

- Developing Logical Framework matrix – defining project structure, testing its internal logic & risks, formulating measurable indicators of success
- Activity scheduling – determining the sequence and dependency of activities; estimating their duration, and assigning responsibility
- Resource scheduling – or “Budgeting” from the activity schedule, developing input schedules and a budget

# Stakeholder analysis

Stakeholders - any individuals, groups of people, institutions or firms that may have a significant interest in the success or failure of a project

- Individuals
- Target groups
- Final beneficiaries
- Project partners

- Tools: p*otential analysis, organisational landscapes, Venn diagrams, "field analysis",* ***the stakeholder analysis matrix*** *and SWOT*

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# The stakeholders analysis matrix (e.g.. IT cooperation)

| Stakeholder and basic characteristics | Problems (how affected by the problem(s)) | Interests (and possible actions to address it) | Potential (capacity and motivation to bring about change) |
|---|---|---|---|
| Cluster representatives, SMEs, defragmented, small turnover, not interested much in IT novelty | IT affects the performance of most of the cluster representatives. There is a lack of proper solutions, also a lack of certain interest | Support capacity to organize and lobby introducing new IT solutions, support financial capacity, reflect opportunities that occur | Limited impact and influence given weak organizational structure, small income, keen interest in developing IT cooperation |
| | | | |

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# The problem analysis

The problem analysis identifies the negative aspects of an existing situation and establishes the ‘cause and effect’ relationships between the identified problems.

In many respects the problem analysis is the most critical stage of project planning, as it then guides all subsequent analysis and decision-making on priorities.

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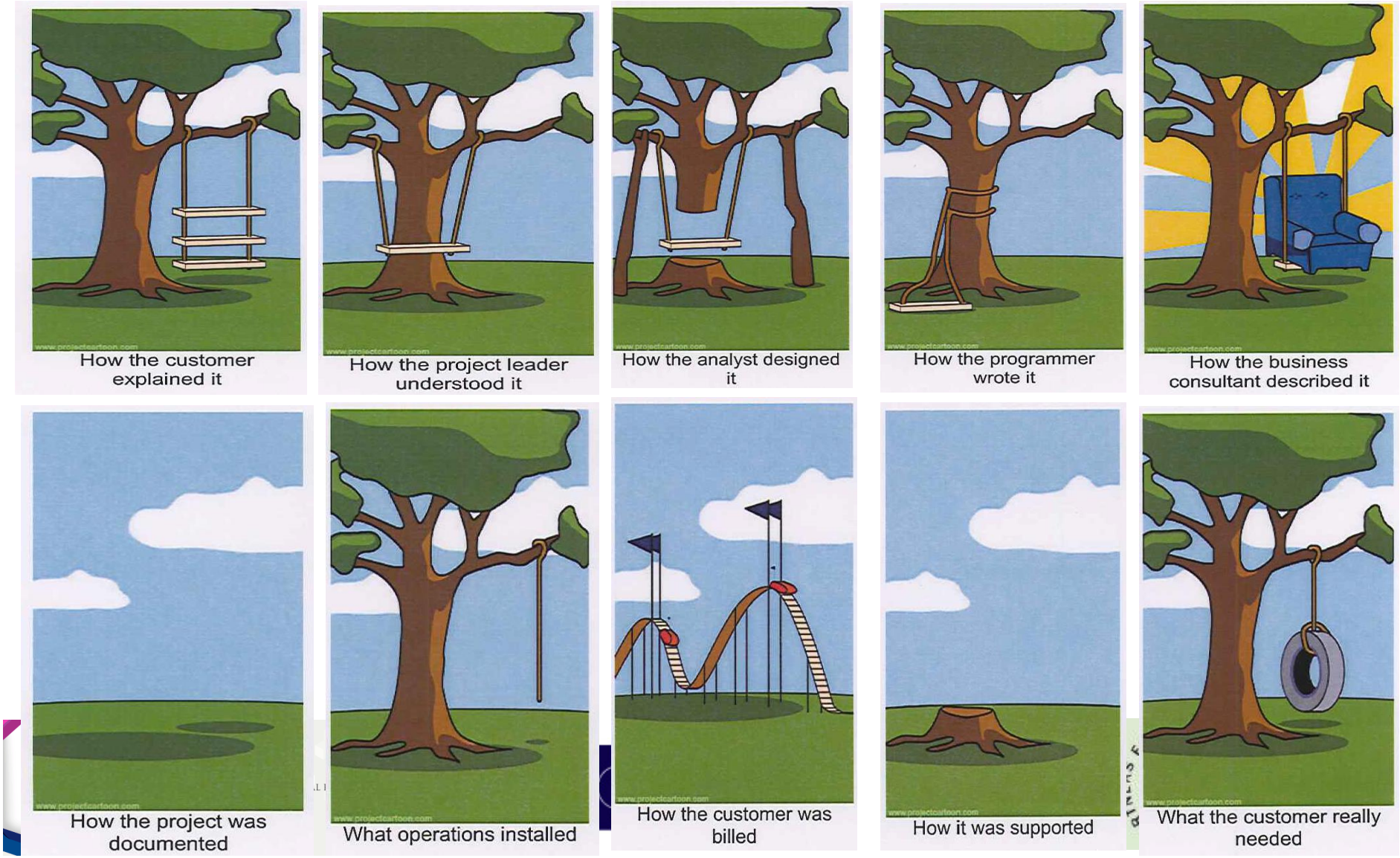
# Project needs



# Questions we can set

1. Is the need real?
2. Is that what we perceive as a need, real need or does it only mask the more real need?
3. Can we meet this need?
4. Is anyone else who can satisfy this need?
5. Is it possible to satisfy this need at all?
6. Do we find this need important?
7. Is it worth to satisfy?
8. What are the consequences of the emergence of this need?
9. Who are the people who are most associated with this need?
10. Do they think it is worth to satisfy this need?
11. How can affect this need my organisation?
12. How can affect it myself?
13. …

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# *The Problem Tree Analysis*

Problem tree analysis is central to many forms of project planning and is well developed among development agencies. Problem tree analysis (also called Situational analysis or just Problem analysis) helps to find solutions by mapping out the anatomy of cause and effect around an issue in a similar way to a Mind map, but with more structure. This brings several advantages:

•The problem can be broken down into manageable and definable chunks. This enables a clearer prioritization of factors and helps focus objectives.

•There is more understanding of the problem and its often interconnected and even contradictory causes. This is often the first step in finding win-win solutions;

•It identifies the constituent issues and arguments, and can help establish who and what the political actors and processes are at each stage.

•It can help establish whether further information, evidence or resources are needed to make a strong case, or build a convincing solution.

•Present issues - rather than apparent, future or past issues - are dealt with and identified.

•The process of analysis often helps build a shared sense of understanding, purpose and action.

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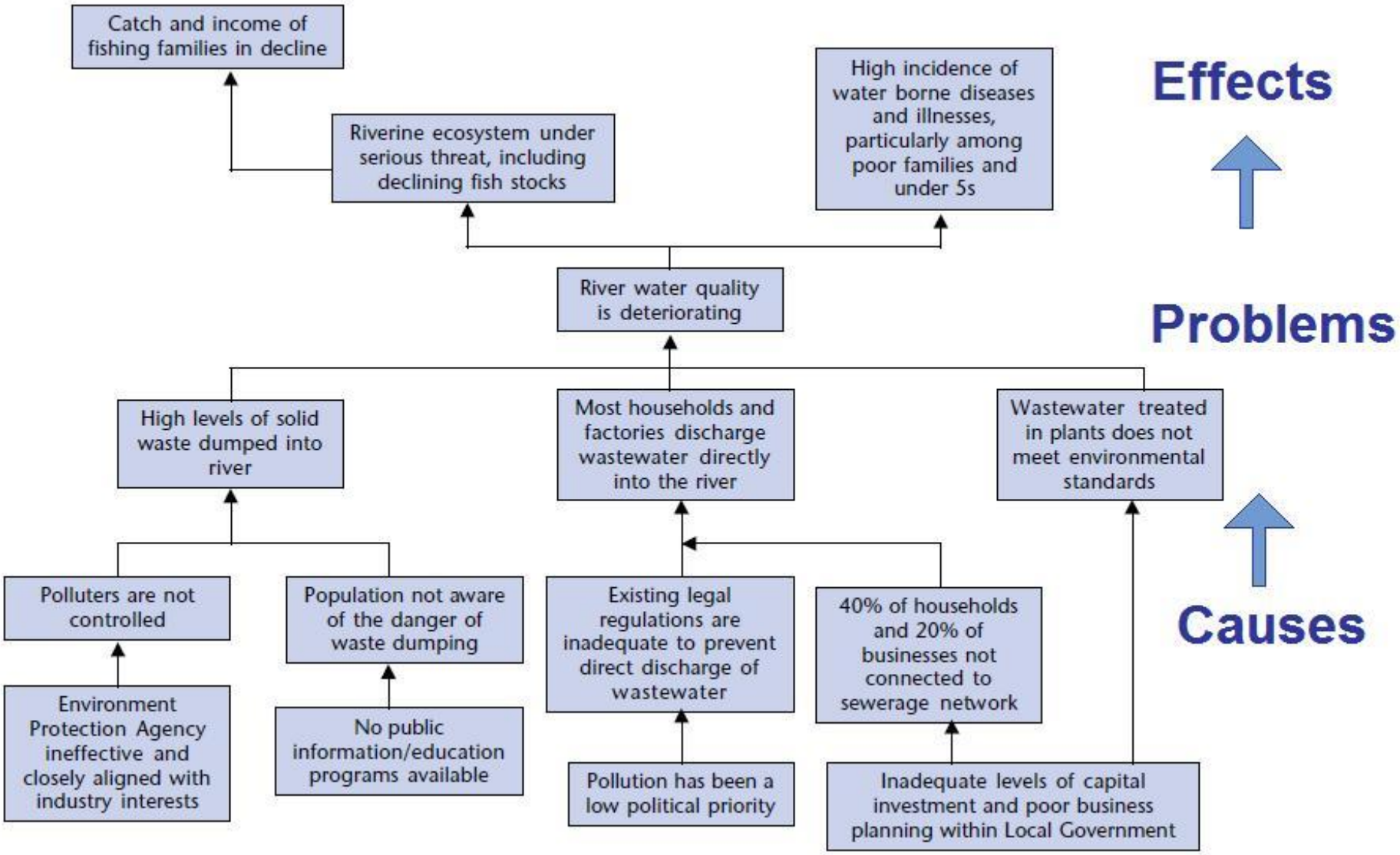
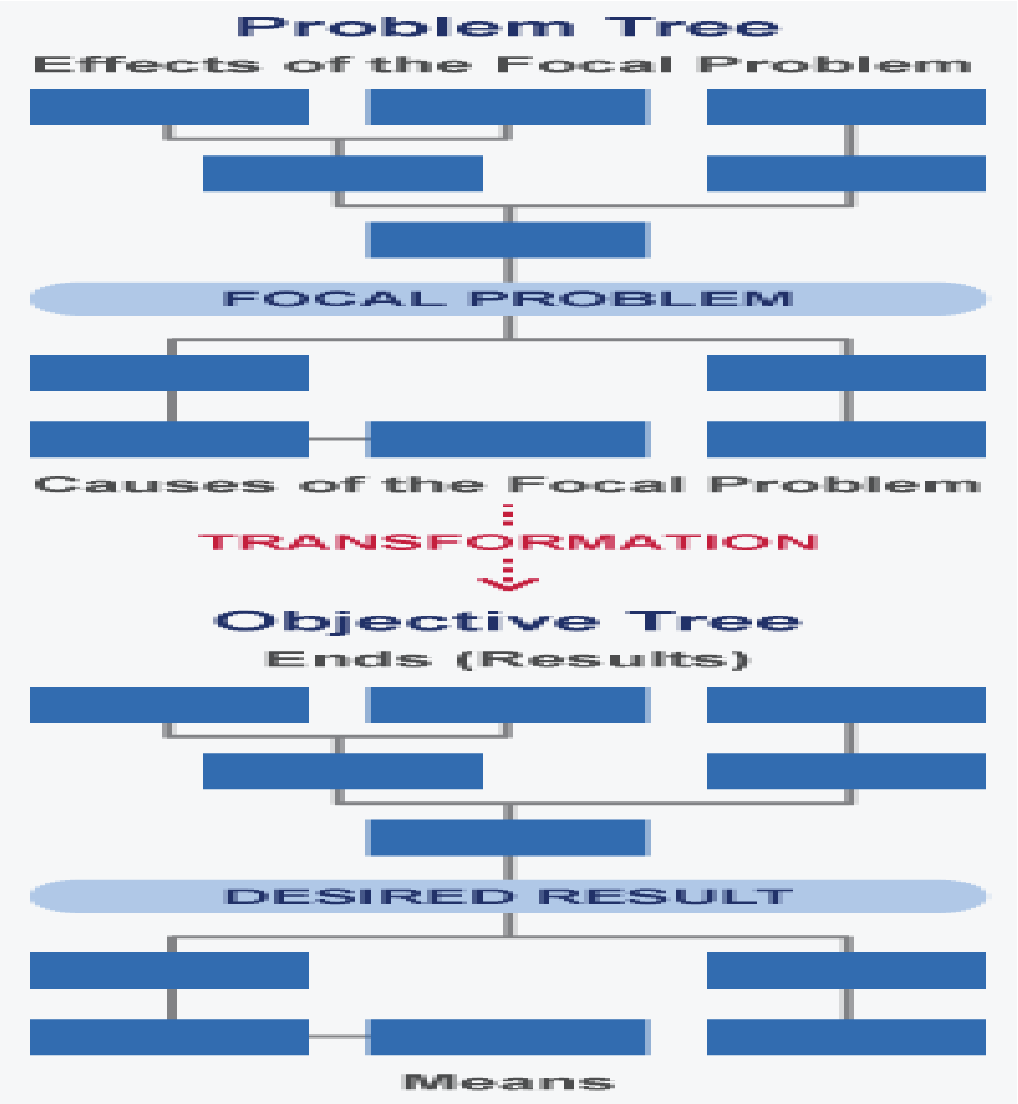
# The Problem Tree Analysis – an example



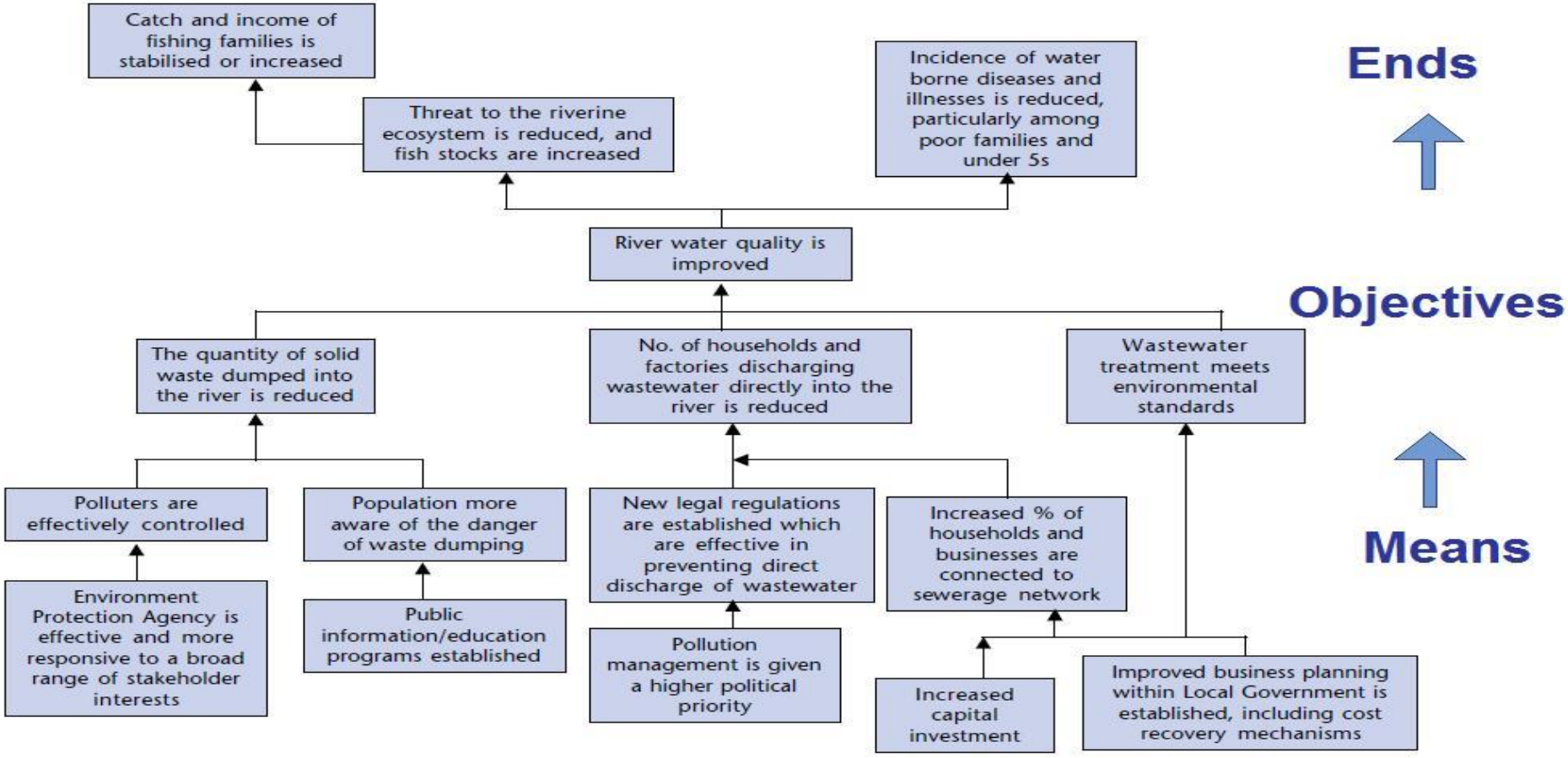
# Problem tree vs Objective tree

Problem trees and objective trees are closely related. It is really easy to transform one into another



# The objective tree – an example

*Source: http://www.sswm.info/category/planning-process-tools/decision-making/decision-making-tools/situation-and-problem-analys-0*



# *Goals setting – the S.M.A.R.T methodology*

Goals should describe accomplishments, not activities. First, let's look at what the S.M.A.R.T. acronym means…

**Specific:** Goal objectives should address the five Ws… who, what, when, where, and why. Make sure the goal specifies what needs to be done with a timeframe for completion. Use action verbs… create, design, develop, implement, produce, etc. Example: resolve accounting discrepancies within 48 hours.

**Measurable:** Goal objectives should include numeric or descriptive measures that define quantity, quality, cost, etc. How will you and your staff member know when the goal has been successfully met? Focus on elements such as observable actions, quantity, quality, cycle time, efficiency, and/or flexibility to measure outcomes, not activities. Example: secure pledges from ten new donors by the end of each week.

# *Goals setting – the S.M.A.R.T methodology*

**Achievable:** Goal objectives should be within the staff member's control and influence; a goal may be a "stretch" but still feasible. Is the goal achievable with the available resources? Is the goal achievable within the timeframe originally outlined? Consider authority or control, influence, resources, and work environment support to meet the goal. Example: obtain the XYZ professional certification within two years.

**Relevant:** Goals should be instrumental to the mission of the institution. Why is the goal important? How will the goal help the institution achieve its objectives? Develop goals that relate to the staff member's key accountabilities or link with institutional agenda. Example: develop and implement a diversity recruitment plan that increases the number of diversity candidates by 10%.

**Time-bound:** Goal objectives should identify a definite target date for completion and/or frequencies for specific action steps that are important for achieving the goal. How often should the staff member work on this assignment? By when should this goal be accomplished? Incorporate specific dates, calendar milestones, or timeframes that are relative to the achievement of another result (i.e., dependencies and linkages to other projects). Example: check the fire alarms and emergency lighting in all buildings every six months.

# *Let's take some examples*

For an organization or department…

Not SMART "Improve our student service."

SMART "Achieve and maintain an average student service rating of at least 4.0 (out of a possible 5.0) on our annual survey by 11/20/15."

For an exempt staff member…

Not SMART "Create our 2015 strategic plan."

SMART "Create our 2015 strategic plan, obtain final approval from the Budget Committee, and discuss it with our department so individuals can begin setting their performance objectives by 8-29-14."

Not SMART "Improve project management skills."

SMART "Take the Project Management Essentials workshop on 10-18-2014, report what was learned to our team by 11-01-2014 and apply the relevant concepts while implementing our 2015 marketing plan."

For a nonexempt staff member…

Not SMART "Send out welcome letters to our new students."

SMART "Produce and distribute personalized welcome letters, error free, to all new students in our department by 9-26-14

# *Let's take some examples*

Not SMART "Be more receptive to coaching suggestions and feedback."
SMART "At our monthly progress meetings, ask for feedback on what you are doing well and what things to improve. Keep a notebook with this information, try out the suggestions, and document each week what worked and what didn't."
Not SMART "Keep our department's Website up-to-date."
SMART "Solicit updates and new material for the Website from our department managers on the first Friday of each month; publish this new material by the following Friday. Each time material is published, review the Website for material that is out-of-date and delete or archive that material."

# *The Logical Framework Matrix*

The matrix essentially provides a summary of the project down to the activity level.

The Logframe also provides the basis on which resource requirements (inputs) and costs (budget) are determined.

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# *A need, project's and overall objective*

| Need | Project's objective | Overall objective |
|---|---|---|
| A need of having more time for leisure | Increasing the amount of leisure time of 60 minutes per day during next 3 months | More time for relaxation and recreation |
| A need for having a larger living space | Increasing the residential area about 30 $m^2$ in 7 years | The development of the family |
| A need for better and more efficient operation of the municipal office | Reducing the time of issuing administrative decisions and certificates by 30% within 6 months | Improving the image of the municipality |

# *A goal versus projects*

Goal: Reducing the time of issuing administrative decisions and certificates by 30% within 6 months (while maintaining the current level of the formal correctness)

Possible projects:

1. The computerization of administrative proceedings
2. Increasing the competence of officials by raising the qualifications
3. The reorganization of the office
4. The introduction of procedures that describe the administrative proceedings

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# *Logical matrix approach (Logframe matrix)*

| Project description | Indicators | Source of verification | Assumptions/risks |
|---|---|---|---|
| Overall objective (OO) – the project's contribution to policy or programme objectives (impact) | How the OO is to be measured including Quality, Quantity, as well as Time | How will the information be collected, when and by whom? | |
| Purpose (Specific objective) – direct benefits to the target groups | How the purpose is to be measured including Quality, Quantity, as well as Time | As above | If the purpose is achieved, what assumptions must hold true to achieve OO? |
| Results – tangible products or services delivered by the project | How the results are to be measured including Quality, Quantity, as well as Time | As above | If Results are achieved, what assumptions must hold true to achieve the Purpose? |
| Activities – Tasks that have to be undertaken to delivered the desired results | How the activities are to be measured/ inputs | As above/empty cell | While activities are completed, what assumptions must hold true, to deliver the results |

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# *Indicators should be:*

**relevant**

***adapted to the nature of the project and expected results***

***measurable***

***precise, expressed in numerical values, percentages, or binary (YES-NO)***

***independent, representative***

***reliable***

***available***

***easy to obtain, cost-effective***

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# *An example of the indicator*

Overall objective: Improving the health

Overall indicator: mortality rate of people aged 45-75 years in the district X

Project goal: reduction in mortality of persons aged 45-75 years in the district X by 25% over 2 years

Indicators should be specific in terms of:

- Quality (what?)
- Quantity *(how much?)*
- *Time (when, how long?)*
- *Target Group (who?)*
- *Place (where?)*

# Assumptions/risks

- External factors that can affect the success of (assumptions) or failure of the project (risk) and its long-term sustainability and which are beyond the control are set out in column 4 of the matrix.
- The matrix is filled up only with those factors that are **relevant, independent** from the contractor of the project and are **likely to happen**. These three characteristics must be present simultaneously.

# *Vertical relationships (columns 1 and 4)*

Identifying what is to be achieved at different levels of the project, determining the relationship between different elements, identifying important assumptions and risk factors

**ACTIVITIES + ASSUMPTIONS = RESUTS**
**RESULTS + ASSUMPTIONS = PROJECT PURPOSES**
**PROJECT PURPOSES + ASSUMPTIONS = OVERALL OBJECTIVE**

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# *The planning process in the LogFrame methodology*

| Project description | Indicators | Source of verification | Assumptions/risks |
|---|---|---|---|
| Overall objective | | | |
| Purpose | | | |
| Results | | | |
| Activities | | | |

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# *The process of checking LogFrame*

| Project description | Indicators | Source of verification | Assumptions/risks |
|---|---|---|---|
| Overall objective | | | |
| Purpose | | | |
| Results | | | |
| Activities | | | |

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# *Some of the advantages and disadvantages of the use of the logical framework*

- **Pros**
  - It is widely distributed as a standard description (in the conceptual sense) among the various institutions (EU and others)
  - It presents a comprehensive, clear vision of the project
  - It can be used in different phases of the project life cycle (planning, implementation, evaluation)

- **Cons**
  - The multiplicity of forms (no single standard for recording matrix)
  - The need for a concise formulation of often complex projects can lead to unclear or ambiguous statements
  - As with all tools - is only as good as the data and information used in its construction
  - Sometimes there is a tendency for the mechanical filling

# How the use of the Lograme matrix can be increased?

- Use the logical structure of the framework more often (practice makes perfect)
- Bear in mind that as important as the result (filled table) is the same process of constructing the matrix
- Do not be satisfied with the first filled the table, but try to find the optimal recording
- Pay more attention to the logical relationships of individual elements
- Create a set of indicators for different processes, which can later be used in various projects

# Let’s build a Logframe matrix for the very important project

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# Use of the LFA at formulation stage

- At the formulation phase, the LFA supports the preparation of an appropriate project plan with clear objectives, measurable results, a risk management strategy and defined levels of management responsibility,
- The tools that make up LFA can be applied to de-construct the proposed project, to further test its relevance and likely feasibility,
- The objectives specified in the Logframe, combined with the activity, resource and cost schedules, provide information to support cost-benefit analysis,
- The cost-schedules allow cash-flow implications to be assessed (including the contributions of different stakeholders), and the scope of Financing Agreements to be determined.

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# Use of the LFA at implementation stage

- During project/programme implementation, the LFA provides a key management tool to spell out the logic behind the project so that any changes that are necessary conform to overall project design,
- The Logframe provides a basis on which contracts can be prepared – clearly stating anticipated objectives, and also the level of responsibility and accountability of project managers and other stakeholders,
- The Logframe and associated schedules provide the basis on which more detailed operational work planning can be formulated,
- The Indicators and Means of Verification provide the framework for a more detailed Monitoring and Evaluation Plan (both project progress and the impact of the project), to be designed and implemented by project managers,
- The Assumptions provide the basis for an operational risk management plan,
- The Results, Indicators and Means of Verification (+ activities, resource and costs) provide the framework for preparing project progress reports (to compare what was planned with what has been achieved)

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# Use of the LFA at evaluation and audit stage

- During the evaluation and audit phase, the Logframe matrix provides a summary record of what was planned (objectives, indicators and key assumptions), and thus provides,
- The Logframe provides a framework for performance and impact assessment, given that it clearly specifies what was to be achieved (namely results and purpose), how these achievements were to be verified (Indicators and Means of Verification) and what the key assumptions were.
- The Logframe provides a structure for preparing Terms of Reference for Evaluation studies and for performance audits.

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